ENERNORTH INDUSTRIES INC
Form 20-F
November 25, 2003

As filed with the Securities and Exchange Commission on November 24, 2003

United States
Securities and Exchange Commission
Washington,
D.C. 20549

Form 20-F

(Mark One)

o Registration Statement pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934

x Annual Report pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
For the fiscal year ended June 30, 2003

o Transition Report pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
For the transition period from ________ to _________

Commission file number: 0-29586

EnerNorth Industries Inc.

(Exact name of registrant as specified in this charter)

Province of Ontario, Canada
(Jurisdiction of incorporation or organization)

2 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 1L6
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
None

Securities registered or to be registered pursuant to Section 12(g) of the Act:
Common Shares, no par value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

4,059,009 Common Shares as of October 31, 2003
No Preference Shares Issued and Outstanding as of October 31, 2003

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o Inapplicable
Indicate by check mark which financial statement item the registrant has elected to follow:
Item 17 x Item 18 o
(Applicable only to Issuers involved in bankruptcy proceedings during the past five years)
Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court:
Yes o No o Inapplicable x

EnerNorth Industries inc.
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PART I

PART I

Forward-Looking Statements

Certain statements contained in this Annual Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"), which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. These statements reflect the current beliefs of management of the Company, and are based on current available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to differ materially from those expressed in, or implied by, these statements. (See, in general, "Item 3D. Key Information   Risk Factors" below.) The Company is not obligated to update or revise these "forward-looking" statements to reflect new events or circumstances.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable. Information on directors, senior management and employees is contained in Item 6 of this report.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

ITEM 3. KEY INFORMATION

As this Form 20-F is an Annual Report filed under the Exchange Act only Items 3A and 3D are applicable.

A. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial data of EnerNorth Industries Inc. (formerly Energy Power Systems Limited) ("EnerNorth" or the "Company") for its twelve-month fiscal periods ended June 30, 1999, June 30, 2000, June 30, 2001, June 30, 2002 and June 30, 2003, and are presented pursuant to Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

The selected consolidated statement of operations data set forth below are for the twelve-month fiscal periods ended June 30, 1999, June 30, 2000, June 30, 2001, June 30, 2002 and June 30, 2003, and the selected consolidated balance sheet data set forth below are as of June 30, 1999 through June 30, 2003. The June 30, 2000, June 30, 2001, June 30, 2002 and June 30, 2003 statement of operations data and June 30, 2000, June 30, 2001, June 30, 2002 and June 30, 2003 balance sheet data are derived from the consolidated financial statements of the Company, which have been audited by BDO Dunwoody LLP, Chartered Accountants. Financial data from previous years were derived from the consolidated financial statements of the Company, which were audited by Ernst & Young LLP, Chartered Accountants. The consolidated balance sheet data set forth below at June 30, 1999, June 30, 2000 and June 30, 2001 and operations data for the years ended June 30, 1999 and June 30, 2000 are derived from audited financial statements not included elsewhere in this Annual Report.

The selected financial data should be read in conjunction with the consolidated financial statements of the Company for the years ended June 30, 2003, June 30, 2002 and June 30, 2001 included elsewhere in this Annual Report and with "Item 5 Operating and Financial Review and Prospects" below.

EnerNorth Industries Inc.
Presented Pursuant to Canadian Generally Accepted Accounting Principles
(Canadian $000s, Except % Items and Per Share Data)

	As of and for the Twelve Month Period Ended June 30,				
	1999	2000	2001	2002	2003
			(Audited)		
Statement of Operations Data:					
Revenue Industrial & Offshore Division (1)	$21,080	$18,924	$18,770	21,562	25,389
Revenue Oil & Gas Division (1)	-	-	314	448	580
Total Revenue	21,080	18,924	19,084	22,010	25,969
Cost of revenue Industrial & Offshore Division (1)	17,923	15,128	16,420	18,400	21,660
Cost of revenue Oil and Gas Division (1)	-	-	151	637	696
Total cost of revenue	17,923	15,128	16,571	19,037	22,356
Gross profit Industrial & Offshore Division (1)	3,157	3,796	2,350	3,162	3,729
Gross profit Oil & Gas Division (1)	-	-	163	(189)	(116)
Total gross profit	3,157	3,796	2,513	2,973	3,613
Income (loss) from operations	(1,550)	(892)	(1,966)	(428)	(7,511)
Interest expense	232	214	257	136	274
Gain on sale of marketable securities	-	-	-	22	96
Interest income	-	-	-	5	88
Net loss from continuing	(2,069)	(1,106)	)	)	)

operations before income taxes			(2,223	(537	(7,601
Income taxes (benefit)	215	331	(1,248)	594	446
Net loss from continuing operations	(2,284)	(1,437)	(975)	(1,131)	(8,047)
Loss from discontinued operations (3)	(5,697)	(1,251)	(2,660)	-	-
Net loss	(7,981)	(2,688)	(3,635)	(1,131)	(8,047)
Weighted average common shares outstanding (2)	769	1,045	1,419	2,213	3,806
Net loss from continuing Operations per share	$(2.97)	$(1.37)	$(0.69)	$(0.51)	$(2.11)
Net loss per share	$ (10.38)	$ (2.57)	$ (2.56)	$ (0.51)	$ (2.11)

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	As of and for the Twelve Month Period Ended June 30,				
	1999	2000	2001	2002	2003
			(Audited)		
Other Financial Data:					
Cash flows provided by (used in)					
Operating activities	(646)	(2,529)	(1,313)	(2,021)	622
Investing activities	(2,601)	6,597	1,150	(2,999)	(897)
Financing activities	3,470	(2,534)	(365)	9,387	1,394
Purchase of capital assets for cash	$ 264	$ 181	$ 214	$ 163	473
Purchase of oil and gas properties for cash	-	-	1,728	2,759	355
Gross profit margin Industrial & Offshore Division	15%	20%	13%	15%	15%
Gross profit margin Oil & Gas Division	-	-	52%	(42%)	(20%)
Balance Sheet Information:					
Working capital (deficiency)	$ (4,542)	$ (1,925)	$ 4,205	$ 7,314	$ 777
Total assets	30,051	23,511	19,050	25,314	28,835
Due to shareholders, less current portion	4,026	1,842	350	-	-
Total long-term debt, less current portion	2,333	738	646	502	528
Non-controlling interest	-	-	-	-	
Shareholders' equity	13,402	12,107	11,357	18,059	11,254

(1) Divisional information is presented based on the operations of the subsidiaries within the division. Head office expenses are presented separately.

(2) Adjusted for a four-for-one share consolidation effective February 2, 2001, and a three-for-one share consolidation effective February 11, 2003.

(3) During fiscal 2001 the Company discontinued efforts to act as a developer of independent power projects. As a result, the Power Division has been treated as discontinued operations for accounting purposes, and prior years' statements of operations have been restated.
During fiscal 2000 the Company disposed of its interest in Merlin Engineering and suspended the operations of Atlantic Seaboard Holdings Inc. The activities of these subsidiaries have been treated as discontinued operations for accounting purposes. As a result, prior years' statements of operations have been restated.

(4) Selected Financial Data should be read in conjunction with "Item 5 Operating and Financial Review and Prospects Critical Accounting Principles and Critical Accounting Estimates" below.

The following table sets forth selected consolidated financial data of the Company as set forth in the preceding table, as reconciled pursuant to United States Generally Accepted Accounting Principles as allowed by Item 17/18 of Form 20F:

EnerNorth Industries Inc.
Presented Pursuant to United States Generally Accepted Accounting Principles
(Canadian $000s, Except % Items and Per Share Data)

	As of and for the Twelve Month Period Ended June 30,				
	1999	2000	2001	2002	2003
			(Audited)		
Statement of Operations Data:					
Revenue Industrial & Offshore Division (1)	$21,080	$18,924	$18,770	21,562	25,389
Revenue Oil & Gas Division (1)	-	-	314	448	580
Total revenue	21,080	18,924	19,084	22,010	25,969
Cost of revenue Industrial & Offshore Division (1)	17,923	15,128	16,420	18,400	21,660
Cost of revenue Oil and Gas Division (1)	-	-	151	1,681	696
Total cost of revenue	17,923	15,128	16,571	20,081	22,356
Gross profit Industrial & Offshore Division (1)	3,157	3,796	2,350	3,162	3,729
Gross profit Oil & Gas Division (1)	-	-	163	(1,233)	(116)
Total gross profit	3,157	3,796	2,513	1,929	3,613
Income (loss) from operations	(1,649)	(892)	(2,170)	(1,583)	(7,511)
Interest expense	232	563	436	291	274
Gain (loss) on sale of marketable securities	-	-	-	22	96
Interest income	-	-	-	5	88

Net loss from continuing operations before tax	(2,167)	(1,455)	(2,606)	(1,847)	(7,601)
Income taxes (benefit)	215	331	(1,248)	594	446
Net loss from continuing operations	(2,382)	(1,786)	(1,358)	(2,441)	(8,047)
Loss from discontinued operations (3)	(5,697)	(1,251)	(2,660)	-	-
Cumulative effect of a change in accounting principle	-	-	-	2,057	-
Net loss	(8,079)	(3,037)	(4,018)	(4,498)	(8,047)
Deemed dividend on preferred shares	-	-	420	-	-
Net loss available for common shareholders	(8,079)	(3,037)	(4,438)	(4,498)	(8,047)
Weighted average common shares outstanding (2)	769	1,045	1,419	2,213	3,806
Net loss from continuing Operations per share	$(3.07)	$(1.71)	$(0.96)	$(1.10)	($2.11)
Net loss per share	$ (10.47)	$ (2.91)	$ (2.83)	$ (2.03)	($2.11)

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	As of and for the Twelve Month Period Ended June 30,				
	1999	2000	2001	2002	2003
			(Audited)		
Other Financial Data:					
Cash flows provided by (used in)					
Operating activities	(646)	(2,529)	(1,313)	(2,021)	622
Investing activities	(2,601)	6,597	1,150	(2,999)	(897)
Financing activities	3,470	(2,534)	(365)	9,387	1,394
Purchase of capital assets for cash	$ 264	$ 181	$ 214	$ 163	473
Purchase of oil and gas properties for cash	-	-	1,728	2,759	355
Gross profit margin Industrial & Offshore Division	15%	20%	13%	15%	15%
Gross profit margin Oil & Gas Division	-	-	43%	(275%)	(20%)
Balance Sheet Information:					
Working capital (deficiency)	$ (4,542)	$ (1,812)	$ 4,321	$ 7,314	$828
Total assets	30,051	23,511	19,084	24,270	27,842

Due to shareholders, less current portion	4,026	1,736	277	-	-
Total long-term debt, less current portion	2,333	738	646	502	528
Non-controlling interest	-	-	-	-	
Shareholders' equity	13,402	12,326	11,546	17,015	10,260

(1) Divisional information is presented based on the operations of the subsidiaries within the division. Head office expenses are presented separately.

(2) Adjusted for a four-for-one share consolidation effective February 2, 2001, and a three-for-one share consolidation effective February 11, 2003.

(3) During fiscal 2001 the Company discontinued efforts to act as a developer of independent power projects. As a result, the Power Division has been treated as discontinued operations for accounting purposes, and prior years' statements of operations have been restated.

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(4) Selected Financial Data should be read in conjunction with "Item 5 Operating and Financial Review and Prospects Critical Accounting Principles and Critical Accounting Estimates" below.

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Exchange Rate Information

The Company's accounts are maintained in Canadian dollars. In this Annual Report, all dollar amounts are expressed in Canadian dollars except where otherwise indicated.

The exchange rate used for the purpose of this Annual Report (other than financial statement information) for the conversion of Canadian dollars ("CDN $") into United States dollars ("US $") was US $0.76 as of October 31, 2003). The following table sets forth the exchange rates for the conversion of one Canadian dollar into one United States dollar at the end of the following periods, the high and low rates of exchange for such periods, and the average exchange rates for the periods (based upon the average of the exchange rates on the last day of each month during the periods). The rates of exchange set forth below are derived from the reciprocals of the noon buying rates in New York City for cable transfers payable in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York. The source of this data is the Federal Reserve Bulletin and Digest.

	2003	2002	2001	2000	1999
Period End	0.75	0.66	0.66	0.68	0.68
Low	0.63	0.62	0.63	0.66	0.63
High	0.75	0.66	0.68	0.70	0.69
Average*	0.66	0.64	0.66	0.68	0.66

*Calculated by using the average of the exchange rates on the last day of each month during the period.

	October	September	August	July	June	May
High	0.77	0.74	0.72	0.75	0.75	0.74
Low	0.74	0.72	0.71	0.71	0.73	0.70

The rate of exchange for the conversion of United States dollars into Canadian dollars at October 31, 2003 was (US $1 = CDN $0.76).

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable. This Form 20-F is being filed as an Annual Report under the Exchange Act.

D. RISK FACTORS

The Company is subject to a number of significant uncertainties and risks, including, without limitation, those described below and those described elsewhere in this Annual Report, any of which may affect the Company in a manner and to a degree which cannot be foreseen at this time.

General Risk Factors

Experienced a history of losses and limited operating history. To date, we have incurred significant losses. The Company has a limited operating history upon which any evaluation of the Company and its long-term prospects might be based. Although the Industrial & Offshore Division has been in business for many years, the Company did not commence its business plan for the exploitation of oil and gas until February of 2001. The Company is subject to the risks inherent in a new business enterprise, as well as the more general risks inherent to the operation of an established business. The Company and its prospects must be considered in light of the risks, expenses and difficulties encountered by all companies engaged in the extremely volatile and competitive oil and gas markets, and in the industrial fabrication and installation industry. Any future success the Company might achieve will depend upon many factors, including factors which will be beyond its control. These factors may include changes in technologies, price and product competition, developments and changes in the international oil and gas market, changes in the Company's strategy, changes in expenses, fluctuations in foreign currency exchange rates, general economic conditions, (both in the United States and Canada), and economic and regulatory conditions specific to the areas in which the Company competes, among others. To address these risks, the Company must, among other things, continue to respond to competitive developments; attract, retain and motivate qualified personnel; implement and successfully execute its business plan; comply with environmental regulations; expand its portfolio of proven and prospective oil and gas properties and /or negotiate additional working interests and prospect participations; and expand and replace depleting oil and gas reserves. There can be no assurance that the Company will be successful in addressing these risks.

Variability of operating results. The Company's operating results may in the future fluctuate significantly depending upon a number of factors including industry conditions, oil and gas prices, rate of drilling success, rates of production from completed wells and the timing of capital expenditures. Such variability could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any failure or delay in the realization of expected cash flows from operating activities could limit the Company's future ability to continue exploration and to participate in economically attractive oil and gas projects and/or industrial and offshore projects.

Need for additional capital. Both the exploration and development of oil and gas reserves (through the Oil & Gas Division) and the construction and fabrication of infrastructure projects (through the Industrial and Offshore Division) can be capital-intensive businesses. The Company makes, and will continue to make, substantial expenditures for the exploration of oil and gas, and the construction and fabrication of infrastructure projects. Historically, the Company has financed operations primarily with proceeds from the sale of its equity securities in private offerings. The Company's management believes that the Company will be able to finance its operations for the immediate future through existing working capital and loan proceeds. The Company intends to satisfy any additional working capital requirements from cash flow and by raising capital through public or private sales of debt or equity securities, debt financing or short-term loans, or a combination of the foregoing. The Company has no current arrangements for obtaining additional capital, and no assurance can be given that the Company will be able to secure additional capital, or on terms which will not be objectionable to the Company or its then existing shareholders. Under such circumstances, the failure or inability of the Company to obtain additional capital on acceptable terms or at all could have a material adverse effect on the Company.

Operating hazards. The exploration and development of oil and gas projects in which the Company will participate will be subject to the usual hazards incident to the drilling of oil and gas wells, such as explosions, uncontrollable flows of oil, gas or well fluids, fires and, pollution. In addition the industrial and fabrication activities of the Industrial and Offshore Division will be subject to, environmental risks, machinery and equipment problems, and other construction risks. These hazards can cause personal injury and loss of life, severe damage to and/or destruction of property and equipment, environmental damage and suspension of operations. Company management may, in accordance with prevailing industry practice, obtain insurance against some, but not all, of these risks. The occurrence of an uninsured casualty or claim against the Company would have an adverse impact on the financial condition of the Company.

Our business involves significant credit risks. Our Industrial & Offshore Division may be required to outlay funds to cover cost analysis, design and similar development costs associated with bidding contracts. We may collect on such development costs only if we are the successful bidder, and then only on a delayed basis, if at all. To the extent that we do not win contracts for which we have expended development funds, we will need additional funds to develop other business opportunities. If we are unable to secure additional funding, or if we are unable to obtain adequate funds from operations or external sources when required, such inability could have a material adverse effect on the Company as a whole.

Our business is subject to environmental regulations which increase costs and subject us to potential liability . Our operations are subject to environmental regulations promulgated from time to time by government agencies. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with metal fabrication, industrial installation and oil and gas activities, which could result in environmental pollution. A violation of such legislation may result in the imposition of fines and penalties. Environmental legislation is evolving in a manner which will lead to stricter standards and enforcement and increasing fines and penalties for non-compliance. The cost of compliance with changes in governmental regulations have the potential to reduce the profitability of our operations.

Foreign law may hinder our ability to repatriate foreign held investments. There may be restrictions on the withdrawal of capital or repatriation of dividends from a country in which the Company or one of its investment affiliates is operating. There is no assurance that the laws of any jurisdiction in which the Company holds investments may not change in a manner that materially and adversely affects the investments of the Company.

