



## Edgar Filing: ENERGY POWER SYSTEMS LTD - Form 6-K

Energy Power Systems Limited  
2 Adelaide Street West, Suite 301  
Toronto, Canada  
M5H 1L6

### MANAGEMENT INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of ENERGY POWER SYSTEMS LIMITED (the "CORPORATION") for use at the Annual and Special Meeting of Shareholders of the Corporation (the "MEETING") to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "NOTICE"). It is expected that the solicitation will be by mail primarily, but proxies may also be solicited personally by officers, directors, or regular employees of the Corporation. The cost of such solicitation will be borne by the Corporation.

#### APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of the Corporation.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM OR HER AND ON HIS OR HER BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE NAMES OF THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY AND BY INSERTING IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE THE NAME OF THE DESIRED PERSON OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED PROXY TO THE CORPORATION BEFORE THE TIME OF THE MEETING OR ANY ADJOURNMENT THEREOF.

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A shareholder who has given a proxy may revoke it at any time in so far as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law.

Shareholders who do not hold their Common Shares in their own name (referred to herein as "beneficial shareholders") are advised that only proxies from shareholders of record can be recognized and voted at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a

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broker, then in almost all cases those Common Shares will not be registered in the shareholders name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholders broker or an agent of that broker. Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. Beneficial shareholders who complete and return a form of proxy must indicate thereon the person (usually a brokerage house) who holds their common shares as a registered shareholder. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial shareholders in advance of shareholders meetings. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied to beneficial shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP applies a special sticker to the proxy forms, mailing those forms to the beneficial shareholders and asks beneficial shareholders to return the proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A BENEFICIAL SHAREHOLDER RECEIVING A PROXY WITH AN ADP STICKER ON IT CANNOT USE THAT PROXY TO VOTE COMMON SHARES DIRECTLY AT THE MEETING. THE PROXY MUST BE RETURNED TO ADP WELL IN ADVANCE OF THE MEETING IN ORDER TO HAVE THE COMMON SHARES VOTED.

### MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the common shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH COMMON SHARES WILL BE VOTED FOR EACH OF THE MATTERS IDENTIFIED IN THE NOTICE AND DESCRIBED IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the time of the printing of the Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of common shares (the "COMMON SHARES") and an unlimited number of Class A Preferred Shares issuable in series. An aggregate of 10,578,645 Common Shares and Nil Class A Preferred Shares were issued and outstanding as of the close of business on November 21, 2002. Each Common Share entitles the holder thereof to one (1) vote at all meetings of shareholders.

All shareholders of record at the close of business on November 21, 2002 are entitled either to attend and vote at the Meeting in person the shares held by them, or provided a completed and executed proxy shall have been delivered to the Corporation, to attend and vote thereat by proxy the shares held by them. However, if a shareholder has transferred any Common Shares after November 21, 2002 and the transferee of such shares establishes ownership thereof and makes a written demand, not later than ten days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, the transferee will be entitled to vote such shares.

As at November 21, 2002, to the knowledge of the directors and senior officers of the Corporation, no persons or companies, beneficially own, directly

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or indirectly, or exercise control or direction over more than ten percent (10%) of the issued and outstanding voting shares of the Corporation.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### ELECTION OF DIRECTORS

The shareholders are being asked to elect five (5) directors at this Meeting. THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE ELECTION OF THE NOMINEES WHOSE NAMES ARE SET FORTH BELOW. The management does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the close of business on the day of the first annual meeting of shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the articles of the Corporation.

