

ENERNORTH INDUSTRIES INC  
Form 6-K  
May 17, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16 under the  
Securities Exchange Act of 1934

For the month of May, 2005

Commission File Number 0-29586

*EnerNorth Industries Inc.*  
(Address of Principal executive offices)

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

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82- \_\_\_\_\_

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

*EnerNorth Industries Inc.*

Date: May 16, 2005  
Sandra J. Hall,

By: "Sandra J. Hall"

President, Secretary & Director

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EnerNorth Industries Inc.  
Consolidated Financial Statements  
Third Quarter  
March 31, 2005  
(Unaudited)  
(Expressed in Canadian Dollars)

Notice to Reader

Management has compiled the unaudited interim consolidated financial information of EnerNorth Industries Inc. consisting of the Consolidated Balance Sheet as at March 31, 2005, Consolidated Statements of Operations and Deficit and Consolidated Statements of Cash Flows and notes thereto for the period ended March 31, 2005. All amounts are stated in Canadian Dollars. An accounting firm has not reviewed or audited these interim consolidated financial statements.

2 Adelaide Street West, Suite 301, Toronto, Ontario M5H 1L6, 1-866-230-3305, [www.enernorth.com](http://www.enernorth.com)

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**EnerNorth Industries Inc.**  
**Consolidated Balance Sheets**  
**(Expressed in Canadian dollars)**

|  | <b>March 31,</b>   |    | <b>June 30,</b>   |
|--|--------------------|----|-------------------|
|  | <b>2005</b>        |    | <b>2004</b>       |
|  | <b>(unaudited)</b> |    | <b>(audited)</b>  |
| <b>ASSETS</b>  |                    |    |                   |
| <b>Current</b>   |                    |    |                   |
| Cash and cash equivalents  | \$ 6,064,431       | \$ | 600,313           |
| Marketable securities (Market value \$2,308,111,<br>June 30, 2004 - \$680,301) | 2,018,681          |    | 521,039           |
| Receivables  | 624,842            |    | 7,690,129         |
| Inventories  | -                  |    | 466,969           |
| Unbilled revenue   | -                  |    | 1,941,548         |
| Due from co-venturer   | -                  |    | 923,168           |
| Prepaid expenses   | -                  |    | 700,851           |
| Investment   | 3,281,950          |    | 3,365,000         |
| <b>Total current assets</b>  | <b>11,989,904</b>  |    | <b>16,209,017</b> |
| Oil and gas interests (net of accumulated<br>depletion)                        | 3,882,664          |    | 3,750,817         |
| Capital assets (net of accumulated<br>depreciation and amortization)           | -                  |    | 3,272,538         |
| Future income tax asset  | -                  |    | 30,224            |
|  | \$ 15,872,568      | \$ | 23,262,596        |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                    |                    |    |                   |
| <b>Current</b>   |                    |    |                   |
| Bank indebtedness  | \$ -               | \$ | 2,213,010         |
| Accounts payable and accrued liabilities                                       | 350,398            |    | 4,368,412         |
| Due to shareholder   | -                  |    | 42,000            |
| Current portion of long-term debt  | -                  |    | 226,499           |
| Deferred revenue   | -                  |    | 351,782           |
| Future income tax liability  | -                  |    | 276,648           |
| Oakwell claim  | 7,328,460          |    | 7,915,681         |
| <b>Total current liabilities</b>   | <b>7,678,858</b>   |    | <b>15,394,032</b> |
| Long-term debt   | -                  |    | 542,109           |
| Future income tax liability  | -                  |    | 25,617            |
| Site Restoration   | 225,919            |    | 135,819           |
| <b>Total liabilities</b>   | <b>7,904,777</b>   |    | <b>16,097,577</b> |
| <b>Minority interest</b>   | <b>-</b>           |    | <b>75,141</b>     |
| <b>Shareholders' equity</b>  |                    |    |                   |

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|                                   |  |                      |           |                   |
|-----------------------------------|--|----------------------|-----------|-------------------|
| Capital stock (Note 6)            |  | <b>43,488,578</b>    |           | 43,339,132        |
| Deficit                           |  | <b>(35,520,787)</b>  |           | (36,249,254)      |
| <b>Total shareholders' equity</b> |  | <b>\$ 7,967,791</b>  | <b>\$</b> | <b>7,089,878</b>  |
|                                   |  | <b>\$ 15,872,568</b> | <b>\$</b> | <b>23,262,596</b> |

*The accompanying notes to the financial statements are an integral part of these financial statements*