Kyoto Protocol. Canada has ratified the Kyoto Protocol (the " Protocol "). This protocol calls for Canada to reduce its greenhouse gas emissions to six percent below 1990 levels during the period between 2008 and 2012. The Protocol will only become legally binding when it is ratified by at least 55 countries, covering at least 55 percent of the emissions addressed by the Protocol. If the Protocol is ratified and becomes legally binding, it is expected to affect the operation of all industries in Canada, in particular the oil and gas industry. Canada ratified the Kyoto Protocol in late

2002. Although the federal government has not released details of any implementation plan which could result in increased operating costs and capital expenditures, it has stated that it intends to limit the emission reduction targets for the industry.

The North American Free Trade Agreement. On January 1, 1994, the North American Free Trade Agreement among the governments of Canada, the United States and Mexico became effective. In the context of energy resources, Canada continues to remain free to determine whether exports to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resource exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period); (ii) impose an export price higher than the domestic price; or (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum export or import price requirements and, except as permitted in enforcement of countervailing and antidumping orders and undertakings, minimum or maximum import price requirements.

The North American Free Trade Agreement contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. The North American Free Trade Agreement also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports.

Insurance. The Company s involvement in the exploration for and development of oil and gas properties may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although the Company carries insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company s financial position, results of operations or prospects.

Legal Proceedings. As of the date of this Annual Report, the Company has pending litigation, actions or proceedings as described below, each of which could have a material effect on the Company's financial condition or profitability.

Oakwell Litigation

In August 2002 the Company was named as a defendant in the High Court of Singapore, Oakwell Engineering Limited ("Oakwell") vs. the Company, Suit No. 997 of 2002/V (the "Proceeding"). On October 16, 2003, the Company received a decision from the court. In his decision, the judge awarded Oakwell a total award of US $4.16 million plus certain legal costs, the extent of which is not yet known (collectively, the "Judgment"). Management of the Company believes both the judge s reasoning and his factual findings, as reflected in the Judgment, are in error. On November 13, 2003, the Company filed a Notice of Appeal of the Judgment in the Court of Appeal of the Republic of Singapore (Civil Appeal No. 129 of 2003/Y). If the Judgment becomes final, there would be a material and adverse impact on the Company s financial condition. (See " Item 5 Operating and Financial Review and Prospects Critical Accounting Estimates" and "Item 8A7 Litigation" below).

VBC Arbitration Award

The Company owns 11,348,200 common shares, par value INR 10 (the "KEOPL Shares"), in Konaseema EPS Oakwell Power Limited ("KEOPL") a company incorporated in India, which is developing a power project in Andhra Pradesh, India (the "KEOPL Project"). Pursuant to a an Arbitration Agreement between the Company and VBC Ferro Alloys Ltd. ("VBC"), the parent company of KEOPL and an Arbitration Award passed and dated October 11, 2003 by Hon ble Arbitral Tribunal, India (the "Award"): (i) VBC has agreed to transfer an additional 500,000 equity shares in KEOPL to the Company (valued at approximately CDN $150,000) , and (ii) VBC is required to buy the KEOPL

Shares for INR 113,482,000 (approximately CDN $3.3 million) on or before the earlier of: (a) 60 days after the first disbursal on financial closure for the KEOPL Project, and (b) March 31, 2004. The Company may, upon written notice to VBC, require that VBC purchase, and VBC is required to buy, an additional 500,000 equity shares of KEOPL at a par value of INR 5 million (valued at approximately CDN $150,000) on or before the same dates. The Company estimates that the carrying amount of the investment in KEOPL will be fully recovered. However, the actual recoverable amount is dependent upon future events, foreign exchange fluctuations and subject to certain sovereign risks such as political instability and economic conditions, and could differ materially from the amount estimated by management. (See " Item 5 Operating and Financial Review and Prospects Critical Accounting Estimates" and "Item 8A7 Litigation" below).

Proceedings Relating to the Karnataka Project

On April 22, 1999, the Karnataka Power Transmission Corporation Limited (formerly the Karnataka Electricity Board) of the State of Karnataka, India ("KPTCL") executed a power purchase agreement with Euro India Power Canara Limited, a limited liability company incorporated in India ("EIPCL"). The Company holds a 64% interest in EIPCL. Effective May 10, 2001 the project was given the approval by the State Government to be converted to a coal fueled land based power project. The power purchase agreement has yet to be amended and there are deficiencies in the State Government's performance, including among other requirements, the provision of payment guarantees for the Karnataka project. Pursuant to Clause 14.1 (a) of the power purchase agreement, EIPCL served upon KPTCL and the Government of Karnataka ("GOK") a Notice of Arbitration on September 24, 2002 and under Clause 14.1 (b) of the power purchase agreement served a Second Notice of Arbitration on November 7, 2002. On December 10, 2002, EIPCL served a formal communication calling upon KPTCL and GOK to appoint a technical and or financial expert to resolve the outstanding issues in accordance with Clause 14.2 of the power purchase agreement. The Company also filed Notice U/S 80 of the Civil Procedure Code, 1908 against GOK and KPTCL for losses and damages due to delay in implementation of the Karnataka project. On August 11, 2003, EIPCL filed a Statement of Claim against KPTCL for repudiatory breach of the power purchase agreement and claimed damages in the amount of US $3,835,232 plus costs and interest. On October 7, 2003 KPTCL filed a Statement of Objections to reject EIPCL s claims with costs stating that EIPCL failed to put up the Barge Mounted Power Plant ("BMPP") and claims the sum of Indian Rs. 25 crores (approximately US $5 million) plus interest.

Loss of key personnel could harm our business. Our ability to continue our business and to develop a competitive edge in the marketplace depends, in large part, on our ability to attract and maintain qualified management and engineering personnel. Competition for such personnel is intense, and there can be no assurance that we will be able to attract and retain such personnel. Our development to date has depended, and in the future will continue to depend, on the efforts of our key executive officers, management and technical employees, including James C. Cassina, our Chairman of the Board of Directors, Sandra J. Hall, our President and Secretary, Scott T. Hargreaves, our Chief Financial Officer, John Brake, the Chairman and Chief Executive Officer of M&M Engineering Limited ("M&M") and M&M Offshore Limited ("MMO") and David Myers, President of M&M and President of MMO. The loss of any of these individuals could have a material adverse effect on the Company.

Level of Indebtedness: The Company and its subsidiaries have significant debt obligation, which in certain cases contain covenants the Company is required to meet. The degree to which this indebtedness could have consequences on the Company s prospects include the effect of such debts on the ability to obtain additional financing for working capital, capital expenditures or acquisitions, the portion of available cash flow that will need to be dedicated to repayment of principal and interest on indebtedness, thereby reducing funds available for expansion and operations and the Company s vulnerability to economic downturn and its ability to withstand competitive pressure. If the Company is unable to meet its debt obligations or the associated covenants, it may need to consider refinancing or adopting alternative strategies to reduce to delay capital expenditure, selling assets or seeking additional equity capital.

Risk Factors Relating to Mechanical Contracting and Fabrication

Indemnities and Bonding. Various bonding, indemnities, cross-guaranties and security arrangements are customarily required in the industrial fabrication and installation business. In most instances such arrangements are a prerequisite to bidding on a project. As a result, in the ordinary course of business, each of the Company, M&M and MMO enter into such arrangements with a surety on behalf of M&M, MMO (and their affiliated joint ventures) as principals. Some of the noted indemnities are of unlimited amount and/or duration. Although none of the principals has ever defaulted under a bonding arrangement, such a default could have a material and adverse effect on the Company, M&M or MMO. (See Item 5B "Liquidity and Capital Resources" below).

We may be unable to manage our credit risk . With respect to mechanical contracting, we are subject to the risk that a building or property owner will be unable to pay for work performed and commitments made by us in the performance of a contract. While we are typically paid monthly for work performed to date, requisitions could remain unpaid for several months before we take steps to limit our exposure. Slow receipt on collections can also result from a general contractors or an owner s financial or cash flow difficulties.

Loss of the Company s key customer could have a material adverse effect on the Company. For the year ended June 30, 2003, North Atlantic Refining Limited Corner Brook Pulp and Paper, represented approximately 34% of the Industrial & Offshore Division s net sales. The loss of this customer or any significant decline in its purchasing from the Company could have a material adverse effect on the Company s financial condition or profitability.

Change orders bring risk of price disputes. In the course of construction, an owner will often order changes in work. To avoid delays in the project, work pursuant to a change order may commence prior to reaching an agreement on price associated with the change order. Disputes may arise over price adjustments, which may delay payment or reduce the amount of proceeds we receive. We generally book payments due to change orders only when there is a contractual right to payment or the owner or prime contractor agrees that an amount is due, and then we book only the amount we deem to be reasonably collectible. However, there can be no assurance that we will not incur losses as a result of change orders.

Our operating results may fluctuate significantly. Our results of operations may fluctuate significantly from quarter to quarter or year to year because of a number of factors, including seasonal fluctuations in the demand for mechanical contracting/fabrication (particularly lower demand during the winter months) and other competitive factors. Accordingly, quarterly comparisons of our revenue and operating results should not be relied upon as an indication of future performance, and the quarterly results may not be indicative of results to be expected for a full year.

Mechanical contracting and fabrication involve a high degree of operational risk. Our fabrication and installation operations involve certain operating hazards that can cause personal injury or loss of life, severe damage to or destruction of property and equipment and/or suspension of operations. The failure of structural components during and after installation can result in similar injuries and damages. Litigation arising from such events may result in our being named as a defendant in lawsuits asserting large claims. We maintain such insurance protection, as we deem prudent. However, certain risks are either not insurable or insurance is available only at rates that are not commercially reasonable. There can be no assurance that any such insurance will be sufficient or applicable under all circumstances, or available against all hazards to which we may be subject. A successful claim for which we are not fully insured could have a material adverse effect on the Company.

The mechanical contracting and fabrication business is highly competitive. In recent years the industry has been characterized by overcapacity, which has resulted in substantial pressure on pricing and operating margins. Overcapacity in the industry may recur in the future. Contracts for mechanical contracting and fabrication are usually awarded on a competitive bid basis. Although we believe customers consider, among other things, the availability and technical capabilities of equipment and personnel, efficiency, condition of equipment, and safety record and reputation, price competition is a major factor in determining which qualified contractor will be awarded a contract. Some of our competitors, especially regional and national entities outside of the Newfoundland area, are larger and have greater technical and financial resources than we do.

Our workers have union contracts. We are required to obtain all of our labor for construction projects from unions pursuant to union contracts. The union contracts impose standard wages, benefits and work rules which are more costly than non-union labor. We believe that we maintain excellent relationships with our unions, but could face a strike if union contracts are not successfully negotiated. In addition, union workers typically refuse to cross picket lines established by other striking union workers, and if they do report for work during a strike, they may be unable to work due to lack of materials or the failure of other contractors to complete their work.

Risk Factors Relating to Investments in Independent Power Projects

Development of Independent Power Projects ("IPPs") cannot be assured. The successful completion of IPPs can be particularly difficult in countries which have not uniformly embraced privatization, or where politically motivated opposition is routinely mounted to initiatives of the existing leadership. In addition, the development of IPPs sometimes results in litigation or threatened litigation which must be resolved before successful development of IPPs can occur.

High debt levels subject us to risk of foreclosure. Prospective power projects are expected to be highly leveraged. Such indebtedness is typically collateralized by the assets of the underlying project, and the Company's ownership interest is typically subordinated to the lenders' interests. Should a lender foreclose on a project's assets, there can be no assurance that the Company will maintain any ownership interest in the project, or receive any compensation upon a sale of the foreclosed assets by such lender(s). Such adverse consequences could have material and adverse effect on the Company s investment.

Our investment in IPPs may not function properly or may suffer damages . Our investment in IPPs involve many risks, including the failure of equipment or the performance of equipment at levels below those originally projected, whether due to unexpected wear and tear, misuse or unexpected degradation. Any of the foregoing could significantly reduce or eliminate project revenues, thereby reducing any net income from the project. In addition, catastrophic events could result in personal injury, loss of life, destruction of project assets or suspension of project operations. Although the affiliated owner/operators will maintain insurance to protect against certain risks, the insurance proceeds may not be adequate to cover reduced revenues or, other liabilities arising from any of the events described above.

Uncertain political and economic conditions could affect our investments. General political and economic conditions in India could significantly affect each project's prospects. The economics of India differ significantly from the economics of developed countries in many respects, including levels of capital reinvestment, growth rate, government involvement, resource allocation, rate of inflation and balance of payments position in international trade. The success of the Indian projects will depend upon the existence of a political and economic environment which will accommodate project development. In addition, future government actions in India concerning the operation and regulation of power plants have and will have a significant effect on project operations. There can be no assurance that future government actions over which we have no control will not materially adversely affect a project's operations.

Foreign operations entail legal risks . Each material agreement to which we are a party relating to contracts for equity participation in power facilities located in India may be governed by the laws of that or another country, and there are no assurances that such agreements can be enforced in Canadian courts. The inability to enforce such agreements in Canada may have a material adverse effect on the Company s investments. In addition, the administration of laws and regulations by government agencies in India may be subject to considerable discretion. The projects may be adversely affected by new laws and changes to existing laws (or interpretations thereof).

Regulatory Risks. All power projects in India are subject to governmental and electric power regulation in virtually all aspects of their operations, including, but not limited to, the amount and timing of electricity generation, the performance of scheduled maintenance, compliance with power grid control and dispatch directives, foreign ownership restrictions, dividend separation restrictions and restrictions on fuel importation. Although the Company anticipates that all necessary approvals eventually will be received, there can be no assurance that this will occur, and the time and expense of obtaining such approvals cannot be accurately predicted.

Recoverability of Foreign Investment. The Company owns 11,348,200 issued common shares of Konaseema EPS Oakwell Power Limited, an Indian corporation ("KEOPL"), which is developing a power project in Andhra Pradesh, India. These 11,348,200 common shares are being held as an investment, and the Company estimates that the carrying amount of the investment in KEOPL will be fully recovered. However, the actual recoverable amount is dependent upon future events, foreign exchange fluctuations and subject to certain sovereign risks such as stable political and economic conditions, and could differ materially from the amount estimated by management. (See " Item 5 Operating and Financial Review and Prospects Critical Accounting Estimates" and "Item 8A-7 Litigation" below).

Risk Factors Relating to Oil and Gas Development and Production

Uncertain discovery of viable commercial prospects. The Company's future success may be dependent upon its ability to economically locate commercially viable oil or gas deposits. The Company can make no representations, warranties or guaranties that it will be able to consistently identify viable prospects, or that such prospects will be commercially exploitable. An inability of the Company to consistently identify and exploit commercially viable hydrocarbon deposits would have a material and adverse effect on the Company's business and financial position.

Risk of exploratory drilling activities. Under the Company's business plan, the Oil & Gas Division's revenues and cash flow will be principally dependent upon the success of drilling and production from prospects in which the Company participates. The success of such prospects will be determined by the economical location, development and production of commercial quantities of hydrocarbons. Exploratory drilling is subject to numerous risks, including the risk that no commercially productive oil and gas reservoirs will be encountered. The cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected formation and drilling conditions, pressure or other irregularities in formations, blowouts, equipment failures or accidents, as well as weather conditions, compliance with governmental requirements and/or shortages or delays in the delivery of equipment. The inability to successfully locate and drill wells that will economically produce commercial quantities of oil and gas could have a material adverse effect on the Company's business and, financial position.

Drilling and explorations plans subject to change. This report includes descriptions of the Company's future drilling and explorations plans with respect to its properties. A prospect is a property which the Company and its partners have identified based on available geological and geophysical information that indicate the potential for hydrocarbons. The Company's properties are in various stages of exploration. Whether the Company ultimately drills a property may depend on a number of factors, including the receipt of additional seismic data or reprocessing of existing data, material changes in oil or gas prices; the costs and availability of drilling equipment; success or failure of wells drilled in similar formations or which would use the same production facilities; changes in estimates of costs to drill or complete wells; the Company's ability to attract industry partners to acquire a portion of its working interest to reduce exposure to drilling and completion costs; decisions of the Company's joint working interest owners; and/or restrictions under provincial regulators.

Restrictions on development and production as a non-operator . The Company holds minority interests in certain of its properties, and therefore cannot control the pace of an exploration/development program effecting the drilling of wells, or a plan for development and production. If a majority partner decides to accelerate development of a program it may exceed the Company's ability to meet its share of costs at a faster pace than anticipated, and may surpass the Company's ability to further finance its ongoing proportional obligation to fund costs. If the Company were unable to meet its funding obligations with respect to one or more prospect(s), its proportional working interest in such prospects(s) would be diluted.

Volatility of oil and natural gas prices. The ultimate profitability, cash flow and future growth of the Oil & Gas Division will be affected by changes in prevailing oil and gas prices. Oil and gas prices have been subject to wide fluctuations in recent years in response to changes in the supply and demand for oil and natural gas, market uncertainty, competition, regulatory developments and other factors which are beyond the control of the Company. It is impossible to predict future oil and natural gas price movements with any certainty. The Company does not engage in hedging activities. As a result, the Company may be more adversely affected by fluctuations in oil and gas prices than other industry participants that do engage in such activities. An extended or substantial decline in oil and gas prices would have a material adverse effect on (i) the Company's access to capital; and (ii) the Company's financial position and results of operations.

Uncertainty of estimates of reserves and future events . Certain statements included in this report contain estimates of the Company's oil and gas reserves and the discounted future net revenues from those reserves, as prepared by independent petroleum engineers and/or the Company. There are numerous uncertainties inherent in such estimates including many factors beyond the control of the Company. The estimates are based on a number of assumptions including constant oil and gas prices, and assumptions regarding future production, revenues, taxes, operating expenses, development expenditures and quantities of recoverable oil and gas reserves. Such estimates are inherently imprecise indications of future net revenues, and actual results might vary substantially from the estimates based on these assumptions. Any significant variance in these assumptions could materially affect the estimated quantity and value of reserves. In addition the Company's reserves might be subject to revisions based on upon future production, results of future exploration and development, prevailing oil and gas prices and other factors. Moreover, estimates of the economically recoverable oil and gas reserves, classifications of such reserves and estimates of future net cash flows prepared by independent engineers at different times may vary substantially. Information about reserves constitutes forward-looking statements.