The following are the names of management's nominees for election as directors of the Corporation together with their positions held with the Corporation, municipalities of residence, principal occupations for the past five years, and the number of shares beneficially owned or over which control or direction is exercised:

NAME, ADDRESS AND POSITION (1) -----	PRINCIPAL OCCUPATION -----	DATE ELECTED DIRECTOR -----	SHARES HELD (2) -----
James C. Cassina(3) Chairman and Director Toronto, Ontario	Chairman and Director of Energy Power Systems Limited. Previously President and Chief Officer of Energy Power Systems Limited.	September 19, 1996	273,491(6)
Sandra J. Hall (4) President, Secretary and Director Ajax, Ontario	President, Secretary and Director of Energy Power Systems Limited. Previously Vice-President Corporate Affairs of Energy Power Systems Limited.	December 29, 1997	Nil
Ramesh K. Naroola (5) Director New Delhi, India	Self Employed Consultant in India Banking and Labour Law	October 1, 1999	Nil
Ian S. Davey (5) Director Toronto, Ontario	President of China One Communications	December 29, 1997	Nil
Milton Klyman (5) Director Toronto, Ontario	Self Employed Financial Consultant	April 3, 2001	Nil

SHAREHOLDERS ARE URGED TO ELECT MANAGEMENT'S NOMINEES AS DIRECTORS.

NOTES:

- (1) Each of the persons proposed to be nominated as a director of the Corporation, has been elected to their present term of office by a vote of shareholders at a meeting, the notice of which was accompanied by an information circular, which stated his principal occupation during the five years prior to the date of such circular.

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- (2) Information as to shares beneficially owned directly or indirectly by each nominee or over which each nominee exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
- (3) Mr. Cassina's three-year employment contract expired under its own terms on June 30, 2002. Effective July 1, 2002, Mr. Cassina was appointed Chairman of the Board of Directors.
- (4) Effective July 1, 2002, Ms. Hall was appointed President to fill the vacancy left by Mr. Cassina.
- (5) Member of the Audit Committee.
- (6) Mr. Cassina beneficially owns 181,250 shares through Core Financial Enterprises Inc., a private Ontario corporation. Mr. Cassina is the sole director, officer and controlling shareholder of Core Financial Enterprises Inc. Mr. Cassina also holds 92,241 shares of the Corporation directly.

### APPOINTMENT OF THE AUDITOR

Unless authority to vote is withheld, persons named in the accompanying form of proxy intend to vote for the reappointment of BDO Dunwoody LLP, Chartered Accountants of Toronto, Ontario as the auditor of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix the remuneration of the auditor.

### SHARE CONSOLIDATION

The Board of Directors having regard to the recent decline in the share price, the listing standards, policies and requirements of the American Stock Exchange (the "EXCHANGE") and the general need for flexibility to enhance future financing opportunities, have determined it would be in the best interests of the Corporation and its shareholders to approve a proposal for a reverse split of our existing issued and outstanding common shares, subject to the approval of our shareholders. The reverse split, if approved, will consolidate our issued and outstanding common shares in a range up to one (1) for three (3) (the "RATIO"). Once the Ratio is determined by the Board of Directors, the number of common shares you hold will be determined accordingly. The Ratio will be determined by the Board of Directors in good faith based upon all relevant factors, and the Board of Directors reserves the right to not proceed with the reverse split if it feels the action is not in the Corporation's best interest.

### PRINCIPLE REASON FOR THE REVERSE SPLIT

The American Stock Exchange policy is that in case of common shares selling for a substantial period of time at a low price per share, the issuer shall affect a reverse split of such shares within a reasonable time. The Exchange considers all pertinent factors, including, market conditions in general, the number of shares outstanding, applicable regulations of the state or country of incorporation or of any governmental agency having jurisdiction over the company in relationship to the Exchange policies regarding continued listing.

### CERTAIN EFFECTS OF THE REVERSE SPLIT

Common Shares issued pursuant to the reverse split will be fully paid and non-assessable. The reverse split will not alter the relative voting and other rights of holders of the common shares, and each common share will continue to entitle the holder to one vote.

As a result of the reverse split, the number of common shares presently outstanding will be consolidated.

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Your percentage ownership in the Corporation will remain essentially unchanged. No fractional shares will be issued in connection with the reverse split.

The reverse split will not affect the Corporation's shareholders' equity as reflected on our financial statements, except to change the number of issued and outstanding common shares.

