

Enertopia Corp.  
Form 10-Q  
July 14, 2014

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2014

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-51866

**Enertopia Corporation**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**20-1970188**

(IRS Employer Identification No.)

**950 1130 West Pender Street, Vancouver, BC 4A4**

(Address of principal executive offices)

**V6E**

(Zip Code)

**604-602-1675**

(Registrant's telephone number, including area code)

**Enertopia Corporation**

(Former name, former address and former fiscal year, if changed since last report)

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  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting

company in Rule 12b-2 of the Exchange Act

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)  YES  NO

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

YES  NO

**APPLICABLE ONLY TO CORPORATE ISSUERS**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

**89,780,331 common shares issued and outstanding as of July 10, 2014**

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**PART 1 FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

Our unaudited interim consolidated financial statements for the nine months period ended May 31, 2014 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States generally accepted accounting principles.

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**ENERTOPIA CORP.**  
**(A Development Stage Company)**  
**CONSOLIDATED BALANCE SHEETS**  
**(Expressed in U.S. Dollars)**

|   | May 31<br>2014      | August 31<br>2013  |
|---|---------------------|--------------------|
| <b>ASSETS</b>   |                     |                    |
| <b>Current</b>  |                     |                    |
| Cash and cash equivalents                                       | \$ 1,215,899        | \$ 1,341           |
| Owned securities (Note 4)                                       | 453,750             | 3,750              |
| Accounts receivable   | 33,405              | 10,268             |
| Prepaid expenses and deposit                                    | 258,583             | 6,913              |
| Assets held for sale (Note 5)                                   | -                   | 32,197             |
| <b>Total current assets</b>                                     | <b>1,961,637</b>    | <b>54,469</b>      |
| <b>Non-Current</b>  |                     |                    |
| Long term investments - GSWPS (Note 6)                          | -                   | -                  |
| Oil and Gas Asset (Note 7)                                      | 4,000               | -                  |
| Medical Marijuana Assets (Note 8)                               | 4,863,829           | -                  |
| <b>Total Assets</b>   | <b>\$ 6,829,466</b> | <b>\$ 54,469</b>   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                     |                     |                    |
| <b>LIABILITIES</b>  |                     |                    |
| <b>Current</b>  |                     |                    |
| Accounts payable  | \$ 243,000          | \$ 354,928         |
| Short Term Loan- related party (Note 8)                         | -                   | 47,380             |
| Due to related parties (Note 9)                                 | 72,910              | 123,610            |
| <b>Total Current Liabilities</b>                                | <b>315,910</b>      | <b>525,918</b>     |
| <b>STOCKHOLDERS' EQUITY</b>                                     |                     |                    |
| <b>Share capital</b>  |                     |                    |
| Authorized:   |                     |                    |
| 200,000,000 common shares with a par value of \$0.001 per share |                     |                    |
| Issued and outstanding:   |                     |                    |
| 88,957,414 common shares at May 31, 2014 and                    | 88,957              | 30,314             |
| August 31, 2013: 30,314,415                                     |                     |                    |
| <b>Additional paid-in capital</b>                               | <b>13,994,152</b>   | <b>5,622,895</b>   |
| <b>Deficit accumulated during the exploration stage</b>         | <b>(7,569,553)</b>  | <b>(6,124,658)</b> |
| <b>Total Stockholders' Equity</b>                               | <b>6,513,556</b>    | <b>(471,449)</b>   |
| <b>Total Liabilities and Stockholders' Equity</b>               | <b>\$ 6,829,466</b> | <b>\$ 54,469</b>   |

The accompanying notes are an integral part of these consolidated financial statements

**ENERTOPIA CORP.**  
**(A Development Stage Company)**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**NOVEMBER 24, 2004 (inception) TO May 31, 2014**  
**(Expressed in U.S. Dollars)**

|  | COMMON STOCK |        | ADDITIONAL | STOCK  | DEFICIT     | TOTAL         |
|--|--------------|--------|------------|--------|-------------|---------------|
|  | SHARES       | AMOUNT | PAID-IN    | TO BE  | ACCUMULATED | STOCKHOLDERS' |
|  |              |        | CAPITAL    | ISSUED | DURING      | EQUITY        |
|  |              |        |            |        | EXPLORATION |               |
|  |              |        |            |        | STAGE       |               |
| Balance<br>November 24,<br>2004<br>(Inception)   | -            | \$ -   | \$ -       | \$ -   | \$ -        | \$ -          |
| Issuance of<br>common stock<br>for cash at<br>\$0.02 per share<br>on March 22,<br>2005 | 5,467,500    | 5,468  | 103,882    | -      | -           | 109,350       |
| Issuance of<br>common stock<br>for cash at<br>\$0.30 per share<br>on April 6,<br>2005  | 1,112,500    | 1,112  | 332,638    | -      | -           | 333,750       |
| Stock to be<br>issued  | 125,000      | -      | 37,375     | 125    | -           | 37,500        |
| Comprehensive<br>income (loss):  |              |        |            |        |             |               |
| (Loss) for<br>the period   | -            | -      | -          | -      | (167,683)   | (167,683)     |
| Balance,<br>August 31,<br>2005   | 6,705,000    | 6,580  | 473,895    | 125    | (167,683)   | 312,917       |
| Stock issued<br>on September<br>29, 2005   | -            | 125    | -          | (125)  | -           | -             |
| Comprehensive<br>income (loss):  |              |        |            |        |             |               |
| (Loss) for<br>the year   | -            | -      | -          | -      | (200,091)   | (200,091)     |



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|   |           |          |              |      |              |            |
|---|-----------|----------|--------------|------|--------------|------------|
| Balance, August 31, 2006  | 6,705,000 | 6,705    | 473,895      | -    | (367,774)    | 112,826    |
| Units issued for cash at \$0.50 per unit to related parties on March 6, 2007 (included stock based compensation of \$116,959) | 92,740    | 93       | 163,236      |      |              | 163,329    |
| Stock issued for property on April 18, 2007   | 250,000   | 250      | 274,750      | -    | -            | 275,000    |
| Units issued for cash at \$0.50 per unit on April 19, 2007  | 100,000   | 100      | 49,900       | -    | -            | 50,000     |
| Units issued for cash at \$0.50 per unit on August 31, 2007   | 600,000   | 600      | 299,400      | -    | -            | 300,000    |
| Imputed interest from non-interest bearing loan   | -         | -        | 3,405        | -    | -            | 3,405      |
| Comprehensive income (loss):  |           |          |              |      |              |            |
| (Loss) for the year   | -         | -        | -            | -    | (607,397)    | (607,397)  |
| Balance, August 31, 2007  | 7,747,740 | \$ 7,748 | \$ 1,264,586 | \$ - | \$ (975,171) | \$ 297,163 |
| Units issued for acquisition at \$0.42 per unit on November 30, 2007  | 6,905,000 | 6,905    | 2,893,195    | -    | -            | 2,900,100  |
| Imputed interest from non-interest bearing loan   | -         | -        | 7,139        | -    | -            | 7,139      |
| Stock-based compensation on 1,785,000 options granted   | -         | -        | 104,257      | -    | -            | 104,257    |
| Comprehensive income (loss):  |           |          |              |      |              |            |
| (Loss) for the year   | -         | -        | -            | -    | (372,535)    | (372,535)  |
| Balance, August 31, 2008  |           | 14,653   |              | -    | (1,347,706)  | 2,936,124  |

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|   |            |    |        |              |    |      |                          |
|---|------------|----|--------|--------------|----|------|--------------------------|
|   | 14,652,740 | \$ |        | \$ 4,269,177 | \$ |      | \$                       |
| Imputed interest for non-interest bearing loan                        | -          |    | -      | 4,410        |    | -    | 4,410                    |
| Stock-based compensation  | -          |    | -      | 35,780       |    | -    | 35,780                   |
| Comprehensive income (loss):  |            |    |        |              |    |      |                          |
| (Loss) for the year   | -          |    | -      | -            |    | -    | 84,233                   |
| Balance, August 31, 2009  | 14,652,740 | \$ | 14,653 | \$ 4,309,367 | \$ | - \$ | (1,263,473) \$ 3,060,547 |
| Imputed interest for non-interest bearing loan                        |            |    |        | 2,442        |    |      | 2,442                    |
| Stock-based compensation  |            |    |        | 78,858       |    |      | 78,858                   |
| Stock issued for acquisition at \$0.20 per share on February 28, 2010 | 500,000    |    | 500    | 124,500      |    |      | 125,000                  |
| Units issued for cash at \$0.15 per unit on May 31, 2010              | 557,500    |    | 557    | 83,068       |    |      | 83,625                   |
| Gain on settlement of the amount due to related parties               |            |    |        | 34,542       |    |      | 34,542                   |
| Comprehensive income (loss):  |            |    |        |              |    |      |                          |
| (Loss) for the year   | -          |    | -      | -            |    | -    | (2,955,141)              |
| Balance, August 31, 2010  | 15,710,240 |    | 15,710 | 4,632,777    |    | -    | (4,218,614) 429,873      |
| Debt settlement on November 22, 2010                                  | 62,500     |    | 63     | 9,313        |    |      | 9,376                    |
| Debt settlement on November 19, 2010                                  | 100,000    |    | 100    | 14,900       |    |      | 15,000                   |



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|  |             |           |              |      |                |            |
|--|-------------|-----------|--------------|------|----------------|------------|
| Stock-based compensation                   |             |           | 254,443      |      |                | 254,443    |
| Share Subscriptions on March 3, 2011       | 8,729,000   | 8,729     | 885,264      | -    |                | 893,993    |
| Share Issuance costs                       |             |           | (96,490)     | -    |                | (96,490)   |
| Warrants issued on March 3, 2011           |             |           | (848,459)    |      |                | (848,459)  |
| Common Shares cancelled on January 1, 2011 | (1,000,000) | (1,000)   | 1,000        |      |                | -          |
| Debt settlement on March 16, 2011          | 78,125      | 78        | 12,422       |      |                | 12,500     |
| Debt settlement on April 27, 2011          | 360,000     | 360       | 157,412      |      |                | 157,772    |
| Debt settlement on April 27, 2011          | 100,000     | 100       | 45,900       |      |                | 46,000     |
| Shares issued Wildhorse on April 11, 2011  | 500,000     | 500       | 74,500       |      |                | 75,000     |
| Share issuance correction on Jun 4, 2011   | 4,000       | 4         | (4)          |      |                | -          |
| Comprehensive income (loss):               |             |           |              |      |                |            |
| (Loss) for the year                        |             |           |              |      | (165,405)      | (165,405)  |
| Balance, August 31, 2011                   | 24,643,865  | \$ 24,644 | \$ 5,142,978 | \$ - | \$ (4,384,019) | \$ 783,603 |
| Stock-based compensation                   |             |           | 66,953       |      |                | 66,953     |
| Shares issued Altar on October 11, 2011    | 100,000     | 100       | 9,900        |      |                | 10,000     |
| Shares issued Wildhorse on March 30, 2012  | 150,000     | 150       | 14,850       |      |                | 15,000     |