Ability to replace reserves. The future success of the Oil & Gas Division depends upon its ability to find, develop and acquire oil and gas reserves that are economically recoverable. As a result the Company must locate, acquire and develop new oil and gas reserves to replace those being depleted by production. Without successful acquisition and exploration activities, the Company's reserves will decline. No assurances can be made that the Company will be able to find and develop or acquire additional reserves at an acceptable cost.

Competition. The Oil & Gas Division will engage in the exploration for and production of oil and gas, industries which are highly competitive. The Company competes directly and indirectly with major and independent oil and gas companies in its exploration for and development of desirable oil and gas properties. Many companies and individuals are engaged in the business of acquiring interests in and developing oil and gas properties in the United States and Canada, and the industry is not dominated by any single competitor or a small number of competitors. Many of such competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater historical market acceptance than the Company. The Company's Oil & Gas Division will compete with numerous industry participants for the acquisition of land and rights to prospects, and for the equipment and labor required to operate and develop such prospects. Competition could materially and adversely affect the Company's business, operating results and financial condition. Such competitive disadvantages could adversely affect the Company's ability to participate in projects with favorable rates of return.

Canadian Government Regulation and Industry Conditions

Compliance with governmental regulations. The oil and natural gas industry is subject to extensive controls and regulations imposed by various levels of the federal and provincial governments in Canada. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and the Company is unable to accurately predict what additional legislation or amendments may be enacted. All of the governmental regulations noted below may be changed from time to time in response to economic or political conditions. Company management believes that the trend of more expansive and stricter environmental laws and regulations will continue. The implementation of new or modified environmental laws or regulations could have a material adverse impact on the Company.

Canadian Government Regulation and Environmental Matters . The Company is subject to various Canadian federal and provincial laws and regulations relating to the environment. The Company believes that it is currently in compliance with such laws and regulations. However, such laws and regulations may change in the future in a manner which will increase the burden and cost of compliance. In addition, the Company could incur significant liability under such laws for damages, clean-up costs and penalties in the event of certain discharges into the environment. In addition, environmental laws and regulations may impose liability on the Company for personal injuries, clean-up costs, environmental damage and property damage as well as administrative, civil and criminal penalties. The Company maintains limited insurance coverage for accidental environmental damages, but does not maintain insurance for the full potential liability that could be caused by such environmental damage. Accordingly, the Company may be subject to significant liability, or may be required to cease production in the event of the noted liabilities.

Provincial regulation - royalties and incentives. In addition to federal regulation, each province has regulations which govern land tenure, royalties, production rates, extra-provincial export, environmental protection and other matters. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced. From time to time the provincial governments of Canada have established incentive programs which have included royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced planning projects.

Risks Relating to the Company's Common Stock

Possible volatility of stock price. The market price for the Company's Common Stock may be volatile and is subject to significant fluctuations in response to a variety of factors, including the liquidity of the market for the Common Stock, variations in the Company's quarterly operating results, regulatory or other changes in the oil and gas or industrial fabrication industries generally, announcements of business developments by the Company or its competitors, changes in operating costs and variations in general market conditions. Because the Company's Oil & Gas Division is in the development stage and has a limited operating history, the market price for the Company's Common Stock may be more volatile than that of a seasoned issuer. Changes in the market price of the Company's securities may have no connection with the Company's operating results. No predictions or projections can be made as to what the prevailing market price for the Company's Common Stock will be at any time.

Public trading market. There is only a limited public market for the Company's Common Stock, and no assurance can be given that a broad and/or active public trading market will develop or be sustained. The Company's Common Stock trades on the American Stock Exchange and the Frankfurt Stock Exchange. However, there can be no assurance that the Company will continue to meet and maintain listing requirements on either stock exchange. In addition, apart from automatic listing exemptions, the Common Stock of the Company has not been qualified under any applicable state blue-sky laws, and the Company is under no obligation to so qualify the Common Stock, or otherwise to take action to improve the public market for such securities. The Company's Common Stock could have limited marketability due to any of the following factors, each of which could impair the market for such securities: (i) lack of profits, (ii) need for additional capital, (iii) the limited public market for such securities; (iv) the applicability of certain resale requirements under the applicable Securities Act; (v) applicable blue sky laws and the other factors discussed in this Risk Factors section.

No likelihood of dividends. The Company plans to retain all available funds for use in its business, and therefore does not plan to pay any cash dividends with respect to its securities in the foreseeable future.

No assurance of liquidation distribution. If the Company were to be liquidated or dissolved, holders of shares of its capital stock would be entitled to share ratably in its assets only after satisfaction of the Company's liabilities. After satisfaction of those liabilities and satisfaction of any liquidation preference with respect to any then outstanding senior securities of the Company, the holders of the Common Stock would share ratably in any remaining assets of the Company. There can be no assurance that there would be any remaining assets, or any distribution to shareholders after the payment of third party obligations and any liquidation preferences.

Potential issuance of additional stock. As of the date of this Annual Report there are 533,332 outstanding warrants to purchase the Company s Common Stock held by third parties.

The Company is currently authorized to issue, on or before December 30, 2003, up to an additional 2,459,549 post consolidation shares in one or more private placements. At the Annual and Special Meeting scheduled for December 30, 2003, management will seek shareholder approval of a resolution permitting the Company to issue up to 100% of the then outstanding shares (or 4,059,009 shares as of the date of this report) in one or more private placements to be completed on or before December 30, 2004.

In December of 2002 a majority of the Company s shareholders approved a resolution authorizing the Company to issue up to 20% of the outstanding shares of Common Stock from time to time (or a total of 811,802 post consolidation shares as of the date of this report) in connection with the Company s stock option plan. As of the date of this Annual Report none of such options have been issued.

The issuance of additional shares of Common Stock, whether through the stock option plan, private placements or warrant exercise, could adversely reduce the proportionate ownership and voting rights and powers of the present holders of the Common Stock, and could also result in dilution in the net tangible book value per share of Common Stock. There can be no assurance that the Company will not issue additional shares of its Common Stock (See "Item 14 Material Modifications to the Rights of Security Holders" below).

Potential Conflicts of Board and Committees. Some of the directors and officers of the Company are or may serve on the board of directors of other companies from time to time. To avoid the possibility of conflicts of interest which may arise out of their fiduciary responsibilities to each of the boards, all such directors have agreed to abstain from voting with respect to a conflict of interest between the applicable companies. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or members of management, may have a conflict.

Reliance on expertise of certain persons. The Company is dependent on the advice and project management skills of various consultants including geologists, geophysicists, engineers and joint venture partners contracted by the Company from time to time.

ITEM 4. INFORMATION ON THE COMPANY

EnerNorth Industries Inc. (formerly Energy Power Systems Limited) is a Company amalgamated under the laws of the Province of Ontario, and registered as an extra-provincial company in Alberta and Newfoundland and Labrador, Canada. The Company conducts its operations through an Industrial & Offshore Division and an Oil & Gas Division. Through its wholly owned subsidiary M&M Engineering Limited a company incorporated in Newfoundland and Labrador ("M&M"), and M&M s wholly owned subsidiary M&M Offshore Limited a company incorporated in Newfoundland and Labrador ("MMO"), the Company engages in mechanical contracting and fabrication. References in this Item to M&M may include MMO. In the Oil & Gas Division, through its directly held interests in oil and gas properties the Company participates in the acquisition, exploration, development and production of oil and gas reserves. Through its wholly owned subsidiary EPS Karnataka Power Corp. a company incorporated in Ontario ("EPS Karnataka"), the Company owns a 64% interest in Euro India Power Canara Limited a company incorporated in India ("EIPCL").

The chart below sets forth the corporate structure of the Company including its subsidiaries.

The registered office and management office of the Company is 2 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 1L6, Telephone (416) 861-1484. The books and financial records of the Company are located in the registered and management offices and can be viewed during normal business hours. The Company's public filings can be accessed and viewed through the Company's website www.enernorth.com under the heading "Investor Relations" and by clicking on "Corporate Filings". A link to the Company's Canadian Securities Commissions filings can be viewed via the System for Electronic Data Analysis and Retrieval (SEDAR) at www.sedar.com , and the Company's United States Securities and Exchange Commission filings can be viewed through the Electronic Data Gathering Analysis and Retrieval System (EDGAR) at www.sec.gov . Readers can also access and view the public insider trading reports via the System for Electronic Disclosure by Insiders at www.sedi.com. The Company's Common Stock trades on the American Stock Exchange ("AMEX") under the symbol "ENY" and on the Frankfurt Stock Exchange under the symbol "EPW1" and " WKN 919384".

The Industrial & Offshore Division through M&M and MMO operates from its 47,500 square foot fabrication facility and a fifteen-acre property. M&M is an industrial and mechanical contractor and MMO (i) produces steel components for structures and heavy industry; (ii) manufactures pressurized vessels and tanks; and (iii) provides in-plant fabrication, welding and assembly services for the offshore oil sector and heavy industry. Reports estimate the potential oil reserves of Atlantic Canada to be 40 billion barrels and the natural gas reserves of Newfoundland Labrador alone are estimated at 62 trillion cubic feet. Management of the Company anticipates that the commercial and engineering successes of the Hibernia Project, the Terra Nova Project and the Sable Island Project will support further development of Atlantic Canada and its offshore infrastructure. Husky Oil's White Rose Project is currently underway. Work has also commenced on Inco s Voisey s Bay nickel project. Management of the Company anticipates that further development of Atlantic Canada's offshore infrastructure will stimulate expansion of the Industrial & Offshore Division.

In fiscal year 2001, as part of an initiative to increase corporate cash flow, the Company formed its Oil & Gas Division. The division s first acquisition was comprised of properties in two strategic areas of oil and gas development, the proven historic region of Western Canada and the new frontier of Atlantic Canada. In February of 2001, the Company acquired an average 50% working interest in the Sibbald area of Alberta, including two producing gas wells from the Bakken formation. The Company believes the Sibbald property has further potential for additional gas production. I n February of 2001, the Company acquired a 25% interest in a property consisting of over 500,000 acres, under permit for both conventional and coalbed methane gas. This property is located within central Prince Edward Island in Atlantic Canada.

The potential of the Company is underscored by market driven opportunities. In North America there may be an over-reliance on overseas oil and expanding long-term demand for natural gas. The development of Atlantic Canada's offshore oil and gas sector is creating industrial opportunities for the Company's Industrial & Offshore Division in large-scale infrastructure projects. The Company intends to explore, exploit and acquire oil and gas properties for commodity-based cash flow, and to expand the business of its Industrial & Offshore Division. The Company may develop its divisions into new geographic areas and complementary lines of business.

A. HISTORY AND DEVELOPMENT OF THE COMPANY

The Company was incorporated on October 5, 1988, under the Business Corporations Act (Ontario), under the name Van Ollie Explorations Limited ("Van Ollie"). Van Ollie originated as a mining exploration company and was inactive from the time its initial exploration program was completed in 1990 until May 8, 1996, when Van Ollie acquired an interest in 1169402 Ontario Inc. ("1169402"), whose principal asset was a 51% ownership interest in M&M. Through a share for share exchange, the shareholders of 1169402 acquired approximately 97% of the Common Stock of the Company and effectuated a change in control of the Company. On July 1, 1996, 1169402 merged into the Company and, as a result of the merger, the Company acquired a direct 51% ownership interest in M&M. The Company acquired the remaining 49% interest in M&M on March 9, 1999. Effective January 29, 1999, the Company changed its name to "Engineering Power Systems Limited" from "Engineering Power Systems Group Inc.", and consolidated its share capital on a one for four basis. Effective February 2, 2001 the Company changed its name to "Energy Power Systems Limited" from "Engineering Power Systems Limited" and consolidated its share capital on a one for four basis. Effective February 11, 2003, the Company changed its name to "EnerNorth Industries Inc." from "Energy Power Systems Limited" and consolidated its share capital on a three-for-one basis.

On May 22, 2002 the Company commenced trading on the American Stock Exchange under the symbol "EGY" and on February 12, 2003 commenced trading under the new symbol "ENY".

Discontinued Operations

Prior to fiscal 2001 the Company was engaged in the development of independent power projects. Effective June 30, 2001 the Company adopted a plan to dispose of its power segment of business. As a result, the Power Division's prior activities have been treated as discontinued operations for accounting purposes. During fiscal 2000 the Company disposed of its interests in Merlin Engineering A.S. ("Merlin") and divested ASI Holdings Inc. ("ASIH"). These operations have been treated as discontinued operations for accounting purposes. Information regarding the Company's investment interests in projects in Andhra Pradesh and Karnataka, India is set forth below.

The BMPP Project

In March 1997, Oakwell Engineering Limited, a Singapore corporation ("Oakwell"), and the Andhra Pradesh State Electricity Board of the state of Andhra Pradesh, India (the "APSEB") executed two identical power purchase agreements, providing for Oakwell and/or its sponsors to build, own and operate two identical 100 mega watt ("MW") net capacity diesel generator barge mounted power plants ("BMPPs"), fueled by furnace oil (total 200 MW net capacity) and sell electricity to APSEB on a take-or-pay basis for 15 years. In June 1997, the Company and Oakwell formed an 87.5%/12.5% joint venture and incorporated an Indian company, EPS Oakwell Power Limited ("EOPL"), to implement the provisions of the power purchase agreements. Disputes rose between the Company and Oakwell and a Settlement Agreement was reached in December 1998 under which Oakwell sold the Company all of Oakwell's interest in the power purchase agreements and in EOPL to the extent permissible under Indian law.

In August 2002 the Company was named as a defendant in a legal proceeding in the High Court of Singapore, Oakwell Engineering Limited ("Oakwell") vs. the Company, Suit No. 997 of 2002/V (the "Proceeding"). On October 16, 2003, the Company received a decision from the court with respect to a 13 day trial held from May 5, 2003 to May 22, 2003 In his decision, the judge awarded Oakwell a total award of US $4.16 million plus certain legal costs, the extent of which is not yet known (collectively, the "Judgment"). Management of the Company believes both the judge s reasoning and his factual findings, as reflected in the Judgment, are in error. On November 13, 2003, the Company filed a Notice of Appeal of the Judgment in the Court of Appeal of the Republic of Singapore (Civil Appeal No. 129 of 2003/Y).

The KEOPL Project

As of June 30, 2003, the Company owns 11,348,200 common shares of INR 10 each, of Konaseema EPS Oakwell Power Ltd. (the "KEOPL Shares"), a company incorporated in India that is developing a power project in Andhra

Pradesh, India.

In 1999, under the terms of an agreement with the VBC Ferro Alloys Ltd., ("VBC"), and in furtherance of the participation of VBC in the Project, EPS Oakwell Power Limited changed its name to "Konaseema EPS Oakwell Power Ltd." ("KEOPL"). The initial 1999 agreement with VBC was revised on August 10, 2000 (the "Revised VBC Agreement"). Under the Revised VBC Agreement certain prior Company expenditures related to the development of the Project were capitalized at CDN $6.6 million and KEOPL issued equity to the Company in the form of common shares and preference shares with an aggregate value of approximately CDN $6.6 million for such capitalized expenditures.

On May 1, 2001 by a letter agreement between KEOPL and the Company, Clause 13 of the Revised VBC Agreement was modified whereby it was agreed that any outstanding issues regarding Oakwell would be taken up by KEOPL, and not VBC or the Company.

During - 2001 KEOPL redeemed all of the Company s preference shares and VBC purchased approximately one third of the common shares then held by the Company for a total cash consideration of approximately CDN $3.1 million. The then remaining 11,348,200 common shares of KEOPL were being held as an investment.

In accordance with terms of the Revised VBC Agreement, VBC is obligated to purchase the 11,348,200 KEOPL Shares held by the Company on or before June 30, 2002 if the Company offers its KEOPL Shares to VBC prior to June 30, 2002. The Company offered and tendered the KEOPL Shares to VBC on or about May 3, 2002 for purchase on or before June 30, 2002. On July 1, 2002, VBC raised a dispute with the Company regarding the purchase and sale of the KEOPL shares. Thereafter the Company commenced arbitration proceedings against VBC to affect the sale of the KEOPL Shares to VBC.
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Pursuant to a an Arbitration Agreement and Award between the Company and VBC, the parent company of KEOPL and an Arbitration Award passed and dated October 11, 2003 by Hon ble Arbitral Tribunal, India (the "Award"): (i) VBC has agreed to transfer an additional 500,000 equity shares in KEOPL to the Company (valued at approximately CDN $150,000) , and (ii) VBC is required to buy the 11,348,200 KEOPL Shares for INR 113,482,000 (approximately CDN $3.3 million) on or before the earlier of: (a) 60 days after the first disbursal of funds on financial closure of the KEOPL Project, and (b) March 31, 2004. The Company may, upon written notice to VBC, require that VBC purchase, and VBC is required to buy, the additional 500,000 equity shares of KEOPL at a par value of INR 5 million (approximately CDN $150,000) on or before the same dates. If VBC does not buy back or pay for the shares by March 31, 2004, interest of 12% will be charged per annum. The Company estimates that the carrying amount of the investment in KEOPL will be fully recovered. However, the actual recoverable amount is dependent upon future events, foreign exchange fluctuations and subject to certain sovereign risks such as political instability and economic conditions, and the amount actually recovered could differ materially from the amount estimated by management. (See "Item 3D Risk Factors" above, and "Litigation" in Item 8A-7 below).

The Karnataka Project

The Company, through its wholly owned subsidiary EPS Karnataka Power Corp., a company incorporated in the province of Ontario, owns a 64% interest in Euro India Power Canara Limited ("EIPCL") a non-operating company incorporated India.