### EFFECTIVE DATE OF THE REVERSE SPLIT

If the proposal is approved by shareholders, it will become effective according to the discretion of the Board of Directors after considering all relevant matters. If implemented, after the reverse split is effective, certificates representing shares of pre-reverse split common shares will be deemed to represent only the right to receive the appropriate number of shares of post-reverse split common shares.

### EXCHANGE OF CERTIFICATES

Shareholders are entitled to exchange certificates after the reverse split takes place, if you wish, by contacting our transfer agent Equity Transfer Services Limited, 120 Adelaide Street West, Suite 420, Toronto, Ontario, M5H 4C3.

The special resolution shareholders will be asked to approve is attached to this Circular as Exhibit "1". To be approved, the special resolution must be passed by at least two-thirds of the votes cast by shareholders at the Meeting in respect of this special resolution. UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY WILL VOTE FOR THE SPECIAL RESOLUTION. Management recommends the approval of this proposal.

### NAME CHANGE

The Board of Directors of the Corporation has determined that the name of the Corporation be changed from its current name to permit the pre-consolidated and post-consolidated common shares to be differentiated. The proposed name for the Corporation is "Energy Power Corp." or such other name as approved by the Board of Directors of the Corporation and applicable regulatory and exchange authorities.

To change the name, the articles of the Corporation must be amended. Such an amendment must be authorized by a special resolution of shareholders. Shareholders of the Corporation will therefore be asked at the Meeting to consider and, if thought advisable, to authorize by means of a special resolution, an amendment to the articles of the Corporation to change the name of the Corporation to "Energy Power Corp." or such other name as may be approved by the Board of Directors of the Corporation and applicable regulatory and exchange authorities.

The special resolution shareholders will be asked to approve is attached to this Circular as Exhibit "2". To be approved, the special resolution must be passed by at least two-thirds of the votes cast by shareholders at the Meeting in respect of this special resolution. UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY WILL VOTE FOR THE SPECIAL RESOLUTION.

### APPROVAL OF AN AMENDMENT TO THE STOCK OPTION PLAN

The Corporation's shareholders approved a stock option plan in 1996, which provides for the issuance of options to directors, officers, employees, consultants and other persons who provide ongoing services to the Corporation (the "PLAN"). On November 12, 2002, the Board unanimously approved, subject to approval by the Corporation's shareholders, an amendment to the Plan to increase the number of common shares available for options granted under the Plan. The

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Plan currently provides that the maximum aggregate number of shares reserved for issuance and which may be purchased upon the exercise of all options granted under the Plan shall not exceed 800,000 common shares. As stated elsewhere in this Circular, as at the date of this Circular there are 10,578,645 common shares of the Corporation issued and outstanding. Management of the Corporation is proposing that the maximum number of common shares of the Corporation eligible to be issued pursuant to the grant of options under the Plan be increased to 20% of the issued and outstanding common shares of the Corporation from time to time. If the Consolidation is approved and implemented by the Corporation, the maximum number of shares issuable under the Plan will be consolidated accordingly.

To maximize the utility of the Plan, it is the view of the board of directors of the Corporation that it is desirable to increase the number of common shares eligible for issuance pursuant to the grant of options thereunder to the maximum of 20% of the issued and outstanding common shares. Pursuant to applicable securities regulations, however, shareholder approval is required for any such amendment to the Plan. Accordingly, shareholders of the Corporation will be asked at the Meeting to consider, and if thought advisable, to authorize and approve by means of an ordinary resolution, an amendment to the Plan, increasing the maximum number of common shares of the Corporation issuable pursuant to the grant of options thereunder to 20% of the issued and outstanding common shares. The resolution shareholders will be asked to approve is attached to this Circular as Exhibit "3". To be approved, the resolution must be passed by a majority of the votes cast by the shareholders at the Meeting in respect of this resolution. UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ENCLOSED PROXY WILL VOTE FOR THE RESOLUTION.