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|   |            |           |              |      |                |             |
|---|------------|-----------|--------------|------|----------------|-------------|
| Shares issued Tom Ihrke on April 10, 2012       | 93,750     | 94        | 9,281        |      |                | 9,375       |
| Shares subscription for cash on April 13, 2012  | 2,080,000  | 2,080     | 191,499      |      |                | 193,579     |
| Shares subscription for cash on July 27, 2012   | 600,000    | 600       | 29,400       |      |                | 30,000      |
| Shares subscription for cash on August 24, 2012 | 160,000    | 160       | 7,840        |      |                | 8,000       |
| Comprehensive income (loss):                    |            |           |              |      |                |             |
| (Loss) for the year                             |            |           |              |      | (1,009,735)    | (1,009,735) |
| Balance, August 31, 2012                        | 27,827,615 | \$ 27,828 | \$ 5,472,701 | \$ - | \$ (5,393,754) | \$ 106,775  |
| Shares issued for cash September 28, 2012       | 1,074,500  | 1,074     | 48,676       |      |                | 49,750      |
| Shares issued Altar on November 24, 2012        | 100,000    | 100       | 5,900        |      |                | 6,000       |
| Shares issued for cash November 15, 2012        | 1,152,300  | 1,152     | 49,498       |      |                | 50,650      |
| Shares issued to Mark Snyder                    | 160,000    | 160       | 15,840       |      |                | 16,000      |
| Debt settlement on March 1, 2013                |            |           | 30,280       |      |                | 30,280      |
| Comprehensive income (loss):                    |            |           |              |      |                |             |
| (Loss) for the year                             |            |           |              |      | (730,904)      | (730,904)   |
| Balance, August 31, 2013                        | 30,314,415 | 30,314    | 5,622,895    | -    | (6,124,658)    | (471,449)   |
| Shares issued to Downhole Energy                | 100,000    | 100       | 3,900        |      |                | 4,000       |
| Shares issued to Stewart Briggs/Olibri          | 750,000    | 750       | 36,750       |      |                | 37,500      |

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|   |            |        |           |           |
|---|------------|--------|-----------|-----------|
| Shares issued for MM Assets               | 10,000,000 | 10,000 | 390,000   | 400,000   |
| Shares issued for Investor Relations      | 200,000    | 200    | 13,800    | 14,000    |
| Shares issued for cash for PP on Nov 18   | 2,720,000  | 2,720  | 133,280   | 136,000   |
| Shares issued for cash for PP on Dec 23   | 2,528,000  | 2,528  | 113,732   | 116,260   |
| Shares issued per Agreement with DS       | 250,000    | 250    | 37,250    | 37,500    |
| Shares issued per JV with WOM             | 5,000,000  | 5,000  | 895,000   | 900,000   |
| Shares issued for cash for PP on Jan 31   | 4,292,000  | 4,292  | 395,142   | 399,434   |
| Shares issued for warrant conversion      | 1,126,500  | 1,127  | 214,974   | 216,101   |
| Shares issued for option conversion       | 450,000    | 450    | 43,800    | 44,250    |
| Shares issued for cash for PP on Feb 13   | 12,946,000 | 12,946 | 1,182,070 | 1,195,016 |
| Shares issued as per Agreement with Agora | 54,347     | 54     | 12,446    | 12,500    |
| Shares issued per JV Agreement with GCL   | 10,000,000 | 10,000 | 2,090,000 | 2,100,000 |
| Shares issued per JV Agreement with WOM   | 1,000,000  | 1,000  | 679,000   | 680,000   |
| Shares issued for warrant conversion      | 5,827,855  | 5,828  | 910,617   | 916,445   |
| Shares issued for option conversion       | 425,000    | 425    | 82,325    | 82,750    |

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|  |            |        |            |             |                       |
|--|------------|--------|------------|-------------|-----------------------|
| Shares issued as per agreement with R. Chadwick  | 100,000    | 100    | 67,900     |             | 68,000                |
| Shares issued as per agreement with Dr. Melamede | 250,000    | 250    | 174,750    |             | 175,000               |
| Shares issued as per various Ontario agreements  | 623,297    | 623    | 213,577    |             | 214,200               |
| Short swing                                      |            |        | 7,058      |             | 7,058                 |
| Stock Based Compensation                         |            |        | 673,886    |             | 673,886               |
| Comprehensive income (loss):                     |            |        |            |             |                       |
| (Loss) for the period                            |            |        |            | (1,444,895) | (1,444,895)           |
| Balance, May 31, 2014                            | 88,957,414 | 88,957 | 13,994,152 | -           | (7,569,553) 6,513,556 |

The accompanying notes are an integral part of these consolidated financial statements

Enertopia Corp.  
(A Development Stage Company)  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Expressed in U.S. Dollars)

|  | <b>THREE MONTHS ENDED</b> |                        | <b>Nine Months Ended</b> |                        | <b>CUMULATIVE<br/>PERIOD FROM<br/>INCEPTION<br/>NOVEMBER 24,<br/>2004<br/>TO<br/>May 31<br/>2014</b> |
|--|---------------------------|------------------------|--------------------------|------------------------|--|
|  | <b>May 31<br/>2014</b>    | <b>May 31<br/>2013</b> | <b>May 31<br/>2014</b>   | <b>May 31<br/>2013</b> |  |
| <b>Revenue</b>   |                           |                        |                          |                        |  |
| Non-renewal energy -<br>natural gas and oil revenue        | \$ -                      | \$ -                   | \$ -                     | \$ -                   | 374,342  |
| Renewable energy -<br>service revenue                      | -                         | -                      | -                        | -                      | 32,119   |
|  | -                         | -                      | -                        | -                      | <b>406,461</b>   |
| <b>Cost of revenue</b>                                     |                           |                        |                          |                        |  |
| <b>Non-renewable energy:</b>                               |                           |                        |                          |                        |  |
| Natural gas and oil<br>operating costs and royalties       | -                         | -                      | -                        | -                      | 141,197  |
| Depletion  | -                         | -                      | -                        | -                      | 298,489  |
| Write-down in carrying<br>value of oil and gas<br>property | -                         | -                      | -                        | -                      | 293,436  |
| <b>Renewable energy</b>                                    | -                         | -                      | -                        | -                      | <b>48,050</b>  |
|  | -                         | -                      | -                        | -                      | <b>781,172</b>   |
| <b>Gross Profit</b>  | -                         | -                      | -                        | -                      | <b>(374,711)</b>   |
| <b>Expenses</b>  |                           |                        |                          |                        |  |
| Accounting and audit                                       | 12,570                    | 12,307                 | 35,244                   | 48,623                 | 422,406  |
| Sales & Marketing  | -                         | -                      | -                        | -                      | 846  |
| Advertising & Promotions                                   | 34,886                    | 923                    | 108,344                  | 4,816                  | 188,838  |
| Bank charges and interest<br>expense                       | 1,032                     | 1,287                  | 4,256                    | 5,534                  | 70,490   |
| Consulting   | 1,087,592                 | 46,282                 | 1,278,397                | 148,189                | 3,061,256  |
| Mineral exploration costs                                  | -                         | -                      | -                        | 13,380                 | 520,869  |
| Fees and dues  | 15,045                    | 5,076                  | 30,713                   | 18,344                 | 182,340  |
| Insurance  | 3,103                     | 4,117                  | 11,889                   | 12,349                 | 92,311   |
| Investor relations   | 30,055                    | -                      | 56,684                   | -                      | 180,498  |
| Legal and professional                                     | 35,679                    | 1,094                  | 45,451                   | 2,280                  | 268,938  |
| Office and miscellaneous                                   | 7,588                     | (314)                  | 19,789                   | 1,611                  | 78,773   |
| Rent   | 25,624                    | 3,465                  | 28,128                   | 11,318                 | 124,050  |
| Telephone  | 555                       | 584                    | 784                      | 2,659                  | 21,148   |

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|   |                     |                     |                       |                     |                       |
|---|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| Training & Conferences  | 23,104              | -                   | 32,482                | -                   | 47,968                |
| Travel  | 22,050              | 5,065               | 33,358                | 7,079               | 151,760               |
| <b>Total expenses</b>   | <b>1,298,883</b>    | <b>79,886</b>       | <b>1,685,519</b>      | <b>276,182</b>      | <b>5,412,491</b>      |
| <b>(Loss) for the period before other items</b>                                 | <b>(1,298,883)</b>  | <b>(79,886)</b>     | <b>(1,685,519)</b>    | <b>(276,182)</b>    | <b>(5,787,202)</b>    |
| <b>Other income (expense)</b>   |                     |                     |                       |                     |                       |
| Other income  | 300,000             | -                   | 300,000               | -                   | 309,433               |
| Impairment of long term investments (Note 5)                                    | -                   | -                   | (76,595)              | -                   | (330,434)             |
| Others  | -                   | -                   | -                     | -                   | 22,775                |
| Equity interest pick up   | (123,799)           | -                   | (132,781)             | (850)               | (150,525)             |
| Gain on owned securities  | 150,000             | -                   | 150,000               | (3,750)             | (133,083)             |
| Gain on disposition of oil and gas interests                                    | -                   | -                   | -                     | -                   | 522,976               |
| Revaluation of warrants liability   | -                   | -                   | -                     | 9,789               | 896,019               |
| Write down of oil and gas properties (Note 6)                                   | -                   | (140,980)           | -                     | (140,980)           | (2,919,511)           |
| <b>Net loss and comprehensive loss for the period</b>                           | <b>\$ (972,682)</b> | <b>\$ (220,866)</b> | <b>\$ (1,444,895)</b> | <b>\$ (411,973)</b> | <b>\$ (7,569,553)</b> |
| <b>Basic and diluted income (loss) per share</b>                                | <b>\$ (0.01)</b>    | <b>\$ (0.01)</b>    | <b>\$ (0.03)</b>      | <b>\$ (0.01)</b>    |                       |
| <b>Weighted average number of common shares outstanding - basic and diluted</b> | <b>86,529,895</b>   | <b>30,314,415</b>   | <b>57,551,337</b>     | <b>29,756,976</b>   |                       |

The accompanying notes are an integral part of these consolidated financial statements

**ENERTOPIA CORP.**  
**(A Development Stage Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in U.S. Dollars)**

|   | Nine Months Ended |                 | CUMULATIVE<br>PERIOD FROM<br>INCEPTION<br>November 24,<br>2004<br>TO<br>May 31,<br>2014 |
|---|-------------------|-----------------|---|
|   | May 31,<br>2014   | May 31,<br>2013 | May 31,<br>2014   |
| <b>Cash flows used in operating activities</b>                                |                   |                 |   |
| Net Income (loss)   | \$ (1,444,895)    | \$ (411,973)    | \$ (7,569,553)  |
| <b>Changes to reconcile net loss to net cash used in operating activities</b> |                   |                 |   |
| Consulting - Stock based compensation   | 941,154           | -               | 1,598,404   |
| Depletion   | -                 | -               | 298,489   |
| Write down in carrying value of oil and gas properties                        | -                 | -               | 293,436   |
| Stock issued for mineral resource and oil and gas property                    | -                 | -               | 37,500  |
| Write down of oil and gas properties  | -                 | 140,980         | 2,919,511   |
| Gain on disposition of oil and gas properties                                 | -                 | -               | (522,976)   |
| Fair value of warrants liabilities  | -                 | (9,789)         | (896,019)   |
| Gain on owned securities  | (150,000)         | 3,750           | 133,083   |
| Equity pick-up  | 132,781           | 850             | 150,525   |
| Impairment of long term investments (Note 5)                                  | 76,595            | -               | 330,434   |
| Imputed interest  | -                 | -               | 17,396  |
| Accrued loan interest   | -                 | -               | 17,928  |
| Other non-cash activities   | 58,230            | -               | 88,383  |
| <b>Change in non-cash working capital items:</b>                              |                   |                 |   |
| Accounts receivable   | (23,137)          | 48,840          | (25,657)  |
| Prepaid expenses and deposit  | (251,670)         | (4,104)         | (234,299)   |
| Deferred charges  | -                 | -               | -   |
| Accounts payable and accrued liabilities                                      | (111,928)         | 109,930         | 224,761   |
| Due to related parties  | (50,700)          | 51,000          | 103,573   |
| <b>Net cash (used in) operating activities</b>                                | <b>(823,570)</b>  | <b>(70,516)</b> | <b>(3,035,079)</b>  |
| <b>Cash flows from (used in) investing activities</b>                         |                   |                 |   |
| Proceeds from sale of marketable securities                                   | -                 | -               | 56,241  |
| Oil and gas properties acquisition and divestment                             | -                 | -               | (345,180)   |