On April 22, 1999, the Karnataka Power Transmission Corporation Limited (formerly the Karnataka Electricity Board) of the State of Karnataka, India ("KPTCL") executed a power purchase agreement with EIPCL. Under the Power purchase agreement, EIPCL would develop, procure, finance, construct, own, operate and maintain a power generation facility and sell electric energy generated therefrom to KPTCL, and KPTCL would purchase 85% of such electric energy from the project for the entire term of the power purchase agreement. (the "Karnataka Project").

On October 12, 1999 the Company entered into an agreement (the "EuroKapital Agreement") to acquire 67 shares in EIPCL, and for the transfer of certain rights and an escrow agreement with a Court (Germany) Appointed Receiver of EuroKapital A.G. (the "Receiver") for consideration of US $2.0 million. The noted assets had been held by EuroKapital A.G prior to its receivership. The EuroKapital Agreement provides that if the Company 'exits' from the Karnataka Project prior to financial closure, the assets transferred under the agreement will be forfeited, if the consideration remains unpaid.

Effective May 10, 2001 the project was given the approval by the State Government to be converted to a coal fueled land based power project. The power purchase agreement has yet to be amended and there are deficiencies in the State Government's performance, including among other requirements, the provision of payment guarantees for the Karnataka project. (see Item 8A-7 Financial Information Litigation" below).

Industrial & Offshore Division

During 2003, the Company was awarded a CDN $24 million gross fabrication contract for Husky Energy s White Rose Offshore Oil Project through North Eastern Contractors Limited ("NECL"). NECL was formed as an equal joint venture partnership of M&M Engineering Limited and G. J. Cahill and Company Limited. NECL will utilize the Bull Arm Topsides Facilities, located at Trinity Bay Newfoundland & Labrador, to fabricate the M12- Main Electrical Room Module and the LER-Local Electrical Room Module. The Bull Arm Facility is a massive fabrication complex formerly housing the floating production storage and offloading platform for the Terra Nova Offshore Project as well as the gravity based offshore platform for the Hibernia Offshore Project.

Discovered in 1984, the White Rose offshore oil field is located in the Jeanne d Arc Basin 350km east of St. John s, Newfoundland and Labrador, Canada. The field consists of both oil and gas pools, including the South White Rose oil pool. The oil pool covers approximately 40km and contains an estimated 200-250 million barrels of recoverable oil. It is anticipated that the field will achieve first production by the end of 2005.

Subsequent to fiscal 2003, the Company through its 49% interest in Liannu Limited Partnership ("Liannu") has been awarded contracts for (i) the fabrication, engineering and testing of a fuel unloading and load dispensing system; (ii) the fabrication, engineering and testing of a fire/freshwater pump house; (iii) the fabrication of concentrate storage tanks; and (iv) installation of cladding of the infrastructure site for Inco s Voisey s Bay Nickel Project in Newfoundland and Labrador.

The Voisey's Bay nickel deposit was discovered in September 1993 on the eastern edge of a vast expanse of northern wilderness, 350 km north of Happy Valley-Goose Bay in Labrador, Canada. In June 2002, Inco announced a US $1.9 billion development plan for the Voisey s Bay deposit with an estimated project life of approximately 30 years. Inco Limited is a Canadian-based global company and the world s second largest producer of nickel with operations and an extensive marketing network in over 40 countries.

Oil and Gas Division

In February of 2001 the Company commenced operations of its Oil & Gas Division with the purchase of oil and gas properties in Alberta and Prince Edward Island, Canada. As of June 30, 2001 the Company had purchased oil and gas interests in approximately CDN $2.1 million of proved developed and undeveloped oil and gas properties. These interests are held directly by the Company, and the majority of the division's properties are in the exploration stage.

During the fiscal year ending June 30, 2002 the Company commenced a drilling and exploration program resulting in expenditures of CDN $2.8 million and participated in drilling four development wells, six exploratory wells and a re-entry of a cased well bore.

During the fiscal year ending June 30, 2003, the Company incurred exploration, development and acquisition expenditures of CDN $0.4 million, and acquired through a Crown land sale, a 100% working interest in one section (640 acres) of prospective land and over 30 kilometers of seismic in the Sibbald Area of Alberta. The Company also participated in drilling a Belly River gas well in Cherhill, Alberta that is currently on production and a Viking gas well in the Olds-Innisfail Area of Alberta that is currently waiting for pipeline tie in.

Total production revenue (including overriding royalties) for the last three fiscal years was CDN $579,749 for fiscal year 2003, CDN $448,463 for fiscal 2002 and CDN $313,490 for fiscal 2001.

During last three fiscal years the company incurred exploration, development and acquisition expenditures of CDN $0.4 million in fiscal year 2003, CDN $2.8 million in fiscal year 2002, and CDN $2 million in fiscal year 2001.

On August 13, 2003, the Company entered into a Farmout and Participation Agreement (the "Participation Agreement") for the Doe Prospect, Alberta to drill a 3,200-meter (approximately 9,700 feet) Wabamun formation gas test well. Under the Participation Agreement the Company will pay 24% of costs of drilling the test well to earn (i) a 24% interest before payout (subject to a 5-15% sliding scale convertible royalty), and a 15% interest after payout (ii) a 15% working interest in 9 sections (5,760 gross acres 864 net) of multi formation prospective lands. The Company has also agreed to a 15% working interest in a 20 section (12,800 gross acre) Area of Mutual Interest around the test well area.

The Doe Prospect, Alberta (the "Prospect") is located within the Peace River Arch area of Canada s Western Sedimentary Basin and is approximately 10 kilometers ("km") east of the Alberta-British Columbia border and is about 120 km s northwest of Grande Prairie, Alberta. The Prospect lands are situated approximately 20 km s equally between two significant natural gas accumulations associated with the Upper Devonian Wabamun Group.

The Geological Survey of Canada describes the Wabamun formation in the Peace River Arch area to be a remedial ramp carbonate that has undergone hydrothermal dolomitization. The dolomitization is a result of magnesium rich fluids moving along major fault trends associated with the Peace River Arch rift basin. These dolomitized areas are the primary reservoirs for natural gas fields in the Doe Prospect region. Faulted horst structures provide the dominant trapping mechanism for gas accumulations.

B. BUSINESS OVERVIEW

The Company s operations are separated into two distinct segments; the Industrial & Offshore Division, consisting of the operations of M&M, MMO, and their affiliates, and the Oil & Gas Division performing oil & gas exploration and production. M&M and MMO are mechanical contracting and fabrication companies performing installation, erection, welding, maintenance and ancillary fabrication services.

For the three fiscal years ended June 30, 2003, total revenues (CDN $) for the two divisions are as follows:

	Industrial & Offshore Division	Oil & Gas Division	Total
2003	$ 25,389,716	$ 579,749	$ 25,969,465
2002	$ 21,561,858	$ 448,463	$ 22,010,321
2001	$ 18,770,318	$ 313,490	$ 19,083,808

INDUSTRIAL & OFFSHORE DIVISION

The Industrial & Offshore Division is comprised of M&M Engineering, M&M Offshore Limited, and their affiliated joint ventures and partnerships (See Item 4C "Organizational Structure" below).

M&M Engineering was incorporated in Newfoundland and Labrador in 1968 ("M&M"). M&M s business includes fabrication and installation of process piping, installation of production equipment, steel tank erection, specialized welding services and industrial maintenance. In 1987, M&M established a wholly-owned subsidiary, M&M Offshore Limited, a Newfoundland and Labrador corporation ("MMO"), to provide specialized welding capabilities, fabrication and servicing facilities to the offshore oil industry in Newfoundland and other Canadian markets. References in this Item to M&M Engineering include M&M Offshore unless specifically indicated. M&M & MMO conduct part of their business through strategic alliances with other industry participants. The Company consolidates its proportionate ownership interest in each alliance venture.

M&M, MMO and their affiliates are involved in the following businesses:

- Oil refinery installations and maintenance,
- Steel storage tanks, silos, stacks, penstocks and pipe spooling,
- Specialized welding and fabrication for the offshore oil industry,
- Process piping and equipment fabrication and installation,
- Structural and miscellaneous steel components,
- High-pressure steam fitting and welding,
- Pulp and paper mill process installations,
- Mining process installations, and
- Fabricated structures for buildings.

Since 1987, MMO has completed a number of projects for the offshore oil industry. MMO has a staff of fitters, welders and engineers, as well as full-time quality assurance supervision. In performing shop fabrication and servicing for the offshore industry, MMO has produced pipe spooling, permanent and temporary guidebases flow lines, tote tanks, caisson systems and manifolds. MMO is also certified and registered for the manufacture and repair of pressure vessels. In addition, MMO manufactures a wide range of steel storage tanks, including those for petroleum products, which are manufactured under strict Underwriters Laboratories of Canada 5600 series specifications. MMO also performs specialized welding of casing connectors, choke and kill lines and wellhead inlays using welding processes such as metallic inert gas, tungsten inert gas, submerged arc welding, shielded arc welding and flux core arc welding, in accordance with American Society of Mechanical Engineers and Canadian Standards Association welding specifications.

Newfoundland Service Alliance Inc. ("NSA"), a Newfoundland and Labrador corporation, was incorporated in December 1996 to combine the expertise of its shareholders in providing comprehensive onshore support services to the Newfoundland and Labrador oil and gas industry. NSA is jointly owned by MMO (20.83%), G.J. Cahill & Company (1979) Limited ("Cahill") (20.83%), New Valve Services and Consulting Inc. (20.83%), Peacock Inc. (20.83%), and Siemans Westinghouse Ltd (16.68%).

Magna Services Limited ("Magna"), a Newfoundland and Labrador corporation, was incorporated in April 1997 to provide offshore support services to the Newfoundland and Labrador oil and gas industry including the Hibernia and Terra Nova offshore oil projects. Magna is jointly owned as to 50% by MMO and 50% by Jendore Limited.

North Eastern Constructors Limited ("NECL"), a Newfoundland and Labrador corporation, was incorporated in September 2000 for the purpose of pursuing opportunities at the Bull Arm Construction site located on the North East Coast of Newfoundland. NECL is owned 50% by M&M, and 50% by Cahill.

Liannu Limited Partnership ("Liannu") is a limited partnership formed under the laws of Newfoundland and Labrador in November, 2002, for the purpose of providing services in Labrador including industrial mechanical contracting, structural and steel fabrication and erection and other services including the Voisey's Bay nickel mine development in Labrador. M&M is the general partner of Liannu, and holds a .01% general partner's interest and a 48.99% limited partner's interest in the partnership. The remaining 51% limited partnership interests are held by two private individuals. As general partner, M&M charges a management fee equal to 5% of the contract price for contracts entered into by the partnership.

Marketing and sales for M&M are carried out by its senior executives, with the assistance of a team of experienced estimators and project managers. Nearly all of the contracts and purchase orders obtained by M&M are acquired through the bidding process. On average approximately 80% of the work is obtained from "invited tender" sources and the remaining 20% from an open tendering system. M&M's clients are primarily large industrial customers, including the Hibernia Management and Development Company Limited, Terra Nova, Newfoundland Power, Corner Brook Pulp and Paper, Newfoundland and Labrador Hydro, North Atlantic Refining Ltd., Newfoundland Transshipment Limited, Aker Maritime Kiewit Contractors, SNC Lavalin and McNamara Construction Company. M&M has successfully completed large projects for a variety of Newfoundland and Labrador based industries. These projects are similar in nature to those that M&M will bid for in the future.

Major past projects have included:

North Atlantic Refining Ltd. M&M was originally involved with the construction of the 100,000 barrel per day oil refinery located at Come By Chance, Newfoundland and Labrador, and for the past 25 years has provided annual maintenance and construction services for that facility. In September 1998, M&M was awarded the contract to rebuild four of the refinery's 18 process heaters at a cost of CDN $8.8 million. In October 2000 during North Atlantic Refining Limited's yearly maintenance shutdown M&M was involved in over CDN $5.8 million of work performing modifications and repairs to piping systems, process heaters and reactors. In September of 2001 M&M was awarded a contract for the rebuild of a process heater and associated structural steel fabrication and installation. Work on the contract resulted in over CDN $3.4 million of revenue, and required upwards of 100 tradespeople. In addition, M&M was awarded a contract for the provision of multi-trade labor and supervision, resulting in over CDN $1.6 million in revenue. These contracts were part of the Refinery's annual maintenance and upgrading program.

During 2003 the Company was awarded contracts and orders totaling CDN $8.1 million with North Atlantic Refining Limited, which produced revenue of CDN $7.2 million was recognized during fiscal 2003. The contracts with North Atlantic Refining Limited included major rebuild and maintenance work on two process heater units and major repair work on one of the main oil storage tanks at the Come-By-Chance Refinery in Newfoundland and Labrador.

Sandwell-HMI Projects The Sandwell-HMI projects in Corner Brook, Newfoundland and Labrador involved the fabrication and installation of various piping, as well as the installation of pumps, tanks and associated process equipment for Corner Brook Pulp & Paper's 15 mega-watt co-generation facility. The project was awarded in three separate lots and was completed during fiscal 2003, and revenue of CDN $2.2 million was recognized.

McNamara Construction Project The McNamara construction project involves the fabrication and installation of twenty-foot diameter penstock for the Granite Canal Hydroelectric Development, located in Central Newfoundland. MMO fabricated the penstock throughout the winter of 2001-02, and M&M began installing it during 2002. The project was completed during fiscal 2003 and revenue of CDN $1 million was recognized.

Newfoundland Power Project - The Newfoundland Power project involved the fabrication of 1,191 meters of penstock, complete with expansion joints for the Seal Cove Hydroelectric project, located in Seal Cove, Newfoundland and Labrador. Revenue of CDN $0.7 million was recognized during fiscal 2003.

Halliburton Group Canada - The project involved fabrication, assembly and testing of two burner booms and fabrication of associated support. The project was completed during fiscal 2003 and CDN $0.3 million of revenue was recognized during fiscal 2003.

Aker Maritime Kiewit Contractors   During 2003, NECL (see discussion above) was awarded a CDN $24 million gross fabrication contract for Husky Energy s White Rose Offshore Oil Project. Revenue of CDN $1.4 million was recognized during fiscal 2003.

SNC Lavalin   Subsequent to fiscal 2003, Liannu (see discussion above) has been awarded contracts for (i) the fabrication, engineering and testing of a fuel unloading and load dispensing system; (ii) the fabrication, engineering and testing of a fire/freshwater pump house; (iii) the fabrication of concentrate storage tanks; and (iv) installation of cladding of the infrastructure site for Inco s Voisey s Bay Nickel Project in Newfoundland and Labrador.

The most significant projects completed by M&M in the last fiscal year, and through the date of this Annual Report, are summarized in the chart below.

DATE	PARTIES	PROJECT DESCRIPTION	NET REVENUES
September 2001 to December 2002	McNamara Construction Company/M&M Engineering	Fabrication and installation of 20-foot diameter penstock at Granite Canal Hydroelectric Development, in Central Newfoundland.	CDN $2,422,078
March, 2002 to September 2002	Newfoundland Power Inc./M&M Engineering	Fabrication of 1,191 meters of penstock complete with expansion joints for the Seal Cove Hydroelectric Project	CDN $1,386,749
May, 2002 to December 2002	Sandwell-HMI/M&M Engineering	Fabrication and installation of carbon steel, stainless steel and chrome moly piping and installation of pumps, tanks and associated process equipment at 15MW co-generation facility in Corner Brook, Newfoundland and Labrador	CDN $3,291,752
July, 2002 to October 2002	North Atlantic Refining Limited/M&M Engineering	Removal and replacement of two 60-foot long underground sulphur storage tanks and fabrication and installation of associated process piping.	CDN $2,009,480
July 2002 to November 2003	North Atlantic Refining Limited/M&M Engineering	Removal of damaged floating roof structure and repairs to tank bottom and roof at the Come-By-Chance refinery.	CDN $2,822,491
November 2002 to January 2003	Halliburton Group Canada/M&M Offshore	Fabrication, assembly and testing of two burner booms and fabrication of associated supports.	CDN $306,600
March 2003 to March 2004	Aker Maritime Kiewit Contractors/NECL	Fabricate M-12 Main Electrical Room Module and Local Electrical Room Module	CDN $1,425,251
April 2003 to June 2003	North Atlantic Refining Limited/M&M Engineering	Major rebuild and maintenance work on two process heater units	CDN $3,016,400
June 2003 to December 2003	Aker Maritime Kiewit Contractors/M&M	Fabrication of two open drain skids	CDN $700,000

	Offshore		
July 2003 to November 2003	North Atlantic Refining Limited/M&M Engineering	Replacement and Pump House Upgrades	CDN $565,847
July 2003 to November 2003	SNC Lavalin/ Liannu	Engineering, fabrication, supply, inspection, testing of the Port Fuel Unloading/Load Dispensing System	CDN $245,445
August 2003 to November 2003	SNC Lavalin/ Liannu	Engineering, fabrication, supply, inspection, testing and delivery DDP Marshalling Yard, Bay Bulls, Newfoundland of the Fire/Freshwater Pumphouse.	CDN $375,043
September 2003 to November 2004 (est.)	SNC Lavalin/ Liannu	Installation of cladding of the infrastructure site of Voisey s Bay Nickel Project	CDN $749,566
September 2003 to November 2003	SNC Lavalin/ Liannu	Engineering, fabrication, supply, inspection, testing and delivery of four Shop Fabricated Tanks	CDN $265,698

Raw steel shapes, pipes and fittings comprise the majority of M&M's purchasing requirements. M&M purchases such raw materials from a variety of steel supply companies and warehouses in Newfoundland and Labrador and Eastern Canada, and is not dependent on a single or limited supplier.