### ADVANCE APPROVAL OF ISSUANCE OF COMMON SHARES

Management of the Corporation is continuing to evaluate potential acquisitions and exploration and development opportunities to complement the existing operations of the Corporation and to enhance future growth. In order to find a suitable acquisition and or to provide working capital, the Corporation may be required to raise additional capital by way of one or more private placements with or without combined possible debt financing.

The Corporation will be seeking at the Meeting advance shareholder approval for share issuances by the Corporation, pursuant to one or more private placements. The Corporation proposes that the private placement(s) for which advance approval is being sought be restricted to a maximum of 100% of the number of Common Shares issued and outstanding at the date of this Circular, being 10,578,645 Common Shares. If the consolidation is approved by the shareholders and implemented, the number of Common Shares issuable pursuant to this resolution will also be adjusted accordingly.

Any private placement proceeded with by the Corporation under the advance approval may be subject to regulatory and exchange approval and to the following additional restrictions:

- (a) It must be completed within a twelve month period following the date the shareholder approval is given; and
- (b) It must comply with applicable regulatory and exchange requirements and relevant private placement pricing rules.

The Board of Directors of the Corporation do not necessarily intend to authorize the issuance of the entire number of shares authorized pursuant to the proposed resolution. The private placements will be negotiated only if the directors consider the terms reasonable in the circumstances and if the directors consider that the funds are required to maintain or expand the Corporation's operations.

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Shareholders of the Corporation will therefore be asked at the Meeting to consider and, if thought advisable, to authorize by means of an ordinary resolution, the issuance by the Corporation during the twelve months following the Meeting, pursuant to one or more private placements, of a maximum of 100% of the number of common shares issued and outstanding at the date of this Circular, currently being 10,578,645 Common Shares, at such price or prices and on such terms as the Board of Directors of the Corporation considers appropriate, subject to the restrictions referred to above.

The resolution shareholders will be asked to approve is attached to this Circular as Exhibit "4". To be approved, the resolution must be passed by a majority of the votes cast by shareholders at the Meeting in respect of this resolution. UNLESS OTHERWISE SPECIFIED, THE PERSONS NAMED IN THE ENCLOSED PROXY WILL VOTE FOR THE RESOLUTION.

### CORPORATE GOVERNANCE

#### MISSION OF THE BOARD OF DIRECTORS

The mission of the Board of Directors of the Corporation is to be a strategic asset of the organization measured by the contributions the directors make - individually and collectively - to the long-term success of the Corporation.

#### COMPOSITION OF THE BOARD

At the Meeting, shareholders will be asked to elect five directors for the ensuing year. Of the five nominees proposed for election as directors, three will be "unrelated directors" as they are "independent from management and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding". The "unrelated directors" proposed for election are Messrs. Davey, Klyman and Naroola. It is the Corporation's practice to attempt to maintain a diversity of personal experience among its directors. During the past year the Board of Directors adopted a Charter of the Board of Directors, and a Charter for each of the Audit Committee, the Compensation Committee and Corporate Governance Committee.

#### COMMITTEES OF THE BOARD

The Corporation's Board of Directors' mandate is formalized in a written charter. The Board of Directors discharges its responsibilities directly and through committees of the Board of Directors, currently consisting of an Audit Committee, Compensation Committee and Corporate Governance Committee.

The Compensation Committee and the Corporate Governance Committee consists of a majority of unrelated directors, while the Audit Committee consists of all unrelated directors. Each Committee has a specially designed mandate and responsibilities, by the adoption of formal charters for each committee.

#### MEMBERS OF THE AUDIT COMMITTEE

The mandate of the Audit Committee is formalized in a written charter. The members of the audit committee of the Board are Messrs. Naroola, Davey and Klyman (Chairman). Its primary duties and responsibilities are to serve as an independent and objective party to monitor the Corporation's financial reporting process and control systems, review and appraise the audit activities of the Corporation's independent auditors, financial and senior management, and the lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control



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matters.