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|   |                     |                 |                     |
|---|---------------------|-----------------|---------------------|
| Proceeds from sale of oil and gas interests             | -                   | -               | 521,545             |
| Mineral resource properties acquisition                 | -                   | (40,000)        | (231,843)           |
| Investment in GSWPS                                     | -                   | -               | (103,500)           |
| Investment in Pro Eco                                   | 10,004              | -               | (34,996)            |
| Investment in Medical Marijuana Operations              | (975,000)           | -               | (975,000)           |
| Cash provided in connection with business acquisition   | -                   | -               | 201,028             |
| <b>Net cash from (used in) investing activities</b>     | <b>(964,996)</b>    | <b>(40,000)</b> | <b>(911,705)</b>    |
| <b>Cash flows from financing activities</b>             |                     |                 |                     |
| Promissory notes - related party                        | (47,380)            | -               | 2,665               |
| Net Proceeds from Options exercised                     | 130,000             | -               | 130,000             |
| Net Proceeds from Warrants exercised                    | 913,096             | -               | 913,096             |
| Net proceeds from subscriptions received                | 2,007,408           | 100,400         | 4,116,922           |
| <b>Net cash from financing activities</b>               | <b>3,003,124</b>    | <b>100,400</b>  | <b>5,162,683</b>    |
| <b>Increase (Decrease) in cash and cash equivalents</b> | <b>1,214,558</b>    | <b>(10,116)</b> | <b>1,215,899</b>    |
| <b>Cash and cash equivalents, beginning of period</b>   | <b>1,341</b>        | <b>13,692</b>   | <b>-</b>            |
| <b>Cash and cash equivalents, end of period</b>         | <b>\$ 1,215,899</b> | <b>\$ 3,576</b> | <b>\$ 1,215,899</b> |
| Supplemental information of cash flows                  |                     |                 |                     |
| Interest paid in cash                                   | \$ -                | \$ -            | \$ -                |
| Income taxes paid in cash                               | \$ -                | \$ -            | \$ -                |

The accompanying notes are an integral part of these consolidated financial statements

**ENERTOPIA CORP.**  
**(A Development Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2014**  
**(Expressed in U.S. Dollars)**

**1. ORGANIZATION**

The unaudited interim consolidated financial statements for the period ended May 31, 2014 included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited interim consolidated financial statements should be read in conjunction with the August 31, 2013 audited annual consolidated financial statements and notes thereto.

The Company was formed on November 24, 2004 under the laws of the State of Nevada and commenced operations on November 24, 2004. The Company was an independent natural gas and oil company engaged in the exploration, development and acquisition of natural gas and oil properties in the United States and Canada. In the fiscal year 2010, the Company shifted its strategic plan from its non-renewal energy operations to its planned renewal energy operations and natural resource acquisition and development. In late summer of 2013, the Company added another business sector in its entrance to medical marijuana and is considered a development stage company. The Company has offices in Vancouver and Kelowna, B.C., Canada.

Effective September 25, 2009, we effected one (1) for two (2) share consolidation of our authorized and issued and outstanding common stock.

On February 8, 2010, the Company changed its name from Golden Aria Corp. to Enertopia Corp.

On February 22, 2010, the Company increased its authorized share capital to 200,000,000 common shares.

**2. GOING CONCERN UNCERTAINTY**

The accompanying unaudited interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Company incurred a net loss of \$1,444,895 for the nine months ended May 31, 2014 [net loss of \$411,973 for the nine months ended May 31, 2013] and as at May 31, 2014 has incurred cumulative losses of 7,569,553 that raises substantial doubt about its ability to continue as a going concern. Management has been able, thus far, to finance the operations through equity financing and cash on hand. There is no assurance that the Company will be able to continue to finance the Company on this basis.

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In view of these conditions, the ability of the Company to continue as a going concern is in substantial doubt and dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing as may be required, to receive the continued support of the Company's shareholders, and ultimately to obtain successful operations. There are no assurances that we will be able to obtain further funds required for our continued operations. As noted herein, we are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations. There is significant uncertainty as to whether we can obtain additional financing. These unaudited interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying unaudited interim consolidated financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Basis of Consolidation**

The unaudited interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Target Energy, Inc., which has been dissolved effective November 4, 2013 with no significant accounting impact, equity interest of Pro Eco Energy Inc., which has been sold on December 2, 2013 with a gain of approximately \$7,000, Global Solar Water Power Systems Inc. has been written down to \$1, 31% interest in Joint Venture with World of Maihuana Productions Ltd. ( "WOM" ) and 49% interest in Joint Venture with Green Canvas Ltd. ("GCL"), 51% interest in a Joint Venture with Lexaria on a location in Ontario. All significant inter-company balances and transactions have been eliminated.

#### **b) New Accounting Pronouncements**

In March 2013, the Financial Accounting Standards Board ( "FASB" ) issued Accounting Standards Update ("ASU") 2013-05, "Foreign Currency Matters (Topic 830); Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." This guidance applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. ASU No. 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. We will adopt this guidance beginning with our fiscal quarter starting from March 1, 2014. We are currently reviewing the provisions of ASU No. 2013-05 on our consolidated financial statements.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This new guidance provides specific financial statement presentation requirements of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance states that an unrecognized tax benefit in those circumstances should be presented as a reduction to the deferred tax asset. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The Company does not believe that the adoption of this guidance will have a material impact on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's financial statements upon adoption.

#### 4. OWNED SECURITIES

As at May 31, 2014 owned securities consist of 375,000 common shares of Cheetah Oil & Gas Ltd. obtained through the disposal of the Company's oil and gas properties in Mississippi in 2010. The Company classified the securities owned as held-for-trade and recorded at fair value.

The fair value of the common shares of Cheetah Oil & Gas Ltd. was \$0.01 per share as at May 31, 2014 ( August 31, 2013 - \$0.01) .

As at May 31, 2014 owned securities consist of 1,500,000 common shares of Lexaria Corp. obtained through two separate Definitive Agreements as per Note 8.

The fair value of the common shares of Lexaria Corp. was \$0.30 per share as at May 31, 2014.

#### 5. ASSETS HELD FOR SALE

Assets held for sale as May 31, 2014 and August 31, 2013 were comprised of the following:

|                               | May 31, 2014 | August 31, 2013 |
|-------------------------------|--------------|-----------------|
|                               | \$           | \$              |
| Investments in Pro-Eco Energy | -            | 32,197          |
|                               | -            | 32,197          |

##### Pro Eco Energy USA Ltd.

On April 21, 2008, the Company purchased 900,000 shares for \$45,000 in Pro Eco Energy USA Ltd. ( Pro Eco Energy ) which represented 8.25% ownership. The former Chairman of the Company is a Director in Pro Eco Energy which had established the existence of significant influence in Pro Eco Energy and accordingly the equity method of accounting was adopted for the investment.

On December 2, 2013, the Company sold its investment in Pro Eco Energy Ltd. from its original purchase price of \$45,000 which gave the Company 900,000 shares or 8.25% interest in the Pro Eco on April 21, 2008 to Western Standard Energy Corp. (the Purchase ) for \$40,000. The terms of the purchase are as follows: a) \$10,000 on the Closing date which is December 02, 2013; b) \$10,000 on or before December 31, 2013; c) \$10,000 on or before January 31, 2014; d) \$10,000 on or before February 28, 2014. As at May 31, 2014, \$30,000 was included in receivable. The Company is confident to collect this amount once the Purchaser completes its ongoing financing.

#### 6. LONG TERM INVESTMENTS

##### Global Solar Water Power Systems Inc.

On February 28, 2010, the Company entered into an Asset and Share Purchase Agreement with the Company's former chief technical officer - Mr. Mark Snyder to acquire up to 20% ownership interest of GSWPS. As at August 31, 2012, the Company had 9.82% (August 31, 2011 8.14%) investment in Global Solar Water Power Systems Inc. ( GSWPS ). This was made by a cash/accrued contribution of \$145,500 and an issuance of 500,000 shares of the Company at \$0.25 per share for a combined value of \$270,500. The investment in 2012 had been written down to \$68,500.

On March 1, 2013, the Company transferred 1.68% of interest back to GSWPS for settlement the accrued payments of \$42,000 with Mr. Mark Snyder. As result, the Company's interest in GSWPS reduced from 9.82% to 8.14%. The difference between the fair value of the 1.68% GSWPS interest and \$42,000 was recorded under additional paid-in capital.

During the August 31, 2013 fiscal year end, based on the management's assessment of GSWPS's current operations, the Company decided to write down long-term investment in GSWPS to \$1.

## **7. MINERAL PROPERTY AND OIL AND GAS PROPERTIES**

On January 31, 2011, the Company entered into a letter of intent and paid \$7,500 deposit to Wildhorse Copper Inc. and its wholly owned subsidiary Wildhorse Copper (AZ) Inc. (collectively, the Optionors). On April 11, 2011, the Company signed a Mineral Purchase Option Agreement (Option Agreement) with the Optionors respecting an option to earn a 100% interest, subject to a 1% NSR capped to a maximum of \$2,000,000 in a property known as the Copper Hills property. The Copper Hills property is comprised of 56 located mining claims covering a total of 1,150 acres located in New Mexico, USA. The Optionors hold the Copper Hills property directly and indirectly through property purchase agreements between the Optionors and third parties (collectively, the Indirect Agreements). Pursuant to the Option Agreement the Optionors have assigned the Indirect Agreements to the Company. In order to earn the interest in the Copper Hills property, the Company is required to make aggregate cash payments of \$591,650 over an eight year period and issue an aggregate of 1,000,000 shares of its common stock over a three year period. As at May 31, 2013, the Company has issued 500,000 shares at price of \$0.15 per share and 150,000 shares at price of \$0.10 per share to the Optionors and made aggregate cash payment of \$106,863 (August 31, 2012-\$106,863); the Company has expensed exploration costs of \$143,680 (August 31, 2012-\$143,680). On June 26, 2013, the Company announced the termination of its Option Agreement and write off all the capitalized costs.