M&M generally retains approximately 21 employees, and up to 300 workers in its fabrication and contracting facilities at peak periods. Management of the Company believes labor relations are good and is not aware of any potential labor dispute. M&M is a signatory to all applicable union agreements of the Building Trades Council, and utilizes union labor for mechanical contracting work. Approximately 35 employees of MMO are subject to a three-year contract with the Fishermen Food and Allied Workers Union, which contract will terminate February 28, 2005. M&M has a good employee health and safety record, and the Company is not aware of any environmental, product liability or service liability claims.

OIL & GAS DIVISION

The Company's Oil & Gas Division commenced operations in February of 2001 as part of an initiative to increase corporate cash flow. The Company formed an oil and gas division initially through the acquisition of properties in 2 strategic areas of oil and gas development, the proven historic region of Western Canada and the new frontier of Atlantic Canada.

The majority of the division's properties are in the exploration stage. Certain properties in which the division holds an interest sells oil and gas production to integrated oil and gas companies and marketing agencies. Sales prices are generally set at market prices available in Canada and/or the United States.

The Company's Oil & Gas Division is not a seasonal business, but increased consumer demand or changes in supply in certain months of the year can influence the price of produced hydrocarbons, depending on the circumstances. Production from the Company's oil and gas properties is the primary determinant for the volume of sales during the year.

There is an existing and available market for the oil and gas produced from the division's properties. However, the prices obtained for production are subject to market fluctuations which are affected by many factors, including supply and demand. Numerous factors beyond our control which could affect pricing include:

- the level of consumer product demand;
    - weather conditions;
    - domestic and foreign governmental regulations;
    - the price and availability of alternative fuels;
    - political conditions;
    - the foreign supply of oil and gas;
    - the price of foreign imports; and
    - overall economic conditions.

The division does not have a reliance on raw materials, as it operates in an extractive industry.

The division does not have a reliance on any significant patents or licenses.

The oil and gas business is highly competitive in every phase. Many of the division's competitors have greater financial and technical resources, established multi-national operations, secured land rights and licenses which the division may not have. As a result, the division may be prevented from participating in drilling and acquisition programs.

The various Canadian provinces have established statutes and regulations requiring permits for drilling, drilling bonds to cover plugging contingencies, and reporting requirements on drilling and production activities. Activities such as well location, method of drilling and casing wells, surface use and restoration, plugging and abandonment, well density, and other matters are all regulated by a governing body.

The division's activities are subject to numerous provincial and federal statutes and regulations concerning the storage, use and discharge of materials into the environment, and many other matters relating to environmental protection. These regulations may adversely affect our operations and cost of doing business. It is likely that these laws will become more stringent in the future (See "Item 3 - Key Information - Risk Factors " above).

C. ORGANIZATIONAL STRUCTURE

The organizational structure of the Company and its divisions are displayed in the chart which appears above under ("Item 4 - Information on the Company" above). The Company holds 100% of the equity and voting shares of M&M, a Newfoundland and Labrador corporation. M&M in turn holds 100% of the equity and voting shares of MMO, a Newfoundland and Labrador corporation. MMO in turn holds a 50% interest in Magna, a Newfoundland and Labrador corporation and a 20.83% interest in NSA, a Newfoundland and Labrador corporation. M&M acts as a general partner and owns a 0.01% general partner's interest and a 48.99% limited partner's interest in Liannu, a registered limited liability partnership. In addition M&M owns a 50% interest in NECL, a Newfoundland and Labrador corporation. M&M owns 100% of 10915 Newfoundland Limited, a Newfoundland and Labrador company, and 100% of 11123 Newfoundland Limited, a Newfoundland and Labrador company. Each of 10915 Newfoundland Limited and 11123 Newfoundland Limited owns a portion of the facilities located in Port aux Basques, Newfoundland and Labrador.

The Company, through its wholly owned subsidiary EPS Karnataka Power Corp., a company incorporated in the province of Ontario, owns a 64% interest in Euro India Power Canara Limited a company incorporated in India

("EIPCL").

The Oil and Gas Division consists of direct and indirect ownership in various oil and gas properties located in Alberta, Ontario and Prince Edward Island, Canada.

As of June 30, 2003, the Company owns 11,348,200 issued common shares, at a stated value of Indian Rupees 10 per share, of KEOPL, a company incorporated in India that is developing a power project in Andhra Pradesh, India.

D. PROPERTY, PLANT AND EQUIPMENT

The Company's executive and Oil & Gas Division offices are rented and located at 2 Adelaide Street West, Suite 301, Toronto, Ontario, Canada. M&M owns the facilities at 456 Logy Bay Road, St. John's, Newfoundland and Labrador, Canada, consisting of buildings containing 40,000 square feet of fabrication area and 7,500 square feet of office space. The land and improvements owned by M&M are security for a first priority mortgage in favor of RoyNat, Inc., and a second priority lien in favor of CIBC.

M&M, through its 100% ownership in 10915 Newfoundland Limited and 11123 Newfoundland Limited, owns land located on Caribou Road in Port Aux Basques, Newfoundland and Labrador. The property consists of two parcels of land. The larger of the two parcels is improved with a 52 foot high and 104 foot high steel frame building, containing 44,000 square feet, designed for and utilized as a fabrication and assembly shop. The second parcel of land is improved with a large building containing a total of 96,000 square feet including an attached two-story office section (with full basement) and a one-story office section. M&M's ownership in the building may be subject to a third party debenture on the leasehold interest that expires on December 22, 2008.

The discussion under this Item is in accordance with the Securities and Exchange Commission rules for extractive enterprises, and may contain "forward-looking statements" "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such statements reflect the Company's current expectations regarding the future results of operations, performance and achievements of such enterprises. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. These statements reflect the current beliefs of management of the Company, and are based on current available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the oil and gas division to differ materially from those expressed in, or implied by, these statements. The Company is not obligated to update or revise these "forward-looking" statements to reflect new events or circumstances.

The table below is a glossary of terms and abbreviations used in this Item.

GLOSSARY OF TERMS

Natural Gas		
	Mcf	1,000 cubic feet
	MMcf	1,000,000 cubic feet
	Mcf/d	1,000 cubic feet per day
	MMcf/d	1,000,000 cubic feet per day
	McfGE	oil to gas in the ratio of 1 barrel of oil to six thousand cubic feet of gas (1 bbl: 6 Mcf)
	Bcf	1,000,000,000 cubic feet
	GJ	Gigajoules
Oil and Natural Gas Liquids		

Bbls	Barrels
Mbbls	1,000 barrels
Blpd	Barrels of liquid per day
Boe	Barrels of oil equivalent using a conversion ratio of 6 Mcf to 1 bbl of oil.
Mboe	1,000 boe
Mmboe	1,000,000 boe
Bpd	Barrels per day
Boepd	Barrels of oil equivalent per day
Bopd	Barrels of oil per day
NGLs	Natural gas liquids
Stb	Stock tank barrels of oil (oil volume at 60 degrees F and 14.65 pounds per square inch absolute)
Mstb	1,000 stock tank barrels

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

TO CONVERT

From	To	Multiply By
Mcf	cubic metres	28.317
Metres	cubic feet	35.494
Bbls	cubic metres	0.159
Cubic metres	Bbls	6.289
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

Proved Reserves : The following table reflects estimates of the Company's proved reserves as at June 30, 2003, 2002 and 2001 as reported by Sproule Associates Limited, a member of the Association of Professional Engineers Geologists and Geophysicists of Alberta, Canada stated in CDN dollars. All of the Company's oil and gas reserves are located in Canada. The following table represents the Company's net interest in its reserves (after crown, freehold and overriding royalties and interests owned by others). Estimated cash flow figures before income tax are net of all royalties, operating and capital costs and discounted at 10% to the Net Present Value ("NPV").

	2003		2002		2001	
	Mmcf	NPV @ 10% (CDN $)	Mmcf	NPV @ 10% (CDN $)	Mmcf	NPV @ 10% (CDN $)
Gas Reserves (Mmcf)						
Proved Developed Producing	482	1,309,000	547	1,122,000	490	1,471,000
Proved Undeveloped	250	946,000	255	668,000	226	649,000

Total	732	2,255,000	802	1,790,000	716	2,120,000
Solutions Gas Reserves (Mmcf)						
Proved Developed	-	-	67	n/a (3)	-	-
Proved Undeveloped	-	-	-	n/a (3)	-	-
Total	-	-	67	n/a (3)	-	-
Mbbl				Mbbl		Mbbl
Natural Gas Liquids (Mbbl)						
Proved Developed Producing	13.3	n/a (5)	11.4	n/a (2)	16.4	n/a (2)
Proved Undeveloped	1.40	n/a (5)	1.0	n/a (2)	nil	n/a (2)
Total	14.3	n/a (5)	12.4	n/a (2)	16.4	n/a (2)
Oil Reserves (Mbbl)						
Proved Developed	13.7	144,000	35.1	708,000	0.5	5,000
Proved Undeveloped	-	nil	nil	nil	nil	nil
Total	13.7	144,000	35.1	708,000	0.5	5,000
Mboe				Mboe		Mboe
Mbbl Equivalent (4)						
Proved Developed	107.4	1,453,000	149.3	1,830,000	98.6	1,476,000
Proved Undeveloped	42.7	946,000	43.5	668,000	37.7	649,000
Total	150.1	2,399,000	192.8	2,498,000	136.3	2,125,000

(1) Cash flows from the estimated proved reserves were discounted at 10% Net Present Value ("NPV").
(2) Discounted cash flows from natural gas liquids were included with oil and gas discounted cash flows.
(3) Discounted cash flows from solutions gas were included with oil discounted cash flows.
(4) Gas was converted to Mbbl in the standard ratio of six mcf equals one bbl.
(5) Discounted cash flows from natural gas liquids included with gas discounted cash flows.

Producing Wells: The following table sets forth the number of gross wells producing during the fiscal periods ending June 30, 2003, 2002 and 2001. A gross well is a well in which the Company owns an interest. The percentage of net wells represents the fractional interest the Company owns in a gross well.

	2003		2002		2001	
	Gross	Net (%)	Gross	Net (%)	Gross	Net (%)
Gas	8	30.52	6	31.91	7	34.49
Oil	5	18.87	4	17.90	2	16.48
Liquids	5	22.15	3	19.33	3	19.33

The following table sets forth the net revenues before costs, net volume production, average production sales prices, average revenue per boe, cost per boe and netback per boe for the fiscal years ended June 30, 2003, 2002 and 2001.

NET REVENUES		2003 (CDN $)		2002 (CDN $)		2001 (CDN $)
Net revenue from gas sales	$	364,468	$	344,498	$	280,087
Net revenue from liquid sales		67,465		27,590		18,397
Net revenue from oil sales		91,717		52,779		9,314
Net revenue from royalties		19,840		9,144		4,164
Net mcf gas production		74,206		115,688		51,041
Net bbl liquids production		1,983		973		510
Net bbl oil production		2,731		1,714		211
Average production sales per mcf	$	4.91	$	2.98	$	5.49
Average production sales per liquid bbl	$	34.02	$	28.35	$	36.07
Average production sales per oil bbl	$	33.58	$	30.79	$	44.14
Average revenue per boe	$	31.82	$	20.41	$	44.19
Average production cost per boe	$	15.39	$	11.86	$	11.51
Average netback per boe	$	12.88	$	8.55	$	32.68

* Net revenues after Alberta Crown Royalties.

Acreage . The following table sets forth the developed and undeveloped acreage of the projects in which the Company holds an interest, on both a gross and a net basis as of June 30, 2003, 2002 and 2001. The developed acreage is stated on the basis of spacing units designated by provincial authorities on the basis of 160 acre spacing unit for oil production and 640 acre spacing unit for gas production in Alberta and 50 acre spacing unit for deep Ordovician and Cambridge-age targets in Ontario and based on technical aspects of any discovery.

Leasehold Acreage

	2003	2002	2001
Total Leasehold Acreage			
Gross Acres	543,579	546,760	538,271
Net Acres	136,449	136,641	136,472
Developed Acreage			
Gross Acres	8,122	6,499	3,764
Net Acres	2,210	1,745	1,218
Undeveloped Acreage			
Gross Acres	535,457	540,261	534,507
Net Acres	134,239	134,896	135,254

Drilling Activity. As of June 30, 2003, 2002 and 2001 the Company through the Oil & Gas Division had the following drilling activities in Canada (included in gross and net development wells is the re-entry of a cased well bore). A gross well is a well in which an interest is owned. The number of net wells represents the sum of a fractional interest the Company owns in gross wells.

Number of wells drilled	2003	2002	2001

Development wells	Gross	Net (%)	Gross	Net (%)	Gross	Net (%)
Producing	1	30.0	2	24.19	0	0
Shut-in	1	12.5	1	25.0	0	0
Suspended **	0	0	1	30.0	0	0
Abandoned	0	0	1	31.5	0	0
Exploratory wells						
Producing	0	0	1	7.13	0	0
Abandoned	0	0	2	12.5	0	0
Shut-in *	0	0	3	11.66	0	0

* Shut in wells tested hydrocarbons and are pending evaluation, tie in and pipeline facilities.
** Suspended well is pending abandonment.

Present Activities, Results of Exploration and Drilling 2003. As of June 30, 2003, the Oil & Gas Division has a portfolio of proven, producing and/or prospective oil and gas properties in the Western Sedimentary Basin of Western Canada and in the Maritimes Basin of Atlantic Canada.

Sibbald Property, Alberta: In June and September 2003 the Company acquired through Alberta crown land sales a 100% interest in 2 sections (1,280 acres) of prospective land and over 30 kilometers of seismic data in the Sibbald Area, Alberta. The Company intends on implementing a fall/winter exploration and development program on this property to include the acquisition of additional seismic to further develop its newly acquired sections and the work over of three existing well bores with the potential for gas production.

Cherhill Property, Alberta: On December 28, 2002 the 13-10-57-5 W5M was drilled to a depth of 600 metres (approximately 1,829 feet). The well was completed and is currently producing as a Belly River gas well. The Company has a 30% working interest in this well.

Olds-Innisfail Property, Alberta: On June 19, 2003 the 6-20-33-28 W4M Davey well was spud and drilled to a depth of 1,893 metres (approximately 5,770 feet). The well was completed as Viking gas well and is currently being tied in. The Company has a 12.5% working interest in this well.

The Doe Property, Alberta : On August 13, 2003, the Company entered into a Farmout and Participation Agreement (the "Participation Agreement") for the Doe Prospect, Alberta to drill a 3,200-meter (approximately 9,700 feet) Wabamun formation gas test well. Under the Participation Agreement the Company will pay 24% of costs of drilling the test well to earn (i) a 24% interest before payout (subject to a 5-15% sliding scale convertible royalty), and a 15% interest after payout (ii) a 15% working interest in 9 sections (5,760 gross acres 864 net) of multi formation prospective lands. The Company has also agreed to a 15% working interest in a 20 section (12,800 gross acre) Area of Mutual Interest around the test well area.

The Doe Prospect, Alberta is located within the Peace River Arch area of Canada s Western Sedimentary Basin and approximately 10 kilometers (km) east of the Alberta-British Columbia border and 120 km s northwest of Grande Prairie, Alberta. The Doe Prospect lands are situated about 20 km s equally between two significant natural gas accumulations associated with the Upper Devonian Wabamun Group.

The Geological Survey of Canada describes the Wabamun formation in the Peace River Arch area to be a remedial ramp carbonate that has undergone hydrothermal dolomitization. The dolomitization is a result of magnesium rich fluids moving along major fault trends associated with the Peace River Arch rift basin. These dolomitized areas are the primary reservoirs for natural gas fields in the Doe Prospect region. Faulted horst structures provide the dominant trapping mechanism for gas accumulations.

Results of Exploration and Drilling in 2002 and in 2001

Farrow Property, Alberta: The Company has a 31.5% participating interest in 1-½ sections of land (960 gross acres). The development well 8-26-19-24 W4 was spud on October 10, 2001 and drilled to a depth of 1,725 meters (approximately 5,658 feet), and is currently producing from the Glauconite formation. A second development well 16-26-19-24 W4M was spud on May 19, 2002 and drilled to a depth of 1,762 meters (approximately 5,779 feet) and on May 27, 2002 was plugged and abandoned after logging of the well bore indicated the formation did not contain economic hydrocarbons.

Cherhill Property, Alberta: The Company has a 30% participating interest in one (1) section of land (640 gross acres) in the Cherhill area of Alberta. On January 10, 2002 the Company participated in drilling a development well 4-10-57-5 W5M to a depth of 600 meters (approximately 1,970 feet) to test the Belly River formation for gas. Subsequent testing indicated the Belly River formation did not contain economic reserves and the well has been suspended.

Edson Property, Alberta: The Company has a 10% participating interest in three (3) sections (1,920 gross acres) in the Edson area of Alberta. The Edson exploratory well 10-13-52-16W5M was spud on December 10, 2001, drilled to a depth of 3,149 meters (approximately 10,328 feet) to the Winterburn formation, and cased as a Winterburn Gas well shut in pending pipeline and water disposal facilities.

Ladyfern Mearon Property, Alberta-British Columbia Border: The Company participated in this property by paying 25% of the drilling, completion and flowline costs in an exploratory test well 13-36-93-13 W4M to earn a 17.5% interest until payout and a 12.5% interest after payout in one (1) section (640 gross acres) and earned a 12.5% interest in an adjacent section (640 gross acres). The exploratory well was spud on January 10, 2002 and drilled to a depth of 2,776 meters (approximately 9,105 feet) to the Slave Point formation. Logging of the well bore indicated that the Slave Point formation did not contain economic hydrocarbons and was plugged and abandoned. The well bore was completed in the Bluesky and on March 7, 2002 the well was plugged and abandoned. On July 11, 2002 the lease covering these 2 sections expired.

Strathmore Property, Alberta: On August 8, 2001 the Company acquired a 33.33% participating interest in ½ section of land (320 gross acres) in a crown land sale. The Company and its partners are assessing this prospect for the development of a potential Glauconite Oil Channel.