### MEMBERS OF THE COMPENSATION COMMITTEE

The mandate of the Compensation Committee is formalized in a written charter. The members of the compensation committee of the Board are Messrs. Cassina, Naroola and Davey. The Committee is responsible for making recommendations to the Board of Directors on all matters relating to the compensation of directors, the members of various other committees of the Board and the senior officers of the Corporation. For the purpose of its mandate, the Compensation Committee reviews all aspects of compensation paid to directors, committee members, management and employees to ensure the Corporation's compensation programs are competitive, ensuring that the Corporation can attract, motivate and retain high calibre individuals.

### MEMBERS OF THE CORPORATE GOVERNANCE COMMITTEE

The mandate of the Corporate Governance Committee is formalized in a written charter. The members of the corporate governance committee of the Board are Messrs. Cassina, Naroola and Davey. The Committee's duties and responsibilities include, but are not limited to, reviewing periodically the criteria regarding the composition of the board of directors and committees of the board of directors; assessing and providing recommendations on the effectiveness of the board of directors as a whole, the committees of the board of directors and the contribution of individual directors; supervising the Corporation's securities compliance procedures; ensuring that an appropriate selection process for new nominees is in place; and dealing with succession planning issues relating to senior management.

### CORPORATE FILINGS

The Corporation's public filings can be accessed and viewed through the Corporation's website [www.epsx.com](http://www.epsx.com) under the heading "Investor Relations" and by clicking on "Corporate Filings". A link to the Canadian Securities Commission can be viewed via the System for Electronic Data Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com), and the United States Securities Commission through the Electronic Data Gathering Analysis and Retrieval System (EDGAR) at [www.freeedgar.com](http://www.freeedgar.com).

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## EXECUTIVE COMPENSATION

### SUMMARY COMPENSATION TABLE

The following table sets forth, for the periods indicated, information concerning compensation earned expressed in Canadian dollars, unless otherwise specified during such periods by the Corporation's Chief Executive Officer and the Corporation's other most highly compensated executive officers on June 30, 2002 (collectively the "Named Executive Officers").

For the purpose of disclosure herein of Executive Compensation, the following table is presented in accordance with Form 40 made under the Securities Act (Ontario).

NAME AND PRINCIPAL POSITION WITH THE CORPORATION AND/OR ITS SUBSIDIARY	ANNUAL COMPENSATION			LONG-TERM COMPENSATION		
	YEAR	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)(1)	SECURITIES UNDER OPTIONS GRANTED (#)	ALL OTHER COMPENSATION (\$)

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James C. Cassina(2) (4)	2002	100,000	Nil	Nil	120,000	17,342
Chairman	2001	100,000	Nil	Nil	65,000	7,736
Chief Executive Officer, President	2000	212,500	Nil	Nil	15,625	Nil
Sandra J. Hall(3) (4)	2002	48,000	Nil	Nil	81,500	8,341
President, and Secretary	2001	12,000	Nil	Nil	65,000	Nil
	2000	12,000	Nil	Nil	6,250	Nil
Scott T. Hargreaves(4)	2002	100,000	Nil	Nil	25,000	Nil
	2001	100,000	Nil	Nil	10,000	Nil
	2000	100,000	Nil	Nil	5,625	Nil
John H. Brake(4)	2002	119,676	Nil	9,575	10,000	7,936
President of M&M Engineering Limited and M&M Engineering Offshore Limited	2001	122,863	5,000	9,418	10,000	10,788
	2000	121,897	15,000	9,732	12,500	10,644
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David R. Myers	2002	131,957	Nil	10,324	10,000	10,103
Vice-President of M&M Engineering Limited and M&M Offshore Limited	2001	120,951	20,000	10,202	Nil	10,054
	2000	118,337	14,500	10,569	Nil	8,862

NOTES:

- (1) This figure represents employer contributions to Registered Retirement Savings Plans made by the Corporation and/or its subsidiaries.
- (2) Mr. Cassina's three-year employment contract expired under its own terms on June 30, 2002. Effective July 1, 2002, Mr. Cassina was appointed Chairman of the Board of Directors.
- (3) Effective July 1, 2002, Ms. Hall was appointed President to fill the vacancy left by Mr. Cassina.
- (4) During the fiscal year 2001, the Corporation cancelled 15,625 options granted to Mr. Cassina exercisable at \$14.00; 12,500 options granted to Mr. Brake exercisable at \$20.00; 2,500 and 3,125 options granted to Mr. Hargreaves exercisable at \$12.00 and \$20.00; and 3,750 options granted to Ms. Hall exercisable at \$20.00. 2,500 options granted to Ms. Hall expired February 15, 2001 exercisable at \$12.00.

COMPENSATION OF DIRECTORS

There was no compensation paid by the Corporation to the directors for their services in their capacity as directors or any compensation paid to committee members during the financial year ended June 30, 2002 except as described below.

During the financial year ended June 30, 2002, a total of 20,000 options and 27,500 options were granted to directors and a consultant of the Corporation (excluding the Named Executive Officers), exercisable at prices ranging from \$4.25 to \$6.30 expiring October 4, 2005 and January 8, 2006 respectively.

During the financial year ended June 30, 2002, a total of 20,000 stock options were exercised, excluding the Named Executive Officers. Also during the financial year ended June 30, 2002, 25,000 stock options were cancelled by agreement with option holders.

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### REPORT ON EXECUTIVE COMPENSATION

Executive Compensation Program. The Corporation's executive compensation program is designed to attract and retain qualified executives who can ensure the current and long-term success of the Corporation. Compensation for executive officers is currently comprised of the following elements - an annual salary, the grant of stock options from time to time, pension and medical benefits and auto allowances (see Summary Compensation Table).

Salary. The Committee's policy objectives are to pay salaries to the Corporation's executives that are competitive with those paid by companies comparable to the Corporation in the industry.

Stock Options. The Corporation has an Option Plan pursuant to which directors, officers and employees of the Corporation and other person who provide management or consulting services to the Corporation are eligible to be granted by the Board of Directors or the Compensation Committee of the Board of Directors, an option to acquire common shares of the Corporation.

The Option Plan provides eligible persons with an opportunity to participate in the growth and development of the Corporation by providing such persons with the opportunity to acquire a proprietary interest in the Corporation. Options are granted in recognition of individual services, and to encourage participants to increase their efforts to make the Corporation more successful. Upon exercise of an option, the shares thereby purchased must be paid for in full. The Corporation does not provide financial assistance in connection with the exercise of options.

### LONG-TERM INCENTIVE PLAN AWARDS

Currently, the Corporation does not have a long-term incentive plan.

### OPTIONS/SAR GRANTS

The following table sets forth Options granted during the financial year ended June 30, 2002 to the Named Executive Officers.

Name	Securities Under Options Granted (#)	% of Total Options Granted To Employees	Exercise Price (\$)	Market Value Of Securities Underlying Options	
				on Date Of Grant (\$)	Expiration Date
James C. Cassina	150,000	50.85%	6.30	\$6.18	January 8/06
John H. Brake	10,000	3.39%	6.30	\$6.18	January 8/06
Sandra J. Hall	100,000	33.89%	6.30	\$6.18	January 8/06
Scott T. Hargreaves	25,000	8.47%	6.30	\$6.18	January 8/06
David Myers	10,000	3.39%	6.30	\$6.18	January 8/06

### AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES

The following table discloses the number and value of exercised and unexercised options held by the Named Executive Officers during the last completed financial year:

Unexercised	Value of Unexercised in the-Money
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Name	Securities Acquired on Exercise	Aggregate Value Realized(1)	Options/SARs at June 30, 2002 Exercisable(2)/ Unexercisable	Options/SAR's at June 30, 2002 Exercisable(3) Unexercisable
James C. Cassina	95,000	\$395,782	120,000/0	Nil/Nil
Sandra J. Hall	83,500	\$340,684	81,500/0	Nil/Nil
John H. Brake	10,000	\$55,344	10,000/0	Nil/Nil
Scott T. Hargreaves	10,000	\$37,821	25,000/0	Nil/Nil
David Myers	Nil	Nil	10,000/0	Nil/Nil