On July 19, 2011, the Company entered into a letter of intent and paid US\$15,000 deposit to Altar Resources. Subsequent to August 31, 2011, on October 11, 2011, the Company signed a Mineral Purchase Option Agreement with Altar Resources with respect to an option to earn 100% interest, subject to a 2.5% NSR in a property known as Mildred Peak. The mining claims are in Arizona covering approximately 7,148 acres from Altar Resources which holds the mining claims directly and indirectly through federal mining claims and state mineral exploration leases; or, represented that it would hold such claims in good standing at the time of closing a definitive agreement. The Company is required to make aggregate cash payments of \$881,000 over a five year period and issue an aggregate of 1,000,000 shares of its common stock over a four year period. As at February 28, 2013, the Company had made aggregate cash payments of \$124,980 (August 31, 2012-\$84,980) and issued 100,000 shares at price of \$0.10 per share and 100,000 common shares at \$0.06 per share to Altar Resources; along with expensed incurred exploration costs of \$13,380. On May 30, 2013, the Company terminated the Option Agreement and has written off \$140,980 of capitalized costs.

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On September 17, 2013 the Company entered into an AMI Participation Agreement with Downhole Energy LLC to participate in 100% gross interest and 75% net revenue interest for drilling, completion and production of up to 100 oil wells on certain oil and gas leases covering 2,924 in the historic field located in Forest and Venango counties, Pennsylvania. In order to earn the interest in this property, the Company is required to make the following payments:

Issuing to the Vendor 100,000 common shares in the capital stock of the Company as soon as practicable following the execution of this Agreement (issued at \$0.04 per share),

Drilling up to 10 wells in year one and issuing 10,000 common shares per producing well after 60 days of commercial production on or before the first anniversary of this Agreement,

Drilling up to 20 wells in year two and issuing 10,000 common shares per producing well after 60 days of commercial production on or before the second anniversary of this Agreement,

Drilling up to 30 wells in year three and issuing 10,000 common shares per producing well after 60 days of commercial production on or before the third anniversary of this Agreement, and

Drilling up to 40 wells in year four and issuing 10,000 common shares per producing well after 60 days of commercial production on or before the fourth anniversary of this Agreement.

On execution of this agreement the company issued 100,000 of its common shares at \$0.04 per share to Downhole Energy LLC.

## 8. MEDICAL MARIJUANA INVESTMENT

- (a) The Company has entered into a Joint Venture Agreement (the "WOM Agreement") on January 16, 2014 with World of Marihuana Productions Ltd. ("WOM") where the Company can acquire up to 51% of the Joint Venture business ownership interest. WOM is expected to acquire a licence issued by Health Canada (the "Licence") to allow for WOM to operate a business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana (the "WOM Business") which shall be located at 33420 Cardinal Street, Mission, British Columbia (the "Premises"). Both parties entered into a non-binding Letter Of Intent dated for reference the 1<sup>st</sup> day of November, 2013 (the "LOI") which shall be superseded by the WOM Agreement. Both parties entered into the WOM Agreement which set out the terms and conditions in which the Company may acquire up to a 51% ownership interest in the Joint Venture WOM Business. The Effective Date" means the first business day following the day on which WOM has received the final and duly issued Licence from Health Canada and has notified Enertopia of such receipt. The execution date (the "Execution Date") is upon signing of this WOM Agreement.

The following are the terms of the WOM Agreement:

Enertopia shall purchase its Interest in the Business as set out below, provided that all cash payments are payable directly to WOM by way of wire transfer:

- i) 10,000,000 shares of the restricted common stock of Enertopia (the "Shares") to 0984329 B.C. Ltd ("098") at the direction of WOM at the time of execution of the LOI (the "LOI Shares") (Completed);
- ii) Issuance of 5,000,000 Shares to 098 and payment of \$100,000 to WOM upon signing of this WOM Agreement the Execution Date which Shares will be held in escrow (the "Escrow Shares") by Enertopia's solicitors until such time as the Effective Date has occurred. Upon occurrence of the Effective Date, the Escrow Shares will be released from escrow; (Completed)
- iii) Payment to WOM of \$75,000 by January 31, 2014 in exchange for which Enertopia will be granted a 30% Interest in the WOM Business;(Completed)
- iv)

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Issue 1,000,000 Shares to 098 and pay \$200,000 to WOM on or before the date that is six months from the Execution Date in exchange for which Enertopia shall be granted a further 1% Interest in the WOM Business; (Completed)

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- v) Issue 1,000,000 Shares to 098 and pay \$200,000 to WOM on or before the one year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 2% Interest in the WOM Business;
  - vi) Issue 1,000,000 Shares to 098 and \$200,000 to WOM on or before the second year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 6% Interest in the WOM Business;
  - vii) Issue 1,000,000 Shares to 098 and \$300,000 to WOM on or before the third year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 6% Interest in the WOM Business;
  - viii) Issue 1,000,000 Shares to 098 and \$300,000 to WOM on or before the fourth year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 6% interest in the WOM Business for a total of 51% Interest to be held by Enertopia at such time;
  - ix) Following the Effective Date and subject to any required stock exchange approvals, Enertopia shall appoint Mathew Chadwick, the current sole director of WOM (the "Appointee"), to the board of directors of Enertopia. The Appointee will hold office until the next annual meeting of the shareholders of Enertopia unless his office is earlier vacated in accordance with applicable corporate law. Enertopia shall include the Appointee as one of the management nominees put forth by Enertopia at each shareholder meeting at which the election of directors is an item of business, provided however, that the Appointee shall only be entitled to serve as a director of Enertopia as long as this Agreement is in good standing, full force and effect;
  - x) WOM shall not, at any time following the Effective Date and during the course this Agreement remains in effect, issue, split, reverse split, hypothecate or otherwise transact any of its share capital, under any circumstance, without the prior written consent of Enertopia; and
  - xi) WOM shall use the first \$375,000 paid by Enertopia pursuant to the term of the WOM Agreement hereof to upgrade the Business as may be required pursuant to Health Canada stipulations or as my otherwise required to advance the Business.
- (b) On February 7, 2014, the Company has entered into a binding Letter of Intent ("LOI") shall set forth the basic terms of the recent discussions between Enertopia Corporation ("Enertopia") and Wisplite Technologies Incorporated ("WTI") and Wisplite Technologies Group Incorporated ( WTGI ) and CEX Holdings Limited ( CEX ) (collectively, the "Parties") with regard to the acquisition (the "Acquisition") by Enertopia of all of the issued and outstanding shares of WTI. Acquisition Structure. In accordance with the terms of a formal and definitive agreement to be entered into between Enertopia and the current shareholders of WTI (the "Shareholders") (the "Definitive Agreement"), Enertopia shall be entitled to acquire all of the issued and outstanding shares of WTI from the Shareholders. WTGI and CEX are the majority shareholders of WTI. WTI owns certain proprietary technologies, inventions, products, processes, formulae, designs, data, information and materials related to portable vaporizing devices. Upon the execution of this LOI, Enertopia paid WTI the sum of \$85,000 which is for the payment of patent payments and associated costs. As at February 28, 2014, the LOI has been terminated and the CAD\$85,000 has been expensed.
- (c) On February 28, 2014, the Company has entered into a Joint Venture Agreement (" the GCL Agreement") with The Green Canvas Ltd. ("GCL") (collectively, the "Parties") with regard to the acquisition (the "Acquisition") by Enertopia of up a 75% interest in the business of GCL (the "GCL Business"), being the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling



marihuana for medical purposes.

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The Company shall be entitled to acquire up to 75% ownership interest in the GCL Business (an "Ownership Interest") as follows:

- a) Payment of \$100,000 at the time of execution of the LOI (Completed);
- b) Either concurrently with or immediately following the Execution Date, Enertopia shall complete the following in return for which Enertopia will be granted and vested with a 49% Ownership Interest in the Business:
  - (i) issue to GCL an aggregate of 10,000,000 common shares of Enertopia ("Shares"); and (Completed)
  - (ii) pay to GCL the aggregate sum of \$500,000, the full amount of which, less the sum of \$113,400 payable to Wolverton Securities as a finder's fee, shall be used by GCL to upgrade the GCL Business as may be necessary pursuant to MMPR requirements or as may otherwise be required to advance the GCL Business.(Completed)
- c) An aggregate of 6,400,000 of the Shares issued pursuant to the term of CGL Agreement shall be held in escrow (the "Escrow Shares") by the Company's solicitors until the Effective Date. Upon occurrence of the Effective Date, Enertopia will cause its solicitors to release the Escrow Shares from escrow. (Completed)
- d) On or before the first anniversary of the Execution Date, Enertopia shall pay the sum of \$250,000 to GCL and issue 3,000,000 Shares to GCL, in return for which Enertopia will be granted and vested with an additional 2% Ownership Interest for a total Ownership Interest of 51% at such time.
- e) On or before the second anniversary of the Execution Date, pay the sum of \$150,000 to GCL and issue 3,000,000 Shares to GCL, in return for which Enertopia will be granted and vested with an additional 9% Ownership Interest for a total Ownership Interest of 60% at such time.
- f) Upon earning a 60% Ownership Interest on or before the second anniversary of the Execution Date in accordance with Sections (d) and (e), Enertopia shall have the option to acquire an additional 15% Ownership Interest through the issuance of an additional 3,000,000 Shares to GCL on or before the third anniversary of the Execution Date.
- g) In the event the Effective Date does not occur within twelve (12) months from the Execution Date:
  - (i) GCL shall return all Shares issued to it by Enertopia pursuant to this Agreement other than 3,600,000 Shares of the 10,000,000 Shares issued pursuant to the term of GCL Agreement (comprised of 1,800,000 Shares issued to Wolverton Securities and 1,800,000 Shares issued to GCL) which GCL shall be entitled to retain;
  - (ii) The Management Agreements (as hereinafter defined) shall terminate immediately and Enertopia shall have no further obligation with respect to the Management Compensation (as hereinafter defined); and
  - (iii) This Agreement shall terminate and Enertopia will be released from all obligations under this GCL Agreement and GCL will also be so released provided that it has fulfilled its obligation pursuant to the term of CGL Agreement

The terms of the GCL Agreement also require Enertopia to fund, for a period of three years subject to early termination of the Agreement, any shortfall in the payment of management fees to certain Green Canvas consultants in the amount of \$15,000 per month, which fees are to be paid out of the gross profits of the joint venture.

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- (d) On March 5, 2014, the Company and Mr. Robert McAllister has entered into a three year Joint Venture Agreement ("JV") with Lexaria Corp. collectively, the "Parties"). Whereas the Company and Robert McAllister will source opportunities in the Business, and the terms and conditions on which the Parties will form a joint venture to jointly participate in, or offer specific opportunities within the Business (the "Joint Venture"), and Robert McAllister will join the Lexaria Corp. advisory board for the term of this Agreement. Lexaria Corp. issued the Company 1,000,000 shares and Robert McAllister 500,000 shares on signing of the Agreement. Lexaria agrees to additionally pay Enertopia a finder's commission, received at the sole election of Enertopia in either cash or in common restricted shares of Lexaria, within a range of 2% - 5% of the value (less of taxes) of any future Business acquisition, joint venture or transaction that Lexaria accepts and closes for the life of this Agreement. Lexaria as its initial Contribution, hereby pays to McAllister 500,000 common restricted shares as compensation for entering the Joint Venture and for McAllister to initiate and during the term of the Agreement continue to provide to Lexaria opportunities for Lexaria to build its Business. Lexaria agrees to additionally award McAllister 500,000 stock options to buy common shares of Lexaria, with terms to be specified and ratified by shareholder and regulatory approvals, as compensation for joining and serving as Chairperson of Lexaria's marijuana Business advisory board for the term of this Agreement.
- (e) On May 28, 2014, Enertopia and Lexaria signed a Definitive Agreement. Enertopia and Lexaria each wish to develop a business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, marijuana (the "Business") located in Ontario (the "Property"), and on or about April 10, 2014, the Parties entered a Letter of Intent that set forth the basic terms of a proposed joint venture agreement between Enertopia and Lexaria for those purposes. Whereby, Lexaria issued 500,000 common shares to Enertopia. Enertopia wishes to acquire a license from Health Canada a license to designate Enertopia as a Licensed Producer pursuant to Canada's Marijuana for Medical Purposes Regulations (the "License"). The Parties are entering into this Agreement to set out the terms and conditions by which Enertopia does own a 51% interest in the Business and Lexaria does own a 49% interest in the Business; and the terms and conditions on which the Parties will form and operate the joint venture to jointly participate in the Business (the "Joint Venture").