**EnerNorth Industries  
Inc.  
Consolidated Statements  
of Operations and Deficit  
(Unaudited)  
(Expressed in Canadian  
dollars)**

|  | <b>For the nine<br/>months ended<br/>March 31,<br/>2005</b> |             | <b>For the three<br/>months ended<br/>March 31,<br/>2005</b> |             |
|--|---|-------------|--|-------------|
|  |   | 2004*       |  | 2004*       |
| <b>Revenue</b>                                 |   |             |  |             |
| Oil and gas revenue                            | \$ 753,987  | \$ 433,108  | \$ 271,878   | \$ 119,422  |
| Less: royalties                                | 157,778   | 68,091      | 65,834   | 12,311      |
|  | <b>596,209</b>  | 365,017     | <b>206,044</b>   | 107,111     |
| <b>Expenses</b>                                |   |             |  |             |
| Operating and transportation                   | 354,811   | 228,032     | 88,317   | 71,817      |
| Depletion and accretion                        | 546,448   | 319,746     | 184,835  | 83,534      |
| Administrative expenses                        | 1,873,946   | 1,372,839   | 749,972  | 755,275     |
| Interest                                       | 1,542   | 4,102       | 359  | 460         |
|  | <b>2,776,747</b>  | 1,924,719   | <b>1,023,483</b>   | 911,086     |
| Loss before the following                      | <b>(2,180,538)</b>  | (1,559,702) | <b>(817,439)</b>   | (803,975)   |
| Foreign exchange gain (loss)                   | 492,781   | (159,070)   | (11,050)   | (6,246)     |
| Oakwell claim                                  | -   | (2,150,000) | -  | (547,000)   |
| Interest income                                | 221,452   | 76,156      | 56,603   | 17,089      |
| Gain on sale of marketable securities          | 9,775   | 14,628      | -  | -           |
| Net loss from continuing operations before tax | <b>(1,456,530)</b>  | (3,777,988) | <b>(771,886)</b>   | (1,340,132) |
| Income taxes                                   |   |             |  |             |
| Future (net of valuation provision)            | -   | (160,018)   | -  | (461,101)   |
| Utilization of loss carryforwards              | -   | 160,018     | -  | 461,101     |
| -  | -   | -           | -  | -           |
| Net loss from continuing operations            | <b>(1,456,530)</b>  | (3,777,988) | <b>(771,886)</b>   | (1,340,132) |

|   |                       |                |                       |                |
|---|-----------------------|----------------|-----------------------|----------------|
| Net income (loss) from discontinued operations (Note 5) | <b>337,355</b>        | 835,677        | <b>112,367</b>        | (420,291)      |
| Gain on disposition of discontinued operations          | <b>1,847,642</b>      | -              | <b>1,847,642</b>      | -              |
| <b>Net income (loss)</b>                                | <b>728,467</b>        | (2,942,311)    | <b>1,188,123</b>      | (1,760,423)    |
| Deficit, beginning of period                            | <b>(36,249,254)</b>   | (32,085,526)   | <b>(36,708,910)</b>   | (33,267,414)   |
| <b>Deficit, end of period</b>                           | <b>(\$35,520,787)</b> | (\$35,027,837) | <b>(\$35,520,787)</b> | (\$35,027,837) |

|   |    |             |          |    |             |          |
|---|----|-------------|----------|----|-------------|----------|
| <b>Net income (loss) per common share</b> | \$ | <b>0.18</b> | (\$0.72) | \$ | <b>0.29</b> | (\$0.43) |
|---|----|-------------|----------|----|-------------|----------|

|   |  |                 |          |  |                 |          |
|---|--|-----------------|----------|--|-----------------|----------|
| <b>Net loss from continuing operations per common share</b> |  | <b>(\$0.36)</b> | (\$0.93) |  | <b>(\$0.19)</b> | (\$0.33) |
|---|--|-----------------|----------|--|-----------------|----------|

|   |  |              |       |  |              |       |
|---|--|--------------|-------|--|--------------|-------|
| <b>Weighted average common shares outstanding (thousands)</b> |  | <b>4,059</b> | 4,059 |  | <b>4,059</b> | 4,059 |
|---|--|--------------|-------|--|--------------|-------|

|  |    |             |              |    |             |              |
|--|----|-------------|--------------|----|-------------|--------------|
| <b>Fully diluted net income per common share</b> | \$ | <b>0.16</b> | antidilutive | \$ | <b>0.26</b> | antidilutive |
|--|----|-------------|--------------|----|-------------|--------------|

\*Comparative figures have been reclassified to conform to the current periods financial statement presentation (See Notes 5 and 7).