Sibbald Property, Alberta: The Sibbald property is located in Townships 28 and 29, Range 02 W4M, approximately 160 miles east of Calgary, Alberta. The Company holds an average 59% working interest in approximately 4,480 gross acres of land. Two wells are currently producing gas from the Bakken Formation of the Mississippian Period.

Caroline Property, Alberta: The Company participated by paying a 22.5% of the drilling costs to earn a 16.875% interest in 1 section of land (640 gross acres) in Alberta. During fiscal 2002, the development well 4-29-33-4 W5M was drilled to a depth of 2,725 meters (approximately 8,940 feet) to the Shunda formation and was completed as a Glauconite gas well and a Rundle oil well. The well is currently producing gas, oil and liquids.

Olds-Innisfail Property, Alberta: The Olds-Innisfail prospect encompasses 5 ¾ sections of land (3,680 gross acres). The initial exploration on this property consisted of 3 prospective drilling locations. The first exploratory well 5-6-34-28 W4M was spud on October 19, 2001 and drilled to a depth of 2,148 meters (approximately 7,047 feet) to the Basal Quarts formation. The well was completed as a Basal Quartz gas well and is currently shut in pending evaluation. A second exploratory well 14-10-34-1 W4M was spud on November 2, 2002 and drilled to a depth of 1,946 meters (approximately 6,385 feet) to the Viking formation. The well was completed as a Viking gas well and is currently shut in pending pipeline capacity. A third exploratory well 16-20-33-18 W4M was spud on November 13, 2002 and drilled to a depth of 1,880 meters (approximately 6,168 feet) to the Viking formation, and was subsequently plugged and abandoned. The Company participated in this prospect by paying a 25% interest before payout to earn a 12.5% interest after payout in each of the test wells and the earned lands.

Brazeau River Property, Alberta: This prospect is comprised of 2 sections of land (1,280 gross acres). During fiscal 2002, the Company participated in the re-entry of a cased well bore 2-28-47-12 W5M by paying a 50% interest before payout, to earn a 25% interest after payout in the well bore and lands. The development well was re-entered and tested in the Rock Creek and Elkton formation and completed as a Rock Creek oil well. The well is currently shut in pending economic evaluation of pipeline tie in.

Bigstone & Kaybob Properties, Alberta: The Bigstone property is located in Township 61 Range 22 W5M in Alberta. The Company holds an average 20% interest in approximately (640 gross acres) of land. One well at Bigstone is currently producing natural gas and liquids. The Company has an 18% to 20% working interest in approximately (1920 gross acres) of land located in Township 61, Range 19 and 21 W5M. There are currently two wells producing natural gas and liquids.

Essex County Property, Ontario: During fiscal 2002, the Company participated by paying 8.839% to earn 7.13% in a horizontal exploratory test well. The test well was drilled to a vertical depth of 792 meters (approximately 2,598 feet) with a true vertical depth of 1,973 meters (6,473 feet) to the Sherman Falls formation. This well was completed as a Sherman Falls oil well and is currently producing oil.

Gosfield and Aldborough Properties, Ontario: The Company holds a 16.36% to 21.7% working interest in approximately (422 gross developed acres) of land located in the Gosfield and Aldborough Townships in Ontario. Three wells are currently on production. Two wells are producing oil and one is producing gas.

Prince Edward Island Property: In 2001 the Company acquired a 25% interest in a property consisting of over 500,000 acres under permit for all hydrocarbons including conventional and coalbed methane gas. The property is located within central Prince Edward Island, Canada ("PEI") which is within the Southwestern part of the Maritimes Basin and is underlain by Carboniferous and Permian sedimentary strata of the Gulf of St Lawrence and Sydney Sub-Basin.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with the "Selected Financial Data" under Item 3 above and the Company's audited Consolidated Financial Statements included elsewhere in this Annual Report. Unless otherwise indicated, discussion under this Item is based on Canadian dollars, and is presented in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). For reference to differences between Canadian GAAP and United States Generally Accepted Accounting Principles ("US GAAP") see Note 17 to the Company s Consolidated Financial Statements included elsewhere in this Annual Report. Certain statements made in this Item are forward-looking statements under the Reform Act. See "Risk Factors" in Item 3D for a discussion of important factors which could cause actual results to differ materially from the forward-looking statements below.

OVERVIEW

The Company is a corporation amalgamated under the laws of the Province of Ontario and is provincially registered in the Provinces of Alberta and Newfoundland and Labrador. The Company conducts its operations through an Industrial & Offshore Division, and an Oil & Gas Division. The audited consolidated financial results for the fiscal periods ending June 30, 2003, 2002 and 2001 include the accounts of the Company and its wholly owned subsidiary M&M, and the accounts of MMO, M&M s wholly owned subsidiary. MMO holds a 50% equity interest in Magna and a 20.83% equity interest in NSA. M&M holds a 49% combined partnership interest in Liannu, and a 50% equity interest in NECL. The Company's audited consolidated financial statements include the Company's proportionate share of each of these entities assets, liabilities, revenues and expenses.

During fiscal 2001 the Company commenced its oil and gas operations. The activities of the Company's Oil & Gas Division include exploration, development and production of oil and gas. The Company's oil and gas properties are located in the Canadian Provinces of Alberta, Ontario and Prince Edward Island.

The Company s accounts include an investment in KEOPL a company incorporated in Indian that is developing a power project in Andhra Pradesh, India. The Company also holds a 64% interest in EIPCL that is carried at Nil on the balance sheet and consolidated statement of operations of the Company. Management has evaluated the effect that EIPCL accounts would have on the consolidated financial statements of the Company and concluded that such amounts would be insignificant under GAAP.

Critical Accounting Policies and Estimates and Newly Adopted Accounting Policies

The Company's significant accounting policies, estimates and changes to accounting policies are also described in the Notes to the audited Consolidated Financial Statements. It is increasingly important to understand that the application of generally accepted accounting principles involves certain assumptions, judgments and estimates that affect reported amounts of assets, liabilities, revenues and expenses. The application of principles can cause varying results from company to company.

The most significant accounting policies that impact the Company and its subsidiaries relate to revenue recognition policies, oil and gas accounting and reserve estimates, accounting for joint ventures, valuation of capital assets, discontinued operations, future income tax assets and liabilities, and stock based compensation.

The most significant accounting estimates that impact the Company and its subsidiaries relate to contingent liabilities and assets, and the valuation of the Company's investment in KEOPL.

The only new accounting policy that was adopted by the Company during the 2003 fiscal year was a new accounting policy for Asset Retirement Obligations. In accordance with the recommendation of the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3110 the Company adopted this policy before it was required. During fiscal 2002 the Company adopted new accounting policies for Goodwill and Other Intangibles, again in accordance with recommendations in the CICA Handbook.

Critical Accounting Policies.

Revenue recognition . Revenue for M&M & MMO is generated principally from contracts or purchase orders awarded through a competitive bidding process. Revenue from construction and fabrication contracts is recognized on the percentage of completion basis, under which contract revenues are recognized by assessing the value of the work performed in relation to the total estimated cost of the contract. Revenue from M&M & MMO's venture partners (whether in corporate or partnership form) are recognized based on their proportionate equity holdings in those entities.

Oil and gas revenues are recognized on actual production volumes and delivery of the product to the market, based on the applicable operator's reports.

Oil and gas accounting and reserve estimates. The Company follows the full cost method of accounting for oil and gas operations under which all costs of exploring for and developing oil and gas reserves are initially capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling and overhead charges directly related to acquisition and exploration activities.

Under the full cost method all of the costs noted above are capitalized, together with the costs of production equipment, and are depleted on the unit-of-production method based on the estimated gross proved reserves. Petroleum products and reserves are converted to equivalent units of natural gas at 6,000 cubic feet to 1 barrel of oil.

Under the full cost method costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment in value has occurred. When reserves are identified as "proven" by independent engineers, or the property is considered to be impaired, then the cost of the property or the amount of the impairment is added to costs subject to depletion calculations.

Proceeds from a sale of petroleum and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion. Alberta Royalty Tax Credits are included in oil and gas sales.

In applying the full cost method, under Canadian GAAP, the Company performs a ceiling test which restricts the capitalized costs less accumulated depletion and amortization from exceeding an amount equal to the estimated undiscounted value of future net revenues from proved oil and gas reserves, as determined by independent engineers, based on sales prices achievable under existing contracts and posted average reference prices in effect at the end of the Company's fiscal year and current costs, and after deducting estimated future general and administrative expenses, production related expenses, financing costs, future site restoration costs and income taxes from such estimated future revenues.

In comparison, in applying the full cost method under US GAAP, the Company performs a ceiling test based on the same calculations used for Canadian GAAP except the Company is required to discount future net revenues at 10% and there is no deduction from the US GAAP ceiling test for estimated future general and administrative expenses and interest.

Joint Ventures. The Company's Industrial & Offshore Division carries out part of its business through three corporations and one limited partnership. The Company's audited consolidated financial statements include the Company's proportionate share of each of these entity's assets, liabilities, revenues and expenses. MMO holds a 50% equity interest in Magna and a 20.83% equity interest in NSA. M&M holds a 49% combined partnership interest in Liannu and a 50% equity interest in NECL. For accounting purposes as at June 30, 2003 Liannu was inactive apart from entering and preparing bids for future work (See Note 6 to the Company's Consolidated Financial Statements included elsewhere in this Annual Report).

In comparison under US GAAP, the Company would instead use the equity method of accounting for joint ventures rather than the proportionate consolidation method of accounting. Under the US GAAP method the Company would present its net investment in the joint venture on the consolidated balance sheet and present its net share of equity income on the consolidated statement of loss and deficit.

Capital Assets . Capital assets consist primarily of fabrication buildings, office equipment, and manufacturing equipment. These assets are recorded at cost less accumulated amortization and, if applicable, write down for impairment.

Capital assets are amortized on the declining balance basis over their estimated useful lives at the following rates:

Buildings	3%
Manufacturing equipment	20%
Tools and equipment	20%
Office equipment	20%
Vehicles	30%
Paving	7%
Equipment under capital lease	20%

Discontinued Operations. During fiscal 2001 the Company adopted a plan to discontinue the operations of its Power Division. This division has been treated as discontinued operations for accounting purposes (See Note 20 to the Company s Consolidated Financial Statements included elsewhere in this Annual Report). As such the operations of the Company's Power Division have been excluded from the audited consolidated statement of loss and deficit from continuing operations in prior periods.

In June 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 146 "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized on the date the liability is incurred and that such liability be measured and recorded at fair value. This is effective for exits or disposal activities initiated after December 31, 2002. Management is of the opinion that the adoption of SFAS No. 146 will not impact its financial position and results of operation.

Future Income Tax Assets and Liabilities. The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying amounts and their respective income tax bases (temporary differences). Management regularly reviews its tax assets for recoverability and establishes a valuation allowance based on (i) historical taxable income; (ii) projected future taxable income; and (iii) the accounting treatment reflected in Note 11 of the Company s Consolidated Financial Statements. As of June 30, 2003 the Company had $10.7 million of non-capital losses. In fiscal 2003 the Company carried an income tax asset of nil related to those non-capital losses, and in fiscal 2002 carried an income tax asset equal to CDN $0.5 million).

Stock based compensation. The Company has established a stock option plan (the "Plan") for directors, officers, employees, consultants and service providers. The Company does not record compensation expense for stock options granted to directors, officers and employees. However, additional disclosure of the effects of accounting for stock based compensation to directors, officers and employees as compensation expense, using the fair value method estimated using the Black-Scholes Option Pricing Model and is customarily disclosed as pro-forma information in the Notes to the financial statements. Any consideration paid by directors, officers and employees on exercise of stock options or purchase of stock is credited to share capital. Stock options issued to non-employees are recorded at their fair value at date of issuance.

Under US GAAP Financial Accounting Standard ("FAS" 123), stock options granted to consultants are recognized as an expense based on their fair value at the date of grant. Prior to the adoption of the CICA section 3870 under Canadian GAAP, options were disclosed and no compensation expense was recorded. The Company s calculation for the compensation for consultants of Nil in 2003 CDN $ 8,621 in 2002 and CDN $ 112,040 in 2001 is based on the Black-Scholes option pricing model. The Black-Scholes option-pricing model is utilized by the Company in its reconciliation to US GAAP.

An application of the Black-Scholes Method, and the underlying assumptions in calculating option values, for the last three fiscal years is reflected in the table below.

ASSUMPTIONS

Year	-	Volatility Factor	Assumed Options Issued	Risk Free Rate		Black Scholes Value
Fiscal 2003		N/A	Nil	N/A		N/A
Fiscal 2002		0.31	6,667	5	%	1.29
Fiscal 2001		0.64	23,333	5	%	4.29 and 1.80

For options granted to employees the Company follows Accounting Principles Opinion ("APB") 25 under US GAAP. For employees, compensation expense is recognized under the intrinsic value method. Under this method, compensation cost is the excess, if any, of the quoted market price at grant date over the exercise price. Such expense is reflected over the service period; if the option is for prior services, it is expensed at date of grant; if the option is for future services, it is expensed over the vesting period. If the exercise price of the employee stock options is equal to or exceeds the market value of the shares at the date of grant, no compensation expense is recognized at grant date for

US GAAP purposes.

In March 2000, the FASB issued Interpretation No. 44, "Accounting for Certain Transactions involving Stock Compensation", an interpretation of APB Opinion No. 25. The Company adopted the interpretation for US GAAP purposes on July 1, 2000. Among other things, the Interpretation requires that stock options that have been modified to reduce the exercise price be accounted for as variable. As of July 1, 2000, under the provisions of Interpretation No. 44, any options that are considered repriced are accounted for as variable options from that date forward. Therefore, the option value will be re-measured at the end of each period using the greater of (i) the exercise price or (ii) the July 1, 2000 fair market value as the basis for determining increases in the intrinsic value of the options. During 2001, the Company repriced 19,167 options with an intrinsic value of CDN $92,000 which was included in the compensation expense adjustment. During 2002, these repriced options were exercised and an additional intrinsic value of CDN $102,550 was recorded to the compensation expense adjustment on the options respective measurement dates under the Interpretation.

Critical Accounting Estimates

Contingent liabilities and assets.

Oakwell Claim. In August, 2002 the Company was named as a defendant in a legal proceeding in the High Court of Singapore, Oakwell Engineering Limited vs. Energy Power Systems Limited, Suit No. 997 of 2002/V (the "Proceeding"). On October 16, 2003, the Company received a decision from the court with respect to a 13-day trial held from May 5, 2003 to May 22, 2003. In his decision, the judge awarded Oakwell US $1.6 million with respect to Oakwell's claim against the Company for the sum of US $2.79 million, and awarded Oakwell US $2.56 million representing the judge s valuation of a 6.25% interest in the actual cash available for foreign repatriation from a proposed power project in Andhra Pradesh, India, in each of the first five years after the commercial operation date of the project, for a total award of US $4.16 million (approximately CDN $5.4 million) plus certain legal costs, the extent of which is not yet known (collectively, the "Judgment"). Management of the Company believes both the judge s reasoning and his factual findings, as reflected in the Judgment are in error. On November 13, 2003, the Company filed a Notice of Appeal of the Judgment in the Court of Appeal of the Republic of Singapore (Civil Appeal No. 129 of 2003/Y). If the Judgment becomes final there would be a significant and adverse impact on the Company s liquidity and financial condition. A provision of CDN $5.9 million has been made to these financial statements for the claim (See "Litigation in Item 8A-7 below and Note 21 to the Company s Consolidated Financial Statements included elsewhere in this Annual Report) .

HB Capital contingent liability. A statement of claim has been filed in the Supreme Court of Newfoundland, Trial Division, Suit # 1998 St. J. No. 3233 against the Company by a former financial adviser alleging breach of contract. The plaintiff has claimed for special damages in the amount of approximately $240,000 (US $184,197) and a success fee equal to 1% of the gross debt/equity financing of the Andhra Pradesh project less up to 20% of any corporate contributions to the project by the Company or its affiliates. Management believes that the claim is without merit and has filed a counter claim. No correspondence or activity has occurred since 2000 and management believes that the plaintiff has abandoned the litigation. No provision has been made in the Company s Consolidated Financial Statements for this claim. (See "Litigation" in Item 8A-7 below, and Note 23(a) of the Company s Consolidated Financial Statements included elsewhere in this Annual Report).

Karnataka contingent asset and liability. On April 22, 1999, the Karnataka Power Transmission Corporation Limited (formerly the Karnataka Electricity Board) of the State of Karnataka, India ("KPTCL") executed a power purchase agreement with EIPCL, a limited liability company incorporated in India. The Company holds a 64% interest in EIPCL. Effective May 10, 2001 the project was given the approval by the State Government to be converted to a coal fueled land based power project. The power purchase agreement has yet to be amended and there are deficiencies in the State Government's performance, including among other requirements, the provision of payment guarantees for the Karnataka project. Pursuant to Clause 14.1 (a) of the power purchase agreement, EIPCL served upon KPTCL and the Government of Karnataka ("GOK") a Notice of Arbitration on September 24, 2002 and under Clause 14.1 (b) of the power purchase agreement served a Second Notice of Arbitration on November 7, 2002. On December 10, 2002, EIPCL served a formal communication calling upon KPTCL and GOK to appoint a technical and or financial expert to resolve the outstanding issues in accordance with Clause 14.2 of the power purchase agreement. The Company also filed Notice U/S 80 of the Civil Procedure Code, 1908 against GOK and KPTCL for losses and damages due to delay in implementation of the Karnataka project. On August 11, 2003, EIPCL filed a Statement of Claim against KPTCL for repudiatory breach of the power purchase agreement and claimed damages in the amount of US $3,835,232 plus costs and interest. On October 7, 2003 KPTCL filed a Statement of Objections to reject EIPCL s claims with costs stating that EIPCL failed to put up the Barge Mounted Power Plant ("BMPP") and claims the sum of Indian Rs. 25 crores (approximately US $5 million) plus interest. At the current time no assessment can be made of the outcome of the legal proceedings. Accordingly no amount has been recorded in these audited consolidated financial statements. (See Note 23 (b) of the Company s Consolidated Financial Statements and "Litigation in Item 8 - Financial Information").