The Parties contribute the following as their initial contributions to the Business:

Enertopia, as its initial contribution, hereby contributes \$45,000 to the Joint Venture bank account. Lexaria, as its initial contribution, hereby contributes \$55,000 to the Joint Venture bank account.

The Parties shall have the following Ownership Interests under this Agreement and of the Business:

Enertopia - 51%

Lexaria - 49%

The Parties shall bear the costs arising under this Agreement and the operation of the Business as to the following, as further described in this Agreement (the "Cost Interests"):

Enertopia - 45%

Lexaria - 55%

The Parties shall have the following insured liability for all things that are not operating costs arising under this Agreement and the operation of the Business as to the following:

Enertopia - 51%

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Lexaria - 49%

The Parties shall receive all revenues and profits derived from the operation of the Business as to the following, as further described in this Agreement (the Revenue Interests ):

Enertopia - 51%

Lexaria - 49%

Enertopia shall act as the manager of the Operations (the "Manager") for so long as its Ownership Interest is 51% or more. Enertopia may designate a specified individual as Manager if the Parties unanimously consent to such appointment. If any party, including Lexaria, gains a 51% Ownership Interest in the Business, then Enertopia shall have the obligation, if requested by the 51% Ownership Interest party, to surrender the Manager position.

#### **9. SHORT TERM LOAN**

On February 9, 2012, the Company signed a Loan Agreement with Robert McAllister, president and director of the Company, to borrow \$50,045 (CAD\$50,000). The unsecured loan was due on May 9, 2012 at an interest rate of 10% per annum. Upon short term loan due, the loan term has been changed to a month to month.

On February 20, 2014, the Company paid back the loan in full to Robert McAllister.

#### **10. RELATED PARTIES TRANSACTION**

For the nine months ended May 31, 2014, the Company was party to the following related party transactions:

Paid/accrued \$49,500 (May 31, 2013: \$45,000) to the President of the Company in consulting fees.

Paid/accrued \$55,500CAD (May 31, 2013: \$49,500CAD) in consulting fees to a company controlled by the CFO of the Company.

Paid \$75,000CAD (May 31, 2013: \$Nil) in consulting fees to the Senior Business Development

As at May 31, 2014, \$72,910 was payable to the officers/directors and the companies controlled by the officers/directors of the Company.

Director of Enertopia fell under the short swing rule and paid the Company \$7,058.

See Note 8 and 9.

The related party transactions are recorded at the exchange amount established and agreed to between the related parties.

#### **11. COMMON STOCK**

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On September 17, 2013 the Company entered into an AMI Participation Agreement with Downhole Energy LLC to participate in 100% gross interest and 75% net revenue interest for drilling, completion and production of up to 100 oil wells on certain oil and gas leases covering 2,924 in the historic field located in Forest and Venango counties, Pennsylvania. On execution of this agreement the company issued 100,000 of its common shares at a price of \$0.04 to Downhole Energy LLC.

On October 4, 2013 the Company entered into a consulting agreement with a six months term with Olibri Acquisitions and issued 750,000 common shares at a price of \$0.05 of the Company for services provided in oil and gas consulting.

On November 18, 2013, the Company entered into an investor relations contract with Coal Harbour Communications Inc. In consideration for the services the Company issued 200,000 of restricted common stock at a price of \$0.07 of the Company.

On November 15, 2013, the Company issued 10,000,000 shares of the restricted common stock of the Company at a price of \$0.04 per share to 0984329 B.C. Ltd at the direction of WOM pursuant to the term of LOI signed with WOM.

On November 26, 2013, the Company closed the first tranche of a private placement of 2,720,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$136,000 (\$136,000). Each warrant will be exercisable into one further share at a price of \$0.10 per warrant share for a period of thirty six month following the close.

On December 23, 2013, the Company closed its final tranche of a private placement of 2,528,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$126,400 (\$126,400). Each warrant will be exercisable into one further share at a price of \$0.10 per warrant share for a period of thirty six months following the close. The Company also paid a cash finders fee of \$10,140 and 202,800 broker warrants to Canaccord Genuity and Wolverton Securities that are exercisable into one common share at a price of \$0.10 that expire on December 23, 2016.

On January 16, 2014, the Company issued 5,000,000 common shares of the Company at a price of \$0.18 per share to 0984329 BC Ltd, which shares will be held in escrow by the Company's solicitors until such time which subject to certain condition has occurred per the term of the WOM Agreement.

On January 13, 2014, the Company entered into a corporate development agreement with Don Shaxon. The initial term of this agreement shall begin on the date of execution of this agreement and continue for twelve months. In consideration for the services the Company issued 250,000 common shares of the Company at a price of \$0.15 per share to Don Shaxon as a signing stock bonus. As at February 28, 2014, a total of \$4,685 has been expensed and \$32,812 has been recorded as prepayment.

On January 31, 2014, the Company accepted and received gross proceeds of CAD\$40,500 (\$37,500), for the exercise of 350,000 stock options; 100,000 at \$0.075 each, 150,000 stock options at \$0.10 each, and 100,000 stock options at \$0.15 each; into 350,000 common shares of the Company.

On January 31, 2014, the Company closed the first tranche of a private placement of 4,292,000 units at a price of \$0.10 per unit for gross proceeds of \$429,200. Each Unit consists of one common share of the Company and one half (1/2) of one non-transferable Share purchase warrant (each whole warrant, a Warrant). Each Warrant will be exercisable into one further Share at a price of \$0.15 per Warrant Share for a period of twenty four (24) months following closing. A cash finders fee for \$29,616 and 296,160 full broker warrants that expire on January 31, 2016 with an exercise price of \$0.15 was paid to Canaccord Genuity, Leede Financial and Wolverton Securities.

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On February 13, 2014, the Company closed the final tranche of a private placement by issuing 12,938,000 units at a price of \$0.10 per unit for gross proceeds of \$1,293,800. Each Unit consists of one common share of the Company and one half (1/2) of one non-transferable Share purchase warrant (each whole warrant, a Warrant ). Each Warrant will be exercisable into one further Share at a price of \$0.15 per Warrant Share for a period of twenty four (24) months following closing. One Director and One Officer of the Company participated in the final tranche for \$30,000. A cash finders fee for \$98,784; 8,000 common shares in lieu of \$800 finders fee and 995,840 full broker warrants that expire on February 13, 2016 with an exercise price of \$0.15 was paid to Canaccord Genuity, Global Market Development LLC and Wolverton Securities.

On February 13, 2014, 50,000 stock options were exercised at a price of \$0.06 by a Director and 50,000 stock options were exercised at a price of \$0.075 by a Consultant for net proceeds to the Company of CAD\$7,050 (\$6,750) into 100,000 common shares of the Company.

On February 13, 2014, 541,500 warrants from previous private placements were exercised into 541,500 common shares of the Company for net proceeds of \$101,100.

On February 27, 2014, 585,000 warrants from previous private placements were exercised into 585,000 common shares of the Company for net proceeds of \$115,000.

On February 27, 2014, the Company signed a \$50,000 12 month marketing agreement with Agoracom payable in common shares of the Company. The first quarter payment of \$12,500 has been paid by issuing 54,347 common shares of the Company at a market price of \$0.23 per share.

On February 28, 2014, the Company issued to GCL an aggregate of 10,000,000 common shares at a price of \$0.235 of the Company. Of such shares issued, 6,400,000 of the shares issued pursuant shall be held in escrow (the "Escrow Shares") by the Company's solicitors until such time which subject to certain condition has occurred per the term of the GCL Agreement.

On March 11, 2014, Robert Chadwick joined the Company as an advisor and was paid a \$1,000 honorarium. Robert Chadwick was issued a one-time 100,000 common shares of the Company.

On March 11, 2014, as per the terms of the Joint Venture Agreement dated January 16, 2014 with World of Marihuana Productions Ltd., the Company made a payment of \$200,000 and issued 1,000,000 at a price of \$0.68 per share to 0984329 B.C. LTD, the Company now owns 31% in the Joint Venture business interest with World of Marihuana Productions Ltd.

On March 14, 2014, 815,310 warrants from previous private placements were exercised into 815,310 common shares of the Company for net proceeds of \$163,062.

On March 14, 2014, the Company accepted and received gross proceeds from a director of the Company of CAD\$8,250 (US\$7,500), for the exercise of 50,000 stock options at an exercise price of \$0.15, into 50,000 common shares of the Company.

On March 17, 2014, 1,548,000 warrants from previous private placements were exercised into 1,548,000 common shares of the Company for net proceeds of \$289,475.

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On March 25, 2014, Enertopia Corp (the Company ) accepted and received gross proceeds of \$67,750, for the exercise of 325,000 stock options at \$0.06 to \$0.25 each, into 325,000 common shares of the Company.

On March 25, 2014, 1,095,000 warrants from previous private placements were exercised into 1,095,000 common shares of the Company for net proceeds of \$114,250.

On March 26, 2014, the Company s Board has appointed Dr. Robert Melamede as an Advisor to the Board of Directors and has been paid an honorarium of \$2,500 for the first year of his participation on our Advisory Board and issued 250,000 shares of common stock of the Company.

On April 3, 2014, 1,293,500 warrants from previous private placements were exercised into 1,293,500 common shares of the Company for net proceeds of \$177,950.

On April 3, 2014, the Company accepted and received gross proceeds from past consultant of the Company of \$1,500 for the exercise of 25,000 stock options at an exercise price of \$0.06, into 25,000 common shares of the Company.

On April 10, 2014 a letter of intent, was executed on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation(Lessee) and Mr. Jeff Paikin of Ontario Inc. (Lessor) sets out the Lessee s and Lessor s shared intent to enter into a lease agreement (the Lease ) for warehouse space (the Leased Premises ) in the building located in Ontario (the Building ). The Company issued the 38,297 common shares at a deemed price of \$0.47 per the terms of the Letter of Intent to lease space in Ontario. The LOI has been extended for another 30 days.

On April 17, 2014, the Company accepted and received gross proceeds from a director of CAD\$8,475 (US\$7,500), for the exercise of 50,000 stock options at \$0.15 into 50,000 common shares of the Company.

On April 17, 2014, 651,045 warrants from previous private placements were exercised into 651,045 common shares of the Company for net proceeds of \$110,209.