*The accompanying notes to the financial statements are an integral part of these financial statements*

**EnerNorth Industries Inc.**  
**Consolidated Statements of**  
**Cash Flows**  
**(Unaudited)**  
**(Expressed in Canadian**  
**dollars)**

|  | <b>For the nine months<br/>ended March 31</b> |                  | <b>For the three months<br/>ended March 31</b> |                    |
|--|---|------------------|--|--------------------|
|  | <b>2005</b>                                   | 2004             | <b>2005</b>                                    | 2004               |
| Cash provided by (used in)   |   |                  |  |                    |
| <b>Operating activities</b>  |   |                  |  |                    |
| Net income (loss)  | \$ 728,467                                    | (\$2,942,311)    | \$ 1,188,123                                   | (\$1,760,423)      |
| Adjustments to reconcile net income to net cash provided by operating activities |   |                  |  |                    |
| Amortization, depletion and accretion  | 735,414                                       | 564,480          | 218,339  | 179,692            |
| (Gain) loss on sale of capital assets  | (2,889)                                       | -                | (2,889)  | -                  |
| Oakwell claim  | -   | 2,150,000        | -  | 547,000            |
| Unrealized foreign exchange (gain) loss  | (370,646)                                     | 135,000          | 133,185  | -                  |
| Loss on sale of capital assets   | (3,741,728)                                   | -                | (3,741,728)                                    | -                  |
| Fair value of stock options  | 149,446                                       | -                | 149,446  | -                  |
| Gain on disposition of discontinued operations                                   | (1,847,642)                                   | -                | (1,847,642)                                    | -                  |
| Write down of capital assets   | 100,000                                       | -                | -  | -                  |
| Minority Interest  | 10,569  | -                | 95,663   | -                  |
| Gain on sale of marketable securities  | (9,775)                                       | (14,628)         | -  | -                  |
|  | <b>(4,248,784)</b>                            | <b>(107,459)</b> | <b>(3,807,503)</b>                             | <b>(1,033,731)</b> |
| Net change in non-cash working capital   |   |                  |  |                    |
| Receivables  | 7,065,287                                     | 3,055,526        | 6,152,854                                      | 2,302,372          |
| Inventories and unbilled revenue   | 2,408,517                                     | 1,153,675        | 936,565  | (102,648)          |
| Prepaid expenses   | 700,851                                       | 90,294           | 115,398  | 41,748             |
| Accounts payable and accrued liabilities   | (4,018,014)                                   | (1,973,177)      | (3,806,383)                                    | (70,132)           |
| Restricted cash  | -   | 426,324          | -  | 426,324            |
| Deferred revenue   | (351,782)                                     | (2,002,102)      | -  | (1,765,661)        |
|  | <b>1,556,075</b>                              | <b>643,081</b>   | <b>(409,069)</b>                               | <b>(201,728)</b>   |



| <b>Financing activities</b>                   |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
| Bank indebtedness                             | (2,213,010)         | (1,606,402)         | (860,968)           | (582,890)           |
| Repayment of long term debt                   | (768,608)           | (85,439)            | (718,872)           | 858                 |
| Repayment to shareholders                     | (42,000)            | (402,419)           | (42,000)            | -                   |
|   | <b>(3,023,618)</b>  | <b>(2,094,260)</b>  | <b>(1,621,840)</b>  | <b>(582,032)</b>    |
| <b>Investing activities</b>                   |                     |                     |                     |                     |
| Purchase of capital assets                    | (61,027)            | (136,867)           | (61,027)            | (136,867)           |
| Proceeds from sale of capital assets          | 34,668              | -                   | 34,668              | -                   |
| Proceeds from sale of discontinued operations | 8,111,989           | -                   | 8,111,989           | -                   |
| Oil and gas interests                         | (589,270)           | (1,253,926)         | (112,565)           | (463,705)           |
| Net change in due from co-venturer            | 923,168             | (942,542)           | 1,214,618           | (275,520)           |
| Marketable securities                         | (1,487,867)         | (329,607)           | (1,499,242)         | (31,500)            |
|   | <b>6,931,661</b>    | <b>(2,662,942)</b>  | <b>7,688,441</b>    | <b>(907,592)</b>    |
| <b>Increase (decrease) in cash</b>            | <b>5,464,118</b>    | <b>(4,114,121)</b>  | <b>5,657,532</b>    | <b>(1,691,352)</b>  |
| Cash, beginning of period                     | 600,313             | 6,729,283           | 406,899             | 4,306,514           |
| <b>Cash, end of period</b>                    | <b>\$ 6,064,431</b> | <b>\$ 2,615,162</b> | <b>\$ 6,064,431</b> | <b>\$ 2,615,162</b> |