The Company estimates the range of liability related to pending litigation where the amount and range of loss can be estimated. Where there is a range of loss, the Company records the minimum estimated liability related to those claims. As additional information becomes available, we assess the potential liability related to our pending litigation and revise our estimates accordingly. Revisions of our estimates of the potential liability could materially impact our results of future operations. If the final outcome of such litigation and contingencies differ adversely from those currently expected, it would result in a charge to earnings when determined.

Valuation of the Company's Investment in KEOPL. As of June 30, 2003, the Company owns 11,348,200 common shares of Rs. 10 each, of KEOPL (the "KEOPL Shares"), a company incorporated in India, which is developing a power project in Andhra Pradesh, India. Pursuant to the agreement dated August 10, 2000 between the Company, VBC Ferro Alloys Ltd., an Indian corporation ("VBC"), and KEOPL, VBC is obligated to purchase the Company's investment in KEOPL for INR 113,482,000 (approximately CDN $3.5 million) on or before June 30, 2002 if the Company offers its KEOPL Shares to VBC prior to June 30, 2002.

On or about May 3, 2002, the Company, pursuant to the Revised VBC Agreement, offered and tendered the KEOPL Shares to VBC for purchase on or before June 30, 2002. In July 2002, VBC raised a dispute with the Company regarding the purchase and sale of the KEOPL shares.

Pursuant to an Arbitration Agreement and Award between the Company and VBC, the parent company of KEOPL and an Arbitration Award passed and dated October 11, 2003 by Hon ble Arbitral Tribunal, India (the "Award") (i) VBC has agreed to transfer an additional 500,000 equity shares in KEOPL to the Company (valued at approximately CDN $150,000) , and (ii) VBC is required to buy the 11,348,200 KEOPL Shares for INR 113,482,000 (approximately CDN $3.3 million) on or before the earlier of (a) 60 days after the first disbursal of funds on financial closure of the KEOPL Project, and (b) March 31, 2004. The Company may, upon written notice to VBC, require that VBC purchase, and VBC is required to buy, the additional 500,000 equity shares of KEOPL at a par value of INR 5 million (approximately CDN $150,000) on or before the same dates.

The investment in KEOPL is recorded at expected net recoverable amount of CDN $3.5 million. Management of the Company assessed the amount recoverable based on (i) the par value of the shares, (ii) an assessment of VBC's ability to pay, (iii) the provisions of the Award, and (iv) the likelihood and timing of payment. As of October 31, 2003 the estimated value of the KEOPL Shares was approximately CDN $3,450,000 based on current exchange rates. The actual recoverable amount is dependent upon future events foreign exchange fluctuations and subject to certain sovereign risks such as stable political and economic conditions, and the amount actually recovered could differ materially from the amount estimated by management.

Newly Adopted Accounting Policies

Asset Retirement Obligations. In fiscal 2003, the Company adopted the recommendations of the new CICA Handbook Section 3110, "Asset Retirement Obligations" on a retroactive basis. As a result of applying the new standards, management determined that the changes to the asset retirement obligation in the amount of $100,960 for the prior year were necessary for site restoration costs related to its oil and gas properties. Accounting for future site restoration costs involves estimating the timing and amount of abandonment costs on a well-by-well basis, then discounting these values to the present utilizing a discounted cash flow technique. The oil and gas properties were adjusted for the noted $100,960, and the effect on the opening deficit in 2002 was considered to be immaterial by management.

In comparison, under US GAAP, the cumulative effect of the change in accounting principle would be shown and no retroactive adjustment would be made to the comparative figures. On this basis, the cumulative effect of the change in accounting principle was considered to be immaterial.

Goodwill. During fiscal 2002, the Company adopted new accounting policies for Goodwill as required under the recommendations of the new CICA Handbook Section 1581, Business Combinations, and Section 3062, "Goodwill and Other Intangibles". The newly adopted accounting policy was consistent with FASB No. 141, "Business Combinations" (SFAS 141), and No. 142, "Goodwill and Other Intangible Assets" (SFAS 142) under US GAAP. Goodwill represents the excess purchase price paid for business combinations over the value assigned to identifiable net assets acquired. Goodwill is evaluated for possible impairment in value at least annually and an impairment loss is recognized when the carrying amount of the goodwill of a reporting unit exceeds the fair value of the goodwill. The fair value of the reporting unit is obtained using the present value of expected cash flows. As a result of applying the new standards, management determined that the value of goodwill was impaired, and accordingly a transitional impairment loss of $2.1 million was charged to the opening deficit in fiscal 2002. Goodwill had previously been amortized over 10 years.

The adjusted net loss, basic loss per share from continuing operations and basic loss per share for comparative fiscal years ending June 30, 2003, June 30, 2002 and 2001 if no amortization were recorded in those years, are as follows.

		2003		2002		2001
Reported net loss	$	(8,047,476)	$	(1,131,370)	$	(3,634,916)
Add back. Goodwill amortization		-		-		261,258
Adjusted net loss	$	(8,047,476)	$	(1,131,370)	$	(3,373,658)
Basic loss per share.						
Reported net loss for the year		$ (2.11)		$ (0.51)		$ (2.56)
Goodwill amortization		-		-		0.18
Adjusted net loss for the year	$	(2.11)	$	(0.51)	$	(2.38)

In comparison, the US GAAP method for the goodwill is governed by statements by the FASB in June 2001, when it issued FASB Statement No. 141, "Business Combinations" (SFAS 141), and No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 141 requires the use of the purchase method of accounting and prohibits the use of the pooling of interests method of accounting for business combinations initiated after June 30, 2001. SFAS 141 also requires that the Company recognize acquired intangible assets apart from goodwill if the acquired intangible assets meet certain criteria. SFAS 141 applies to all business combinations initiated after June 30, 2001, and for purchase business combinations completed on or after July 1, 2001. It also requires, upon adoption of SFAS 142 that the Company reclassify the carrying amounts of intangible assets and goodwill based on the criteria in SFAS 141. The adoption of this statement had no material impact on the financial statements.

SFAS 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill impairment at least annually. In addition, SFAS 142 requires that the Company (i) identify reporting units for the purposes of assessing potential future impairments of goodwill, (ii) reassess the useful lives of other existing recognized intangible assets, and (iii) cease amortization of intangible assets with an indefinite useful life. In addition, an intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS 142.

SFAS 142 is required to be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized at that date, regardless of when those assets were initially recognized. SFAS 142 also requires that the reporting company complete a transitional goodwill impairment test six months from the date of adoption. During 2002, the Company adopted SFAS 142 early, and management determined that the value of goodwill was impaired, resulting in a transitional impairment loss of $2,056,832. This amount has been reported as a cumulative effect of a change in accounting principle in the fiscal 2002 reconciliation to US GAAP. Goodwill had previously been amortized over 10 years. (Please see "Item 3 - Key Information - Selected Financial Data" above).

Recently Issued United States Accounting Standards

In January 2003, the FASB issued Financial Interpretation 46 "Accounting for Variable Interest Entities" ("FIN 46"), that requires the consolidation of certain entities that are controlled through financial interests that indicate control (referred to as "variable interests"). Variable interests are the rights or obligations that convey economic gains or losses from changes in the values of the entity's assets or liabilities. The holder of the majority of an entity's variable interests is required to consolidate the variable interest entity. The Company does not believe FIN 46 results in the consolidation of any additional entities that existed at June 30, 2003.

In December 2002, the FASB issued FSAF No. 148. This Statement amends FASB Statement No. 123, "Accounting for Stock Based Compensation", to provide alternative methods of transition for a reporting company s voluntary change to the fair value based method of accounting for stock based employee compensation. In addition, this Statement amends the disclosure requirements of prior Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock based employee compensation and the effect of the method used on reported results. The adoption of this statement had no significant effect on the Company s financial position or results of operations.

In April 2003, the FASB issued SFAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." The changes are intended to improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. Additionally, those changes are expected to result in more consistent reporting of contracts as either derivatives or hybrid instruments. As the Company holds no derivative instruments and does not engage in hedging activities management does not anticipate any significant effect on the Company s financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liability and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liability and equity. It also requires that an issuer classify a financial instrument that is within the scope of SFAS No. 150 as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity.

SFAS No. 150 is generally effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments of nonpublic entities. It is to be implemented by reporting a cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the Statement and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of this statement did not have a material effect on the Company s financial position or results of operations.

A. OPERATING RESULTS

The following discussion of the results of operations of the Company is a comparison of the Company's two fiscal years ended June 30, 2003 and 2002.

Revenue. The Company's consolidated revenues of $26.0 million for the year ending June 30, 2003 increased by 18% from $22.0 million reported as of June 30, 2002. Revenue growth was driven by both (i) an 18% increase in revenues from $21.6 million to $25.4 million in 2003 derived from the Company's Industrial & Offshore Division, and (ii) a 50% increase in revenues to $0.6 million in 2003 from $0.4 million during 2002 from the Company's Oil & Gas Division, which commenced operations February 1, 2001.

Gross Profit. Consolidated gross profit for the fiscal period ending June 30, 2003 increased by 20%, from $3.0 million in fiscal 2002 to $3.6 million in fiscal 2003. The increase was partially due to increased gross profits from the Company's Industrial & Offshore Division. The increase in gross profit was primarily driven by increased revenue during the year while the Company's consolidated gross margin as a percentage of sales remained relatively consistent at 13.9% in 2003 versus 13.5% for the previous year. During the year, gross profits from the Industrial & Offshore Division increased 16% to $3.7 million in 2003 from $3.2 million during 2002. Gross profit for the Company's Oil & Gas Division increased to ($0.1) million in 2003 from ($0.2) million during 2002. This increase was primarily due to increased commodity prices partially offset by increased depletion of the Company's reserves.

Administrative Expenses. Administrative expenses of $5.1 million for the twelve-month period ending June 30, 2003 were 21% higher than administrative expenses of $4.2 million the previous year. For fiscal year 2003 professional fees increased from $0.3 million the previous year to $1.1 million for an increase of $0.8 million. The increase was primarily caused by increased litigation expenses incurred during fiscal 2003. For the fiscal year 2003 the Company also incurred higher fixed salary costs which reflected a $0.2 million increase from the Industrial & Offshore Division. These increased administrative costs during fiscal 2003 were partially offset by decreased advertising and promotion costs of $0.3 million and by decreases in other general and administrative costs of $0.3 million. In addition during the 2002 fiscal year the Company wrote down its marketable securities by $0.1 million.

Oakwell Claim. In connection with the Oakwell litigation (discussed under "Critical Accounting Estimates" section above) the Company accrued an amount of $5.9 million for the twelve-month period ending June 30, 2003, versus nil for the twelve-month period ending June 30, 2002 (See "Litigation" in Item 8A-7 below and See Note 21 to the Company s Consolidated Financial Statements included elsewhere in this Annual Report) .

Other income. Other income of $0.2 million for the twelve-month period ending June 30, 2003 decreased from $1.3 million for the previous period for a net change of $1.1 million or 85%. Included in other income is a gain on the sale of marketable securities of $96,097. Also included is interest income on invested cash. During 2002 other income included a litigation settlement of $650,000. Also included in other income for fiscal 2002 is an overprovision for costs related to the Port aux Basques property, which was settled for $214,500 less than accrued. The balance of other income in fiscal 2002 relates mainly to credits received for workers compensation adjustments of previous years.

Loss from Continuing Operations before Income Taxes. Losses from Continuing Operations before Income Taxes increased by 7.1 million from $0.5 million in fiscal 2002 to $7.6 million during fiscal 2003. The increase in losses for fiscal 2003 was primarily related to (i) an accrued $5.9 million litigation claim against the Company; (ii) increased administrative expenses of $0.9 million mainly comprised of legal expenses for the litigation; and (iii) a decrease of $0.9 million of other income. These losses were offset by increased gross profits of $0.6 million.

Current and Future Income Taxes. During the fiscal period ending June 30, 2003 a net future income tax charge of $0.4 million was recognized as compared to a net future income tax charge of $0.6 million during fiscal 2002. The primary reasons for the charge was (i) a $2.3 million non-deductible charge for the Oakwell claim; (i) a $1.6 million charge due to changes in tax rates; and (iii) an increased valuation provision on the income tax asset during the year.

During fiscal 2003 the statutory tax rate for the Company was 38% and in fiscal 2002 such rate was 39%.

Net Losses from Continuing Operations and Net Losses. Consolidated loss from continuing operations for the twelve month period ending June 30, 2003 was $8.0 million, 627% more than the $1.1 million loss from continuing operations reported for the previous twelve month period.

Net Losses from Continuing Operations Per Share and Net Losses Per Share. As a result of the noted losses from operations, net losses from continuing operations per share for the twelve-month period ending June 30, 2003 increased by 314% to $2.11 per share from $0.51 per share for fiscal 2002.

The following discussion of the results of operations of the Company is a comparison of the Company's two fiscal years ended June 30, 2002 and 2001.

Revenue. The Company's consolidated revenues of $22.0 million for the year ending June 30, 2002 represented a 15% increase from $19.1 million reported during the same period in fiscal 2001. Revenue growth was driven by both a 15% increase in revenues to $21.6 million from $18.8 million during 2001 derived from the Company's Industrial & Offshore Division as well as a 33% increase in revenues to $0.4 million from $0.3 million during 2001 from the Company's Oil & Gas Division, which commenced February 1, 2001.

Gross Profit. Consolidated gross profit of $3.0 million for the fiscal period ending June 30, 2002 from $2.5 million in 2001 represented an increase of 20%. The increase was primarily due to increased gross profits from the Company's Industrial & Offshore Division, as the Company's consolidated gross margin as a percentage of sales has remained reasonably consistent at 13.5% in fiscal 2002 versus 13.2% for the previous year. During the year gross profits from the Industrial & Offshore Division increased to $3.2 million from $2.4 million during 2001, a 33% increase. This increase in gross profits was primarily due to increased revenues during 2002. Gross margins for the Company's Oil & Gas Division decreased to ($0.2) million from $0.2 million during 2001. This decrease was primarily due to increased depletion of the Company's reserves.

Administrative Expenses. Administrative expenses of $4.2 million for the twelve-month period ending June 30, 2002 were 62% higher than administrative expenses of $2.6 million the previous year. For the fiscal year 2002 the Company incurred a foreign exchange loss of $0.2 million, whereas in the fiscal year 2001 the Company had a foreign exchange gain of $0.2 million. For the fiscal year 2002 professional fees increased to $0.3 million. In addition during the fiscal year 2002 the Company wrote down its marketable securities by $0.1 million. The Company also had increases in its general and administrative expenditures.

Other Income. Included in other income in 2002 is a litigation settlement of $0.7 million related to a claim against a company with respect to an asset purchase agreement. Also included in 2002 is an overprovision for costs related to the Port aux Basques property settled for $0.2 million less than accrued. The balance of other income in 2002 relates mainly to credits received for workers compensation adjustments of prior years.

Loss from Continuing Operations before Income Taxes. Losses from Continuing Operations before Income Taxes decreased 77% by $1.7 million to $0.5 million during fiscal 2002 from $2.2 million the previous year. The majority of the decrease in losses was due to a non-cash write down of inactive capital assets of $1.5 million during the previous fiscal period. During 2002 the Company wrote down an additional $0.3 million.

Current and Future Income Taxes. During the fiscal period ending June 30, 2002 a net future income tax charge of $0.6 million was recognized compared to a net future income tax credit of $1.2 million which was realized during fiscal 2001. The tax credit during fiscal 2001 was primarily due to a valuation allowance credit of $1.1 million for expected future income from the Company's oil and gas properties. During fiscal 2002 the statutory tax rate for the Company was 39%, and during fiscal 2001 it was 43%.

Net Losses from Continuing Operations. Consolidated loss from continuing operations for the twelve month period ending June 30, 2002 was $1.1 million, 10% more than the $1.0 million loss from continuing operations reported for fiscal 2001.

Net Losses from Continuing Operations Per Share. As a result of the foregoing, net losses from continuing operations per share for fiscal year 2002 decreased 22% to $0.17 per share from $0.23 per share for fiscal 2001.

Discontinued Operations. Losses incurred from discontinued operations in fiscal 2001 were $2.7 million, which resulted from the Company's discontinued Power Division operations in that year. During 2002 the Company did not incur any losses from discontinued operations.

Net Losses and Net Losses Per Share. Net loss for the 2002 fiscal year was $1.1 million, as compared to a net loss of $3.6 million during fiscal year 2001, for a decrease of 69%. Net loss per share decreased 80% to $0.17 per share for the fiscal period ending June 30, 2002, from $0.85 per share for fiscal year 2001.

Goodwill. During the 2001 fiscal year the Company adopted new accounting policies for Goodwill as required under the recommendations of the new CICA Handbook Section 1581, Business Combinations, and Section 3062, Goodwill and Other Intangibles (See "Critical Accounting Policies" - above). The new accounting policy has not been adapted retroactively. The adjusted net loss and basic loss per share for the fiscal year ending June 30, 2001 if no amortization was recorded in those years is a net loss of $3.4 million as opposed to the recorded amount of $3.6 million in 2001 and a net loss per share of $(0.79) as opposed to a net loss per share of $(0.85) reported in the financial statements.

B. LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as of June 30, 2003 were $6.7 million, compared to $5.6 million at the end of the previous fiscal year. During fiscal year 2003 the Company issued common shares for cash of $1.2 million (See Note 10 to the Company s Consolidated Financial Statements included elsewhere in this Annual Report). The proceeds were primarily applied to the exploration and development of oil and gas properties and to the purchase of capital assets. During fiscal year 2003 the Company expended $0.4 million on the exploration and development of new oil and gas reserves and expended $0.4 million on the purchase of capital assets for the Industrial & Offshore Division. In addition in fiscal 2003 the Company repaid $0.3 million of shareholder loans with cash, and was advanced $0.1 million for net repayments of $0.2 million. The Company also utilized $0.6 million from its line of credit, which amount was used to fund the Industrial & Offshore Division s operating activities.

Cash and cash equivalents at June 30, 2002 were $5.6 million, as compared to $1.2 million at the end of fiscal 2001. During the 2002 fiscal year the Company issued common shares for cash of $9.4 million (See Note 10 to the Company s Consolidated Financial Statements included elsewhere in this Annual Report). These funds were primarily applied to the exploration and development of oil and gas properties. During fiscal year 2002 the Company expended $2.8 million on the exploration and development of new oil and gas reserves. In addition, in fiscal 2002 the Company repaid $0.4 million of shareholder loans for cash and utilized $0.6 million from its line of credit. Cash of $2.0 million was used to fund the Company's operating activities.

The Company's primary sources of liquidity and capital resources historically have been cash flows from the operations of the Industrial & Offshore Division and Oil & Gas Division, the issuance of share capital and advances from shareholders. During fiscal 2000 and 2001 the Company recovered part of its investment in KEOPL. During fiscal 2004, it is expected that primary sources of liquidity and capital resources will be derived from the operations of the Industrial & Offshore Division, revenues from the Oil & Gas Division and further recovery in connection with an arbitration award (See "Critical Accounting Estimates Valuation of the Company s Investment in KEOPL" above, and Item 8A-7 "Litigation" below).

CIBC Facility

The Company's Industrial & Offshore Division, through M&M and MMO, maintains its own line of credit facility with a commercial bank. The credit facility, provided by Canadian Imperial Bank of Commerce ("CIBC") was initially entered into in December of 1994, and has been amended and renewed from time to time (the ("CIBC Facility"). The CIBC Facility currently allows M&M to borrow up to the lesser of (i) $1.75 million, or (ii) 75% of receivables from government or large institutions/corporations and 60% of other receivables to finance working capital requirements on a revolving basis. The CIBC Facility is payable upon demand. As of June 30, 2003, the principal balance outstanding under the CIBC Facility was $1.9 million, as compared to $1.5 million as of June 30, 2002. From time to time CIBC extends a greater amount than the credit facility allows.

Under the CIBC Facility, as security for repayment of loans to M&M, M&M granted to CIBC: (i) a first priority lien on receivables, inventory and specific equipment; (ii) a second priority lien on land, buildings and immovable equipment; and (iii) an assignment of insurance proceeds. As security for repayment of loans to MMO, MMO granted to CIBC a first priority lien on receivables, inventory and equipment. Under the CIBC Facility (a) M&M has guaranteed the obligations of MMO under the facility in an unlimited amount, and such guaranty is secured by the same collateral as for M&M s direct obligations, and (b) MMO has guaranteed the obligations of M&M under the facility in an unlimited amount, and such guaranty is secured by the same collateral as for MMO s direct obligations. The credit facility also requires M&M to comply with certain financial covenants, including current ratio, debt/equity ratio, and limits on capital expenditures, dividends and further encumbrances on collateral.

RoyNat Mortgage

As of June 30, 2003, M&M is indebted to RoyNat, Inc. ("RoyNat") in the amount of $0.4 million (as compared to $0.5 million in 2002). As security for its obligations to RoyNat, M&M has granted a first priority lien on the land and building, and a secondary lien on all other assets of M&M, subject to the first priority lien in favor of CIBC. MMO has also guaranteed this mortgage.

Magna Credit Facility, Postponement and Guarantee

During 2002, Magna obtained a credit facility in the amount of $150,000, which was repayable on demand and bore interest at the bank's prime lending rate plus 2% per annum. As security for this facility, M&M postponed its claim for $50,000 owed to them by the joint venture until repayment of the credit facility to the bank and provided a guarantee of $75,000.

During 2003, Magna negotiated a credit facility in the amount of $1,000,000, which is repayable on demand and bears interest at the bank's prime lending rate plus 1.50% per annum. Included in bank indebtedness is a bank demand loan of $93,000 (2002 $19,000). There were no additional postponements with respect to the new facility.

Multi-Party Indemnity

In March of 2002 the Company, M&M and MMO entered into an Indemnity and Security Agreement with Western Surety (the "Western Agreement"). Under the Western Agreement the surety agreed to issue up to an aggregate of $15,000,000 in bonds or undertakings on behalf of M&M and/or MMO (the "Principals"). Under the Western Agreement each of EnerNorth, M&M and MMO (the "Indemnitors") is jointly and severally liable to the surety for (i) any default in performance by either Principal, (ii) any and all losses incurred by the surety in connection with such default(s), and (iii) any loss or damage incurred by the surety arising from the issue of the bond(s). As security for its obligations, each of the Indemnitors granted a security interest to Western in granted a security interest to Western in any and all amounts due to them with respect to the bonded contracts, including payments due from the obligee under the bond, and any liens or insurance proceeds. The indemnity of each of the Indemnitors is unlimited in amount, and has no expiration date. Since their respective incorporations, neither M&M nor MMO has incurred any liability as either a principal or a guarantor with respect to a surety.

Liannu Indemnities

Liannu is a limited partnership formed under the laws of Newfoundland and Labrador ("Liannu") in which M&M holds a 49% limited partnership interest, and of which M&M is the sole general partner. In May of 2003 the Company, M&M and MMO entered into an Indemnity and Security Agreement with Western Surety (the "Liannu Agreement"). Under the Liannu Agreement the surety agreed to issue bonds or undertakings on behalf of Liannu. Under the Liannu Agreement each of EnerNorth, M&M and MMO is jointly and severally liable to the surety for (i) any default in performance by Liannu, (ii) any and all losses incurred by the surety in connection with such default(s), and (iii) any loss or damage incurred by the surety arising from the issue the bond(s). As security for its obligations, each of EnerNorth, M&M and MMO granted a security interest to Western in any and all amounts due to them with respect to the bonded contracts, including payments due from the obligee under the bond, and any liens or insurance proceeds. The indemnity of each of EnerNorth, M&M and MMO is unlimited in amount, and has no expiration date.

Outlook and Prospective Capital Requirements.

The Industrial & Offshore Division is currently completing a backlog of contracts, and M&M and MMO are bidding on new contracts for the third and fourth quarters. Further development of Atlantic Canada's offshore infrastructure could foster future growth for the Industrial & Offshore Division. In addition the Oil & Gas Division is adding positive cash flow to fund corporate operations and future development and growth. At present the Company intends to expand its oil and gas operations.

As part of the Company's oil and gas exploration and development program management of the Company anticipates significant expenditures to expand its existing portfolio of proved and probable oil and gas reserves. Amounts expended on future oil and gas exploration and development is dependent on the nature of future opportunities evaluated by the Company. These expenditures may be funded through cash held by the Company. Any expenditure which exceeds available cash may be funded by additional share capital or debt issued by the Company, or by other means.

It is anticipated that M&M will expend approximately $0.5 million in capital expenditures for new and used manufacturing and office-related equipment over the next twelve months. Such equipment, which could be utilized to generate additional construction revenues, could be financed through capital leases with equipment manufacturers, credit arrangements with M&M's existing lenders, cash from the Company or other means. With respect to other potential expenditures of the Company, please see " Contingent liabilities and assets - Oakwell Claim" above.

The Company's long-term profitability will depend upon its ability to successfully implement its business plan.

In the past M&M has focused on manufacturing and fabricating process piping, production equipment, steel tanks and other metal products requiring specialized welding and fabrication abilities. Management believes that several opportunities are developing in the Atlantic provinces of Canada, which could enable M&M to maintain and increase the volume of its business. These opportunities include proposed offshore oil and gas projects for the White Rose Oilfield, the Sable Island Offshore Energy Project, and the development of the Voisey's Bay nickel mine. Management also anticipates that M&M will have recurring opportunities with respect to the upgrade and maintenance of existing area infrastructure, including the Hibernia and Terra Nova oil fields, mechanical fabrication and maintenance of production equipment for refineries, pulp and paper mills (including environmental equipment) and private sector power generation projects (primarily for mining and natural resources).

C. RESEARCH AND DEVELOPMENT

Not applicable.

D. TREND INFORMATION

Seasonality. The Company's Industrial & Offshore Division operates in a cyclical and seasonal industry. Fabrication industry activity levels are generally dependent on the level of capital spending in heavy industries such as mining, forestry, oil and gas and petrochemicals. In addition the Company is subject to seasonal levels of activity whereby business activities tend to be lower during the winter months. The level of industry profits, capacity-utilization in the industry and interest rates often affect capital spending in these industries. Success in fabrication will be dependent on the Industrial & Offshore Division's ability to secure and profitably perform fabrication contracts. Fixed price fabrication contracts contain the risk of bid error or significant cost escalation with regard to either labor or material costs, combined with a limited ability to recover such costs from the applicable client.

The Company's Oil & Gas Division is not a seasonal business, but increased consumer demand or changes in supply in certain months of the year can influence the price of produced hydrocarbons, depending on the circumstances. Production from the Company's oil and gas properties is the primary determinant for the volume of sales during the year.

E. OFF-BALANCE SHEET ARRANGEMENTS

The Company has the following off balance sheet indemnities, postponements and guarantees as of June 30, 2003:

Multi-Party Indemnity

In March of 2002 the Company, M&M and MMO entered into an Indemnity and Security Agreement with Western Surety (the "Western Agreement"). Under the Western Agreement the surety agreed to issue up to an aggregate of $15,000,000 in bonds or undertakings on behalf of M&M and/or MMO (the "Principals"). Under the Western Agreement each of EnerNorth, M&M and MMO (the "Indemnitors") is jointly and severally liable to the surety for (i) any default in performance by either Principal, (ii) any and all losses incurred by the surety in connection with such default(s), and (iii) any loss or damage incurred by the surety arising from the issue of the bond(s). As security for its obligations, each of the Indemnitors granted a security interest to Western in granted a security interest to Western in any and all amounts due to them with respect to the bonded contracts, including payments due from the obligee under the bond, and any liens or insurance proceeds. The indemnity of each of the Indemnitors is unlimited in amount, and has no expiration date. Since their respective incorporations, neither M&M nor MMO has incurred any liability as either a principal or a guarantor with respect to a surety.

Liannu Indemnities

Liannu is a limited partnership formed under the laws of Newfoundland and Labrador ("Liannu") in which M&M holds a 49% limited partnership interest, and of which M&M is the sole general partner. In May of 2003 the Company, M&M and MMO entered into an Indemnity and Security Agreement with Western Surety (the "Liannu Agreement"). Under the Liannu Agreement the surety agreed to issue bonds or undertakings on behalf of Liannu. Under the Liannu Agreement each of EnerNorth, M&M and MMO is jointly and severally liable to the surety for (i) any default in performance by Liannu, (ii) any and all losses incurred by the surety in connection with such default(s), and (iii) any loss or damage incurred by the surety arising from the issue the bond(s). As security for its obligations, each of EnerNorth, M&M and MMO granted a security interest to Western in any and all amounts due to them with respect to the bonded contracts, including payments due from the obligee under the bond, and any liens or insurance proceeds. The indemnity of each of EnerNorth, M&M and MMO is unlimited in amount, and has no expiration date.

Magna Credit Facility, Postponement and Guarantee

During 2002, Magna obtained a credit facility in the amount of $150,000, which was repayable on demand and bore interest at the bank's prime lending rate plus 2% per annum. As security for this facility, M&M postponed its claim for

$50,000 owed to them by the joint venture until repayment of the credit facility to the bank and provided a guarantee of $75,000.

F. TABABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Not Applicable

G. SAFE HARBOR

Not Applicable

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The table on the next page sets forth the names of all directors and executive officers of the Company as of the date of this Annual Report, with each position and office held by them in the Company, and the period of service as a director or as an officer.

Name	BIRTHDATE	Position with the Company and/or its Subsidiaries	Date First Elected as Director or APPOINTED Officer of the Company
James C. Cassina	9/26/56	Chairman of the Board of Directors effective July 1, 2002. President and Chief Executive Officer of EnerNorth from July 22, 1998 to June 30, 2002; Director of EnerNorth since 1996; Chairman of the Board of Directors of EPS Karnataka effective December 31, 2002, President of EPS Karnataka from September 30, 1998 to December 31, 2002 and Director of EPS Karnataka since September 30, 1998; Director of EIPCL since October, 1999. Director of M&M and MMO beginning June 20, 2002.	September 1996
Sandra J. Hall	5/12/64	President of EnerNorth beginning July 1, 2002. Director of EnerNorth since 1997; Secretary of EnerNorth beginning July 22, 1998; Vice President of Corporate Affairs from October 29, 1999 to June 30, 2002; President of EPS Karnataka effective December 31, 2002, Director and Secretary-Treasurer of EPS Karnataka since September 30, 1998. Director of M&M and MMO beginning June 20, 2002.	December 1997
Scott T. Hargreaves	6/10/67	Chief Financial Officer of EnerNorth beginning February 15, 1999.	February 1999

John H. Brake	5/4/41	Chairman, Chief Executive Office of M&M and MMO effective December 1, 2002 and Director of M&M and MMO; President of M&M and MMO from 1973 to December 1, 2002; and Director and President of EnerNorth until July 22, 1998.	April 1996
Tom A. Warren	6/04/41	Controller, Director and Secretary of M&M and MMO; Previously Director and Secretary of EnerNorth until July 22, 1998.	April 1996
David R. Myers	1/14/51	President and Director of M&M and MMO effective December 1, 2002; Vice President of M&M and MMO from April 1996 to December 1, 2002; Director of EnerNorth until July 22, 1998.	April 1996
Ramesh K. Naroola	4/3/40	Director of EnerNorth since October 1, 1999; Director of EPS Karnataka since October 29, 1999.	October 1999
Ian S. Davey	1/4/58	Director of EnerNorth since December 1997.	December 1997
Milton Klyman	9/1/25	Director of EnerNorth from December 1997 to September 2000, and again from April 2001 to the date of this Annual Report.	December 1997
Geoff C. Wells	4/25/67	Vice-President of M&M effective December 1, 2002.	December 1, 2002
Terry R. King	9/19/69	Vice-President of MMO effective December 1, 2002.	December 1, 2002

All of the directors will serve until the next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles of Amalgamation or Bylaws of the Company. Subject to the terms of employment agreements, if any, executive officers are appointed by the Board of Directors to serve until the earlier of their resignation or removal, with or without cause, by the Directors.

There are no family relationships between any two or more Directors or executive officers. There are no arrangements or understandings between any two or more Directors or executive officers.

Mr. James C. Cassina was appointed Chairman of the Company on July 1, 2002 and served as the President and Chief Executive Officer of the Company from July 1998 to June 30, 2002 and has been a Director of the Company since September 1996. On June 20, 2002, Mr. Cassina was appointed a Director of M&M and MMO. On December 31, 2002, Mr. Cassina resigned as President of EPS Karnataka and was appointed Chairman of the Board of Directors. Mr. Cassina has been a Director of EPS Karnataka since September 1999. Prior thereto, Mr. Cassina was a self-employed business consultant. During the past five years, Mr. Cassina has also served as President and principal of Core Financial Enterprises Inc., a private investment company. Mr. Cassina is the principal and a director of Core Capital Markets Limited, a private investment company. Mr. Cassina has been a director of EIPCL since October 1999. Mr. Cassina is an officer, director and principal of 1118836 Ontario Inc. Mr. Cassina is an officer, director and principal shareholder in Bonanza Blue Corp.

Ms. Sandra J. Hall was appointed President of the Company on July 1, 2002, and has been a Director of the Company since December 1997 and Secretary of the Company since July 1998. From October 29, 1999 to June 30, 2002, Ms. Hall was the Company's Vice President of Corporate Affairs. On June 20, 2002, Ms. Hall was appointed a Director of M&M and MMO. On December 31, 2002 Ms. Hall was appointed President of EPS Karnataka. Ms. Hall is also Secretary-Treasurer and Director of EPS Karnataka since September 1999. From September 1996 to April 2000 Ms. Hall served as comptroller of API Electronics Group Inc. From 1982 until September 1996, Ms. Hall was an accountant for Duguay & Ringler Corporate Services. Ms. Hall is an officer and a director of Eugenic Corp. and 1407271 Ontario Ltd.

Mr. Scott T. Hargreaves has been Chief Financial Officer of the Company since February 1999. He has been a Chartered Accountant since 1993 and a Chartered Financial Analyst since 1998. Mr. Hargreaves is a member of the Institute of Chartered Accountants of Ontario and the Institute of Chartered Financial Analysts. For two years prior to joining the Company, he was a corporate finance partner at Loewen, Ondaatje, McCutcheon Limited, a Toronto based investment banker/broker. From September 1991 to October 1997 he worked as an Assistant Vice President in corporate finance at Price Waterhouse, where he specialized in the utilities sector.

Mr. John H. Brake was appointed Chairman and Chief Executive Officer of M&M and MMO effective December 1, 2002, and was previously the President of M&M and MMO from 1973 to November 30, 2002 and has been a director of M&M since 1973 and MMO since its inception. Mr. Brake was also President of the Company from February 1996 through July 1998. Mr. Brake is a member of the Association of Professional Engineers and Geoscientists of Newfoundland and Labrador, the Professional Engineers of Ontario, the Engineering Institute of Canada and the Construction Labour Relations Association for the Province of Newfoundland and Labrador. Mr. Brake is a founding director of the Newfoundland and Labrador Construction Labour Relations Association, and a past President of the Newfoundland and Labrador and Labrador Construction Association.