On April 14, 2014, the Company appointed Mr. Jeff Paikin to its Advisory Board for a period of not less than one year, but to be determined by certain performance thresholds described in the letter. Upon signing of the letter of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the letter, Mr. Paikin can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Paikin can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 24, 2014 the Company entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Kent can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Kent can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 24, 2014 the Company entered into a one year consulting contract with Don Shaxon as Ontario Operations Manager for a monthly fee of CAD\$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Shaxon can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Shaxon can be eligible to receive up to a total of 1,350,000 common shares of the Company.

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On April 24, 2014 the Company entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, wholly owned company by Greg Boone as Human Resources Manager. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Boone or his company can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Boone can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 24, 2014 the Company entered into a one year consulting contract with Jason Springett as Master Grower for Ontario Operations for a monthly fee of \$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Springett can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Springett can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 24, 2014 the Company entered into a one year consulting contract with 2342878 Ontario Inc. wholly owned company by Chris Hornung as Assistant Operations Manager. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Hornung or his company can be eligible to receive up to a total of 472,500 common shares of the Company. On April 30, 2014, 200,000 warrants from previous private placements were exercised into 200,000 common shares of the Company for net proceeds of \$40,000.

On May 3, 2014 the Company entered into a one year consulting contract with Bmullan and Associates wholly owned company by Brian Mullan as Security Consultant. Upon signing of the contract of acceptance the Company issued 45,000 common shares at a deemed price of \$0.28. Based on the milestones listed in the contract, Mr. Mullan or his company can be eligible to receive up to a total of 225,000 common shares of the Company.

On May 29, 2014, the Company accepted and received gross proceeds of \$20,000 for the exercise of 200,000 warrants at \$0.10 each into 200,000 common shares of the Company.

As at May 31, 2014, the Company had 88,957,414 shares issued and outstanding.

## **12. STOCK OPTIONS AND WARRANTS**

### **Stock Options**

On April 14, 2011, the shareholders approved and adopted at the Annual General Meeting to consolidate the Company's 2007 Equity compensation plan and the Company's 2010 Equity Compensation Plan into a new Company 2011 Stock Option Plan. The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by providing an incentive mechanism to foster the interest of eligible persons in the success of the Corporation and its affiliates; encouraging eligible persons to remain with the Corporation or its affiliates; and attracting new Directors, Officers, Employees and Consultants.

On November 5, 2013 the Company granted 675,000 stock options to directors, officers, and consultant of the Company with an exercise price of \$0.06 vested immediately, expiring November 5, 2018.

On November 18, 2013, the Company granted 25,000 stock options to consultant of the Company with an exercise price of \$0.09 vested immediately, expiring November 18, 2018.

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On January 1, 2014, the Company granted 200,000 stock options to consultant of the Company with an exercise price of \$0.075 with 100,000 stock options vesting immediately, 50,000 stock options vested 30 days after the grant and 50,000 stock options vested 60 days after the grant, expiring January 1, 2019.

On January 13, 2014, the Company granted 250,000 stock options to consultant of the Company. with respect to the Corporate Development Agreement dated January 13, 2014. The exercise price of the stock options is \$0.16, 250,000 stock options vested immediately, expiring January 13, 2019.

On February 5, 2014, Ryan Foster has joined the Company as an advisor the Company has granted 50,000 stock options to Ryan Foster with an exercise price of \$0.35, 25,000 stock options vested immediately, 25,000 stock options vested on July 1, 2014, expiring February 5, 2019.

On March 11, 2014, the Company granted 100,000 stock options to Robert Chadwick with an exercise price of \$0.68, 50,000 stock options vested immediately, 50,000 stock options vested on September 11, 2014, expiring March 11, 2019. The Company also granted 100,000 options to Clayton Newbury with an exercise price of \$0.68, 50,000 stock options vested immediately, 50,000 stock options vested on September 11, 2014, expiring March 11, 2019.

On March 14, 2014, the Company accepted and received gross proceeds from a director of the Company of CAD\$8,250 (US\$7,500), for the exercise of 50,000 stock options at an exercise price of \$0.15, into 50,000 common shares of the Company.

On March 25, 2014, Enertopia Corp (the Company ) accepted and received gross proceeds of \$67,750, for the exercise of 325,000 stock options at \$0.06 to \$0.25 each, into 325,000 common shares of the Company.

On March 26, 2014, the Company s Board has appointed Dr. Robert Melamede as an Advisor to the Board of Directors the Company has granted 500,000 stock options with an exercise price of \$0.70, 250,000 stock options vest immediately and the remaining 250,000 stock options vest September 26, 2014, expiring March 26, 2019.

On April 1, 2014, the Company granted 100,000 stock options vesting immediately, with an exercise price of \$0.86, expiring April 1, 2019.

On April 1, 2014, the Company granted 100,000 stock options vesting immediately with an exercise price of \$0.86, expiring April 1, 2019.

On April 3, 2014, the Company entered into another 3 month Social Media/Web Marketing Agreement with Stuart Gray. The Company issued 100,000 stock options. The exercise price of the stock options is \$0.72, 100,000 stock options vested immediately, expiring April 3, 2019.

On April 3, 2014, the Company accepted and received gross proceeds from past consultant of the Company of \$1,500 for the exercise of 25,000 stock options at an exercise price of \$0.06, into 25,000 common shares of the Company.

On April 8, 2014, the Company granted 50,000 stock options to a consultant of the Company, Taven White. The exercise price of the stock options is \$0.50, 50,000 stock options vested immediately, expiring April 8, 2019.

On April 17, 2014, the Company accepted and received gross proceeds from a director of CAD\$8,475 (US\$7,500), for the exercise of 50,000 stock options at \$0.15 into 50,000 common shares of the Company.

For the nine months ended May 31, 2014, the Company recorded \$673,886 (May 31, 2013 \$Nil) stock based compensation expenses which has been included in consulting fees.

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A summary of the changes in stock options for the nine months ended May 31, 2014 is presented below:

|                          | Number of Shares | Options Outstanding<br>Weighted Average<br>Exercise Price |
|--------------------------|------------------|---|
| Balance, August 31, 2013 | 2,455,000        | \$ 0.15   |
| Expired                  | (150,000)        | 0.18  |
| Exercised                | (900,000)        | 0.10  |
| Granted                  | 2,250,000        | 0.70  |
| Balance, May 31, 2014    | 3,655,000        | \$ 0.13   |

The fair value of options granted has been estimated as of the date of the grant by using the Black-Scholes option pricing model with the following assumptions:

|                                 | May 31 2014    | August 31, 2013 |
|---------------------------------|----------------|-----------------|
| Expected volatility             | 204%-226%      | 134.43%-142.22% |
| Risk-free interest rate         | 1.33%-1.79%    | 1.32%-1.46%     |
| Expected life                   | 5.00 years     | 5.00 years      |
| Dividend yield                  | 0.00%          | 0.00%           |
| Estimated fair value per option | \$ 0.05-\$0.86 | \$ 0.06         |

The Company has the following options outstanding and exercisable.

| May 31, 2014    | Options outstanding |                            |                | Options exercisable          |                |  |
|-----------------|---------------------|----------------------------|----------------|------------------------------|----------------|--|
| Exercise prices | Number of shares    | Remaining contractual life | Exercise Price | Number of shares exercisable | Exercise Price |  |
| \$0.50          | 50,000              | 4.85 years                 | \$ 0.50        | 50,000                       | \$ 0.50        |  |
| \$0.72          | 100,000             | 4.84 years                 | \$ 0.72        | 100,000                      | \$ 0.72        |  |
| \$0.86          | 200,000             | 4.84 years                 | \$ 0.86        | 200,000                      | \$ 0.86        |  |
| \$0.70          | 500,000             | 4.82 years                 | \$ 0.70        | 250,000                      | \$ 0.70        |  |
| \$0.68          | 200,000             | 4.78 years                 | \$ 0.68        | 100,000                      | \$ 0.68        |  |
| \$0.35          | 50,000              | 4.69 years                 | \$ 0.35        | 25,000                       | \$ 0.35        |  |
| \$0.16          | 250,000             | 4.62 years                 | \$ 0.16        | 250,000                      | \$ 0.16        |  |
| \$0.075         | 50,000              | 4.59 years                 | \$ 0.075       | 50,000                       | \$ 0.075       |  |
| \$0.06          | 550,000             | 4.43 years                 | \$ 0.06        | 550,000                      | \$ 0.06        |  |
| \$0.10          | 300,000             | 0.39 years                 | \$ 0.10        | 300,000                      | \$ 0.10        |  |
| \$0.10          | 400,000             | 0.58 years                 | \$ 0.10        | 400,000                      | \$ 0.10        |  |
| \$0.15          | 555,000             | 1.71 years                 | \$ 0.15        | 555,000                      | \$ 0.15        |  |
| \$0.15          | 150,000             | 1.77 years                 | \$ 0.15        | 150,000                      | \$ 0.15        |  |
| \$0.15          | 150,000             | 2.80 years                 | \$ 0.15        | 150,000                      | \$ 0.15        |  |
| \$0.20          | 100,000             | 1.44 years                 | \$ 0.20        | 100,000                      | \$ 0.20        |  |
| \$0.25          | 50,000              | 2.00 years                 | \$ 0.25        | 50,000                       | \$ 0.25        |  |
|                 | 3,655,000           | 3.19 years                 | \$ 0.30        | 2,280,000                    | \$ 0.30        |  |

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| August 31, 2013 | Options outstanding |                            |                | Options exercisable          |                |  |
|-----------------|---------------------|----------------------------|----------------|------------------------------|----------------|--|
| Exercise prices | Number of shares    | Remaining contractual life | Exercise Price | Number of shares exercisable | Exercise Price |  |
| \$0.10          | 400,000             | 1.14 years                 | \$ 0.10        | 400,000                      | \$ 0.10        |  |
| \$0.10          | 450,000             | 1.33 years                 | \$ 0.10        | 450,000                      | \$ 0.10        |  |
| \$0.15          | 655,000             | 2.46 years                 | \$ 0.15        | 655,000                      | \$ 0.15        |  |
| \$0.15          | 150,000             | 2.44 years                 | \$ 0.15        | 150,000                      | \$ 0.15        |  |
| \$0.15          | 250,000             | 3.55 years                 | \$ 0.15        | 250,000                      | \$ 0.15        |  |
| \$0.18          | 150,000             | 1.98 years                 | \$ 0.18        | 150,000                      | \$ 0.18        |  |
| \$0.20          | 100,000             | 1.98 years                 | \$ 0.20        | 150,000                      | \$ 0.20        |  |
| \$0.25          | 300,000             | 2.76 years                 | \$ 0.25        | 300,000                      | \$ 0.25        |  |
|                 | 2,455,000           | 2.18 years                 | \$ 0.15        | 2,455,000                    | \$ 0.15        |  |

**Warrants**

On November 26, 2013 the Company closed the first tranche of a private placement of 2,720,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$136,000 (\$136,000). Each warrant will be exercisable into one further share at a price of \$0.10 per warrant share for a period of thirty six months following the close.

On December 23, 2013, the Company closed its final tranche of a private placement of 2,528,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$126,400 (\$126,400). Each warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of thirty six months following the close. The Company also paid a cash finders fee of \$10,140 and 202,800 broker warrants to Canaccord Genuity and Wolverton Securities that are exercisable into one common share at a price of US\$0.10 that expire on December 23, 2016.