**Cash, end of period consists****of:**

|                    |    |           |    |           |    |           |    |           |
|--------------------|----|-----------|----|-----------|----|-----------|----|-----------|
| Cash               | \$ | 264,855   | \$ | 1,359,989 | \$ | 264,855   | \$ | 1,359,989 |
| Money market funds | \$ | 5,799,576 | \$ | 1,255,173 | \$ | 5,799,576 | \$ | 1,255,173 |

*The accompanying notes to the financial statements are an integral part of these financial statements*

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**EnerNorth Industries Inc.**  
**Notes to Unaudited Consolidated Financial Statements**  
**For the Period Ended March 31, 2005**  
**(Expressed in Canadian Dollars)**

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### **1. Basis of Presentation**

These unaudited interim consolidated financial statements have been prepared by management following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended June 30, 2004. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements together with notes for the year ended June 30, 2004.

The Company's primary activities include investment in, exploration and development and production of oil and gas. The unaudited consolidated financial results for the periods ending March 31, 2005 and 2004 include the accounts of the Company and its subsidiaries 10915 Newfoundland Limited, 11123 Newfoundland Limited and Euro India Cara Private Limited. The results of operations of its formerly wholly owned subsidiaries held through M&M Engineering Limited are accounted for as discontinued operations (See Notes 5 and 7).

Operating results for the nine months ended March 31, 2005 are not indicative of the results that may be expected for the full year ending June 30, 2005.

These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada.

### **2. Seasonality and Trend Information**

Oil and gas production 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.

### **3. Change of Accounting Policy**

During 2005, the Company adopted the recommendations of the new CICA Handbook Section 3870, stock-based compensation and other stock-based payments. The primary difference between this new accounting policy and the former policy is that the company calculates the fair value of stock options issued to directors and employees. The Company has chosen to adopt the recommendation prospectively.

As a result of adopting the new accounting policy the Company records compensation expense on all stock options granted. The fair value is recorded at their fair value at date of issuance and the amount is estimated using the Black-Scholes Option Pricing Model. During the three months ended March 31, 2005 the Company recorded \$149,446 of compensation expense related to the issuance of stock options.

### **4. Segmented information**

The Company's operations consist of one operating segment in the oil and gas industry, which includes investment in,

exploration, development and production of oil and gas. These operations consist of one cost centre, Canada.

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**EnerNorth Industries Inc.**  
**Notes to Unaudited Consolidated Financial Statements**  
**For the Period Ended March 31, 2005**  
**(Expressed in Canadian Dollars)**

**5. Discontinued Operations**

On February 1, 2005 the Company divested its interests in M&M for cash proceeds of Cdn. \$7,361,989. The transaction was closed in escrow on February 1, 2005 pending completion of certain closing conditions that were satisfied on February 4, 2005. The transaction is a purchase of 100% of the common shares and 100% of the preferred shares of M&M held by the Company. Prior to closing, the Company retracted preferred shares of M&M for Cdn \$1,000,000 cash. The Company received shareholder approval for the transaction at a special meeting of shareholders held on January 26, 2005.

The results of M&M have been accounted for as discontinued operations. Estimated disposal costs have been included in the net income (loss) from discontinued operations.

**6. Share Capital**

(a) Authorized and Issued:

Authorized:

Unlimited number of Common Shares, without par value

Unlimited number of Class A Preference Shares, Series I

Unlimited number of Class A Preference Shares, Series II

Issued

Common shares

| #                             | Consideration |              |
|-------------------------------|---------------|--------------|
| Balance, as at June 30, 2004  | 4,059,009     | \$43,339,132 |
|                               |               |              |
| Balance, as at March 31, 2005 | 4,059,009     | \$43,488,578 |

(b) Common share purchase warrants outstanding consist of the following:

| Exercise  | Expiry            | 2005 | 2004    |
|-----------|-------------------|------|---------|
| Price     | Date              | #    | #       |
| US\$ 1.80 | December 31, 2004 | -    | 533,332 |
|           |                   | -    | 533,332 |

(c) Common share purchase options outstanding consist of the following:

| Exercise | Expiry | 2005 | 2004 |
|----------|--------|------|------|
| Price    | Date   | #    | #    |

|          |                   |                |   |
|----------|-------------------|----------------|---|
| US\$0.75 | February 28, 2010 | <b>600,000</b> | - |
|          |                   | <b>600,000</b> | - |

**7. Comparative Figures**

As a result of discontinued operations the comparative unaudited consolidated financial statements have been reclassified from statements previously presented to conform to the March 31, 2005 presentation.