**Notes:**

- (1) All dollar amounts or references to dollars are expressed in Canadian dollars, unless otherwise specified.
- (2) These options are exercisable at \$6.30 per share and expire January 8, 2006.
- (3) The closing price of the Corporation's Common Shares on the American Stock Exchange on June 28, 2002 was US\$1.64.

**STOCK OPTION REPRICINGS**

The Corporation did not during the financial year ended June 30, 2002 re-price downward any stock options.

**DEFINED BENEFIT OR ACTUARIAL PLAN DISCLOSURE**

The Corporation does not have a defined benefit or actuarial plan.

**TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS**

As of the financial year ended June 30, 2002, there are no employment contracts between the Corporation or its subsidiaries and any of its Named Executive Officers. As well, there is no compensatory plan or arrangement with respect to an Executive Officer which results or will result from the resignation, retirement or any other termination of employment of an Executive Officer's employment with the Corporation and its subsidiaries or from a change of control of the Corporation or any subsidiary of the Corporation or a change in an Executive Officer's responsibilities following change of control except as below.

As of July 1, 1999, the Corporation and Mr. Cassina entered into a three-year employment contract cancellable upon six-months written notice with or without cause, whereby Mr. Cassina would serve as Chief Executive Officer of the Corporation. Effective June 30, 2002, the three-year employment contract between the Corporation and Mr. Cassina expired under its own terms.

**PERFORMANCE GRAPH**

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The following graph compares the five year cumulative shareholder return for CDN \$100.00 invested in the Corporation on June 30, 1998 with the cumulative total return of the S&P/TSX Composite Index since that date. The following graph compares the five year cumulative shareholder return for CDN \$100.00 invested in the Corporation on June 30, 1998 with the cumulative total return of the S&P/TSX Composite Index since that date.

[GRAPHIC OMITTED]

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[GRAPHIC OMITTED]

PERFORMANCE CHART	June 1998	June 1999	June 2000	June 2001	June 2002
Energy Power Systems	\$50.40	\$11.00(1)	\$1.00	\$4.60(2)	\$2.49(1)
Cumulative value of CDN \$100 investment	\$100	\$21.82	\$1.98	\$9.13	\$4.94
S&P/TSX Composite Index	7,366.89	7,010.07	10,195.45	7,736.35	7,145.61
Cumulative value of CDN \$100 investment	\$100	\$95.16	\$138.39	\$105.01	\$96.99

(1) Four-for-one consolidation occurred in January, 1999 and the prior share value has been adjusted and is reflected in the Chart.

(2) Four-for-one consolidation occurred in February, 2001 and the prior share value has been adjusted and is reflected in the Chart.

(3) Price converted from United States trading value at conversion rate of 1.5187.

### INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

During the year ended June 30, 2002, no director or senior officer was indebted to the Corporation, nor has any associate or affiliate of any director or senior officer of the Corporation been indebted to the Corporation or any of its subsidiaries, other than as disclosed below. As at November 21, 2002, employees, officers and directors owe the Corporation an aggregate of \$8,668.

Name and Principal Position	Involvement of Issuer of Subsidiary	Largest Amount Outstanding During Financial Year ended June 30, 2002 (\$)	Amount Outstanding as at November 21, 2002 (\$)	Financially Assisted Securities Purchase During Financial Year ended June 30, 2002 (#)	Security for Indebtedness
David Myers	Vice-President, M&M Engineering Limited and M&M Engineering Offshore Limited	13,054	8,668	N/A	N/A

### MANAGEMENT CONTRACTS

No insider of the Corporation has an interest in a material transaction with the Corporation except as described above in Executive Compensation.

### INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

No insider of the Corporation has an interest in a material transaction

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with the Corporation since the beginning of the Corporation's last financial year or in any proposed transaction with the Corporation other than described under Executive Compensation.

GENERAL

Except as otherwise indicated, information contained herein is given as of November 21, 2002. Management knows of no other matters to come before the Meeting, however, if any other matters which are not now known to Management should come properly before the Meeting, the proxy will be voted on such matters in accordance with the best knowledge of the person voting it.

DIRECTORS APPROVAL

The contents and the sending of this Circular to shareholders of the Corporation have been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario this 21st day of November 2002.

BY ORDER OF THE BOARD

"SANDRA J. HALL"  
PRESIDENT AND SECRETARY

EXHIBIT " 1 "

SPECIAL RESOLUTION - SHARE CONSOLIDATION  
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BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The articles of the Corporation be amended to consolidate the issued and outstanding common shares of the Corporation by changing each of the issued and outstanding common shares into up to one-third (1/3) of one common share, provided however, that no fractional shares will be issued but in lieu thereof, the number of consolidated common shares to be received by a registered shareholder will be rounded up if .5 or over of a common share or rounded down if under .5 of a common share to the nearest whole number of consolidated common shares;

2. The Corporation is hereby authorized to apply for a certificate of amendment under the Business Corporation Act (Ontario) amending its articles as set forth above, and any one director or officer of the Corporation is hereby authorized to do all such things, and to execute and deliver for and on behalf of the Corporation all such notices, documents and instruments, including articles of amendment, as may be considered necessary or desirable to give effect to the foregoing, and

3. Notwithstanding the foregoing, the directors of the Corporation, in their sole discretion and without further approval of the shareholders of the Corporation, may revoke this special resolution at any time before the certificate of amendment giving effect to the consolidation becomes effective.

EXHIBIT "2"

SPECIAL RESOLUTION - NAME CHANGE  
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BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The articles of the Corporation be amended to change the name of the Corporation from "Energy Power Systems Limited" to "Energy Power Corp." or such other name as approved by the board of directors of the Corporation and applicable regulatory and exchange authorities.

2. Any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver, or cause to be delivered, articles of amendment of the Corporation, as required pursuant to the Business Corporations Act (Ontario), and to do all such other acts or things necessary or desirable to implement, carry out and give effect to the said change of name.

3. The directors of the Corporation are hereby authorized, in their discretion, to revoke this special resolution or any portion thereof before it is acted upon without further approval or authorization of the shareholders of the Corporation.

EXHIBIT "3"

RESOLUTION APPROVING AN AMENDMENT  
TO THE CORPORATION'S STOCK OPTION PLAN

BE IT RESOLVED AS A RESOLUTION THAT:

1. An amendment to the Corporation's Stock Option Plan (the "Plan") increasing the maximum aggregate number of common shares reserved by the Corporation for issuance pursuant to grant of options under the Plan from 800,000 to 20% of the issued and outstanding common shares of the Corporation from time to time is hereby authorized, approved and confirmed.

2. Any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances, and do all such acts and things as in his opinion may be necessary or desirable to give effect to this resolution.

EXHIBIT "4"

RESOLUTION RE PRIVATE PLACEMENTS

BE IT RESOLVED AS A RESOLUTION THAT:

1. Energy Power Systems Limited (the "CORPORATION") be and is hereby authorized to issue during the twelve months following the Meeting (as defined below), pursuant to one or more private placements, a maximum of 10,578,645 Common Shares at such price or prices and on such terms as the board of directors of the Corporation considers appropriate, subject to the restrictions described in the management information circular of the Corporation dated

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November 21, 2002 distributed in connection with the annual and special meeting of shareholders of the Corporation held on December 30, 2002 (the "MEETING").

2. The directors of the Corporation are hereby authorized, in their discretion, to revoke this resolution or any portion thereof before it is acted upon without further approval or authorization of the shareholders of the Corporation.