On January 31, 2014, Enertopia closed the first tranche of a private placement of 4,292,000 units at a price of US\$0.10 per unit for gross proceeds of \$429,200. Each Unit consists of one common share of the Company and one half (1/2) of one non-transferable Share purchase warrant (each whole warrant, a Warrant ). Each Warrant will be exercisable into one further Share at a price of \$0.15 per Warrant Share for a period of twenty four (24) months following closing. A cash finders fee for \$29,616 and 296,160 full broker warrants that expire on January 31, 2016 with an exercise price of \$0.15 was paid to Canaccord Genuity, Leede Financial and Wolverton Securities.

On February 13, 2014, Enertopia closed the final tranche of a private placement by issuing 12,938,000 units at a price of \$0.10 per unit for gross proceeds of \$1,293,800. Each Unit consists of one common share of the Company and one half (1/2) of one non-transferable Share purchase warrant (each whole warrant, a Warrant ). Each Warrant will be exercisable into one further Share at a price of \$0.15 per Warrant Share for a period of twenty four (24) months following closing. One Director and One Officer of the Company participated in the final tranche for \$30,000. A cash finders fee for \$98,784; 8,000 common shares in lieu of \$800 finders fee and 995,840 full broker warrants that expire on February 13, 2016 with an exercise price of \$0.15 was paid to Canaccord Genuity, Global Market Development LLC and Wolverton Securities.

On February 13, 2014, 541,500 warrants from previous private placements were exercised into 541,500 common shares of the Company for net proceeds of US\$101,100. The exercise price was \$0.20 for 469,500 warrants and \$0.10 for 72,000 warrants.

On February 27, 2014, 585,000 warrants from previous private placements were exercised into 585,000 common shares of the Company for net proceeds of US\$115,000. The exercise price was \$0.20 for 565,000 warrants and \$0.10 for 20,000 warrants.



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On March 14, 2014, 815,310 warrants from previous private placements were exercised into 815,310 common shares of the Company for net proceeds of \$163,062.

On March 17, 2014, 1,548,000 warrants from previous private placements were exercised into 1,548,000 common shares of the Company for net proceeds of US\$289,475.

On March 25, 2014, 1,095,000 warrants from previous private placements were exercised into 1,095,000 common shares of the Company for net proceeds of US\$114,250.

On April 3, 2014, 1,293,500 warrants from previous private placements were exercised into 1,293,500 common shares of the Company for net proceeds of US\$177,950.

On April 17, 2014, 651,045 warrants from previous private placements were exercised into 651,045 common shares of the Company for net proceeds of US\$110,209.

On April 30, 2014, 200,000 warrants from previous private placements were exercised into 200,000 common shares of the Company for net proceeds of US\$40,000.

On May 29, 2014, the Company accepted and received gross proceeds of \$20,000 for the exercise of 200,000 warrants at \$0.10 each into 200,000 common shares of the Company.

A summary of warrants as at May 31, 2014 and August 31, 2013 is as follows:

|                          | Number of warrant | Warrant Outstanding Weighted Average Exercise Price |
|--------------------------|-------------------|---|
| Balance, August 31, 2013 | 5,429,800         | \$ 0.20   |
| Exercised                | (6,929,355)       | \$ 0.20   |
| Granted                  | 15,357,800        | \$ 0.13   |
| Balance, May 31, 2014    | 13,858,245        | \$ 0.15   |

| Number Outstanding <sup>1</sup> | Exercise Price               | Expiry Date   |
|---------------------------------|------------------------------|---------------|
| 460,000                         | 0.10; \$0.20 after 12 months | July 27, 2015 |
| 136,000                         | 0.10; \$0.20 after 12 months | Aug 24, 2015  |
| 278,275                         | 0.10; \$0.20 after 12 months | Sep 28, 2015  |
| 430,670                         | 0.10; \$0.20 after 12 months | Nov 15, 2015  |
| 1,720,000                       | \$0.10                       | Nov 26, 2016  |
| 1,438,800                       | \$0.10                       | Dec 23, 2016  |
| 2,167,160                       | \$0.15                       | Jan 31, 2016  |
| 7,227,340                       | \$0.15                       | Feb 13, 2016  |
| 13,858,245                      |                              |               |

1. Each warrant entitles a holder to purchase one common share.

**13. COMMITMENTS OTHER**

- (a) The Company has a consulting agreement with the President of the Company for corporate administration and consulting services for \$5,000 per month plus HST/GST on a continuing basis.
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Effective March 1, 2014, the Company entered into a new consulting contract with the consulting services at \$6,500 per month plus GST.

- (b) On October 9, 2009, the Company entered into consulting agreement with BKB Management Ltd., a corporation organized under the laws of the Province of British Columbia. BKB Management Ltd. is a consulting company controlled by the chief financial officer of the Company. BKB Management provides management consulting services for CAD\$4,500 per month plus HST/GST. Effective April 1, 2011, the consulting services are CAD\$5,500 per month plus HST/GST. Effective March 1, 2014, the Company entered into a new consulting agreement with the consulting services at CAD\$7,500 per month plus GST.
- (c) On January 1, 2014, the Company entered into an Social Media/Web Marketing Agreement with Stuart Gray. The initial term of this agreement shall begin on the date of execution of this Agreement and continue for three months. In consideration for the services the Company will pay the Provider Stuart Gray a monthly fee of \$5,000. Upon execution of the Agreement, the Company issued 200,000 stock options. The exercise price of the stock options is \$0.075, 100,000 stock options vested immediately, 50,000 stock options vested 30 days after the grant and 50,000 stock options vested 60 days after the grant, expiring January 1, 2019.
- (d) On January 13, 2014, the Company entered into a corporate development agreement with Don Shaxon. The initial term of this agreement shall begin on the date of execution of this agreement and continue for twelve months. Thereafter the agreement will continue on a month-by-month basis pending cancelation by written notification with 30 days notice. In consideration for the services the Company will pay the Provider Don Shaxon a signing stock bonus of 250,000 common shares of the Company, one-time cash bonus of \$40,000 90 days after the commencement of the contract, and a monthly fee of \$3,500 plus \$500 in monthly expenses. Upon execution of the Agreement, the Company also granted 250,000 stock options to Don Shaxon with respect to the corporate development agreement dated January 13, 2014. The exercise price of the stock options is \$0.16, 250,000 stock options vested immediately, expiring January 13, 2019.
- (e) On February 27, 2014, the Company signed a \$50,000 12 month marketing agreement with Agoracom payable in common shares of the Company on a quarterly basis. The first quarter payment of \$12,500 has been paid by issuing 54,347 common shares of the Company at a market price of \$0.23 per share.
- (f) On March 10, 2014, the Company's Board has appointed Mr. Matthew Chadwick and the Company entered into a Management Agreement with Matthew Chadwick as Senior Vice President of Marijuana Operations. The initial term of this agreement shall begin on the date of execution of this agreement and continue for six months. Thereafter the agreement will continue on a month-by-month basis pending cancelation by written notification with 30 days notice. In consideration for the services the Company will pay Mr. Matthew Chadwick CAD\$25,000 per month.
- (g) On March 14, 2014, the Company signed a six month contract for \$21,735 with The Money Channel to provide services for national television, internet and radio media campaign.
- (h) On April 1, 2014, the Company has entered into a one year consulting agreement with Kristian Dagsaan to provide controller services for CAD\$3,000 plus GST per month.
- (i) On April 1, 2014, the Company entered into a 90 day investor relations contract for CAD \$9,000 with Ken Faulkner.

- (j) On April 3, 2014, the Company entered into another 3 month Social Media/Web Marketing Agreement with Stuart Gray. In consideration for the services the Company will pay the Provider Stuart Gray a monthly fee of \$5,000.
- (k) Also see note 7, 8, 11, 15.

#### 14. SEGMENTED INFORMATION

The Company identifies its segments based on the way management organizes the Company to assess performance and make operating decisions regarding the allocation of resources. In accordance with the criteria in FASB ASC 280 "Segment Reporting," the Company has concluded it has two reportable segments: renewable energy, and oil and gas, and medical marijuana, which are managed separately based on fundamental differences in their operations nature.

Summarized financial information concerning the Company's reportable segments is shown in the following tables:

| Quarter ended May 31, 2014        | Renewable energy | Oil and Gas | Medical Marijuana | Corporate    | Consolidated |
|-----------------------------------|------------------|-------------|-------------------|--------------|--------------|
| Revenues                          | \$ -             | \$ -        | \$ -              | \$ -         | \$ -         |
| Net income (loss) from operations |                  |             | 240,625           | (1,685,520)  | (1,444,895)  |
| Total assets                      | \$ 1             | \$ 4,000    | \$ 4,863,829      | \$ 1,961,637 | \$ 6,829,466 |

The operations of the Group are located geographically in the United States, except for the Medical Marijuana which is in Canada. The administrative functions are all located geographically in Canada.

#### 15. SUBSEQUENT EVENTS

- (a) On June 2, 2014, the Company signed a 30 day contract for \$10,000 with TDM Financial to provide services for original video production, original coverage, network placement of video and article, article and video syndication, email distribution, and reporting.
- (b) On June 9, 2014 as per marketing agreement signed with Agoracom on February 27, 2014 for a 12 month contract, the Company made its second quarter payment is \$12,500 plus GST by issuing 72,917 common shares of the Company at a market price of \$0.18 per share.
- (c) On July 1, 2014, the Company has entered into a one year services agreement with TDM Financial for \$120,000 payable in common shares of the Company. TDM Financial will provide marketing solutions and strategies to the Company. Upon the signing of the contract with TDM Financial, the Company issued 750,000 common stock of the Company at a deemed price of \$0.16 for the term of the agreement.

#### 16. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the presentation adopted in the current period.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### *Forward-Looking Statements*

This quarterly report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited interim consolidated financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our unaudited interim consolidated financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report, particularly in the section entitled "Risk Factors" of this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "CDN\$" refer to Canadian dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this quarterly report, the terms "we", "us", "our" and "Company" mean Company and/or our subsidiaries, unless otherwise indicated.

### **Overview**

Enertopia Corp. was formed on November 24, 2004 under the laws of the State of Nevada and commenced operations on November 24, 2004.

From inception until April 2008, we were primarily engaged in the acquisition and exploration of natural resource properties. Beginning in April 2008, we began our entry into the clean energy sector by purchasing an interest in a solar thermal design and installation company. In late summer 2013, we began our entry into medicinal marijuana business.

The Company is diverse in its pursuit of business opportunities in several sectors, including: Medicinal Marijuana, Oil and Gas, Solar PV (Photovoltaic), Solar Thermal (Hot Water), Energy Retrofits and Recovery, and Solar powered Filtered Drinking Water.

The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1675. We have another office located in Kelowna. Our current locations provide adequate office space for our purposes at this stage of our development.

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Due to the implementation of British Columbia Instrument 51-509 on September 30, 2008 by the British Columbia Securities Commission, we have been deemed to be a British Columbia based reporting issuer. As such, we are required to file certain information and documents at [www.sedar.com](http://www.sedar.com).

Effective September 25, 2009, we effected a one (1) for two (2) share consolidation of our authorized and issued and outstanding common stock. As a result, our authorized capital decreased from 75,000,000 shares of common stock with a par value of \$0.001 to 37,500,000 shares of common stock with a par value of \$0.001 and our issued and outstanding shares decreased from 29,305,480 shares of common stock to 14,652,740 shares of common stock. The consolidation became effective with the Over-the-Counter Bulletin Board at the opening for trading on September 25, 2009 under the new stock symbol **GLCP**. Our new CUSIP number at that time was **38079Q207**.

On October 9, 2009, we appointed Bal Bhullar as our chief financial officer. Concurrent with the appointment of Ms. Bhullar, we entered into an initial six-month management agreement, thereafter month to month, with BKB Management Ltd., a consulting company controlled by Bal Bhullar.

On January 31, 2010, the Company entered into an Independent Sales and Marketing Representative Agreement with Global Solar Water Power Systems Inc. ("GSWPS"), a private company beneficially owned by Mark Snyder, the Company's former Chief Technical Officer.

On February 5, 2010, the Company held its Annual and Special Meeting of Shareholders for the following purposes:

1. To approve the change of the Company's name from Golden Aria Corp. to Enertopia Corporation.
2. To approve an increase in the Company's authorized capital from 37,500,000 to 200,000,000.
3. To approve the Company's proposed 2010 Equity Compensation Plan.
4. To elect Robert McAllister, Dr. Gerald Carlson and Chris Bunka as directors of the Company for the ensuing year.
5. To appoint Chang Lee LLP, Chartered Accountants, as the auditors of the Company for the ensuing year, at a remuneration to be fixed by the directors.

All proposals were approved by the shareholders. The proposals are described in detail in the Company's definitive proxy statement filed with the Securities and Exchange Commission on January 12, 2010.

On February 8, 2010, the Company changed its name from Golden Aria Corp. to Enertopia Corp. Our new CUSIP number is **29277Q1047**

On February 22, 2010, the Company increased its authorized share capital to 200,000,000 common shares.

On February 28, 2010, the Company entered into an Asset and Share Purchase Agreement with Mr. Mark Snyder to acquire up to 20% ownership interest of Global Solar Water Power Systems Inc. (GSWPS).

Effective March 26, 2010, Enertopia Corp. (the Company) had its stock quotation under the symbol GLCP deleted from the OTC Bulletin Board. The symbol was deleted for factors beyond the Company's control due to various market makers electing to shift their orders from the OTCBB to the Pink OTC Markets Inc. As a result of these market makers not providing a quote on the OTCBB for four consecutive days the Company was deemed to be deficient in maintaining a listing standard at the OTCBB pursuant to Rule 15c2-11. That determination was made entirely without the Company's knowledge.

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On April 7, 2010, FINRA confirmed the name change from Golden Aria Corp. to Enertopia Corp., and approved the Company's new symbol as ENRT. On February 5, 2010, the Company's shareholders approved an amendment to the Company's articles of incorporation to change its name from Golden Aria Corp. to Enertopia Corp. The name change was effected with the Nevada Secretary of State on February 8, 2010.

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On May 31, 2010, the Company closed a private placement financing of 557,500 units at a price of \$0.15 per unit for gross proceeds of \$83,625. Each unit consisted of one common share in the capital of the Company and one non-transferable share purchase warrant, each full warrant entitling the holder to purchase one additional common share in the capital of the Company until May 31, 2012, at a purchase price of \$0.30 per share.

On August 12, 2010, the Company was approved for listing on the Canadian National Stock Exchange ( CNSX ). Trading date commenced on August 13, 2010 with the symbol **TOP**.

On October 25, 2010 Company disposed of the Coteau Lake interests for cash consideration of \$100,000 plus an additional potential payout which shall be based on a 10% profit interest on any and all productive wells drilled on the property, up to \$150,000. No receivable was recorded as the future potential payout cannot be reasonably determined.

On January 31, 2011, the Company entered into a letter of intent and paid \$7,500 deposit to Wildhorse Copper Inc. and its wholly owned subsidiary Wildhorse Copper (AZ) Inc. (collectively, the Optionors ). On April 11, 2011, the Company signed a Mineral Purchase Option Agreement ( Option Agreement ) with the Optionors respecting an option to earn a 100% interest, subject to a 1% NSR capped to a maximum of \$2,000,000 in a property known as the Copper Hills property. The Copper Hills property is comprised of 56 located mining claims covering a total of 1,150 acres located in New Mexico, USA. The Optionors hold the Copper Hills property directly and indirectly through property purchase agreements between the Optionors and third parties (collectively, the Indirect Agreements ). Pursuant to the Option Agreement the Optionors have assigned the Indirect Agreements to the Company. In order to earn the interest in the Copper Hills property, the Company is required to make aggregate cash payments of \$591,650 over an eight year period and issue an aggregate of 1,000,000 shares of its common stock over a three year period. As at August 31, 2013, the Company has issued 500,000 shares at price of \$0.15 per share and 150,000 shares at price of \$0.10 per share to the Optionors and made aggregate cash payment of \$106,863 (August 31, 2012-\$106,863); the Company has expensed exploration costs of \$143,680 (August 31, 2012-\$143,680). On June 26, 2013, the Company announced the termination of its Option Agreement. the Company had made aggregate cash payments of \$106,863 and issued 500,000 shares at price of \$0.15 per share and 150,000 common shares at \$0.10 per share to Wildhorse Copper Inc. See note (7).

On March 3, 2011, the Company closed a private placement of 8,729,000 units at a price of CAD\$0.10 per unit for gross proceeds of CAD\$872,900, or US\$893,993. Each unit consisted of one common share in the capital of our company and one non-transferable share purchase warrant, each full warrant entitling the holder to purchase one additional common share in the capital of our company until March 3, 2013, subject to accelerated expiry as set out in the warrant certificate, at a purchase price of CAD\$0.20. As per the terms of the Subscription Agreement, our company grants to the Subscribers a participation right to participate in future offerings of our securities as to their pro rata shares for a period of 12 months from the closing of the Private Placement. We paid broker commissions of \$48,930 in cash and issued 489,300 brokers warrants. Each full warrant entitled the holder to purchase one additional common share in the capital of our company that expired on March 3, 2013, which was subject to accelerated expiry as set out in the warrant certificate, at a purchase price of CAD\$0.20.

On March 16, 2011, we entered into a debt settlement agreement with an officer of our company, whereby we issued 78,125 shares of common stock in connection with the settlement of \$12,500 debt at a deemed price of \$0.16 per share pursuant to a consulting agreement. We recorded \$12,422 in additional paid in capital for the gain on the settlement of the debt.

On April 14, 2011, we held our Annual and Special Meeting of Shareholders for the following purposes:

1. To elect Robert McAllister, Dr. Gerald Carlson and Chris Bunka as directors of the Company for the ensuing year.



2. To ratify Chang Lee LLP, independent public accounting firm for the fiscal year ending August 31, 2011, and to allow directors to set the remuneration.
3. To approve, ratify and confirm the consolidation of the 2007 Stock Option Plan and the 2010 Equity Compensation Plan into one plan and approve the terms of this new plan, the 2011 Stock Option Plan.

All proposals were approved by the shareholders. The proposals are described in detail in our definitive proxy statement filed with the Securities and Exchange Commission on March 9, 2011.

On April 27, 2011, we entered into a debt settlement agreement with the President of our Company, who is a related party, in the amount of \$46,000, whereby \$25,000 was settled by issuing common shares of 100,000, and \$21,000 was forgiven for Nil consideration. In connection with the debt settlement, we recorded \$100 in share capital and \$45,900 in additional paid in capital for the gain on the settlement of the debt.

On May 31, 2011, the Company settled the amount due to related parties into two promissory notes of \$80,320 (CAD\$84,655) and \$90,000. Both promissory notes were unsecured, non-interest bearing and due on May 31, 2012 at an imputed interest rate of 12% per annum upon the settlement. On April 27, 2011, we entered into debt settlement agreement with one of the holders, a company controlled by the Chairman/CEO of the Company, whereby the Company issued common shares of 360,000 to the holder, and the holder agreed to accept the shares as full and final payment of the promissory note of \$90,000. On the same day, we entered into a debt settlement agreement with another holder, a company controlled by the Chairman/CEO of our Company, whereby the holder agreed to forgive the repayment of debt for Nil consideration. In connection with the settlements and forgiveness of the above promissory notes, the Company recorded \$79,997 and \$77,415 in additional paid in capital for the gain on settlement of debt, respectively.

On June 22, 2011, Chang Lee LLP ( Chang Lee ) resigned as our independent registered public accounting firm because Chang Lee was merged with another company: MNP LLP ( MNP ). Most of the professional staff of Chang Lee continued with MNP either as employees or partners of MNP and will continue their practice with MNP.

On June 22, 2011, we engaged MNP as our independent registered public accounting firm.

On July 19, 2011, the Company entered into a letter of intent and paid US\$15,000 deposit to Altar Resources. Subsequent to August 31, 2011, on October 11, 2011, the Company signed a Mineral Purchase Option Agreement with Altar Resources with respect to an option to earn 100% interest, subject to a 2.5% NSR in a property known as Mildred Peak. The mining claims are in Arizona covering approximately 7,148 acres from Altar Resources which holds the mining claims directly and indirectly through federal mining claims and state mineral exploration leases; or, represented that it would hold such claims in good standing at the time of closing a definitive agreement. The Company is required to make aggregate cash payments of \$881,000 over a five year period and issue an aggregate of 1,000,000 shares of its common stock over a four year period. As at February 28, 2013, the Company had made aggregate cash payments of \$124,980 (August 31, 2012-\$84,980) and issued 100,000 shares at price of \$0.10 per share and 100,000 common shares at \$0.06 per share to Altar Resources; along with expensed incurred exploration costs of \$13,380. On May 30, 2013, the Company terminated the Option Agreement and has written off \$140,980 of capital costs. See note (7).

On March 19, 2012, the Company's Board has appointed Dr. John Thomas as Director and Mr. Tony Gilman and Dr. Stefan Kruse as Advisors of the Company. The Company has granted additional 450,000 stock options to Directors and Advisors of the Company. The exercise price of the stock options is \$0.15, of which are 225,000 options vest immediately, 225,000 options vest on August 15, 2012. The options expire March 19, 2017.

On April 10, 2012, Enertopia Corporation ( Enertopia or the Company ) held its Annual and Special Meeting of Shareholders for the following purposes:



1. To elect Robert McAllister, Donald Findlay, Greg Dawson and Chris Bunka as directors of the Company for the ensuing year.
2. To ratify MNP LLP, independent public accounting firm for the fiscal year ending August 31, 2012, and to permit directors to set the remuneration.
3. To transact such other business as may properly come before the Meeting.

All proposals were approved by the shareholders. The proposals are described in detail in the Company's definitive proxy statement filed with the Securities and Exchange Commission on March 13, 2012.

On April 10, 2012, the Company issued 93,750 common shares in connection with the settlement of debt of \$9,375 at a price of \$0.10 per common share pursuant to a consulting agreement (See Note 11(h)).

On April 13, 2012, the Company closed an offering memorandum placement of 2,080,000 units at a price of CAD\$0.10 per unit for gross proceeds of CAD\$208,000, US\$208,000. Each Unit consisted of one common share of the Issuer and one common share purchase warrant. One warrant will be exercisable into one further common share at a price of US\$0.15 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant for the period that is twelve months plus one day to twenty-four months following closing. The Company paid broker commissions of \$14,420 in cash and issued 144,200 brokers warrants in connection with the private placement.

On August 24, 2012, the Company closed the second tranche of an offering memorandum placement of 160,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$8,000 or US\$8,000. Each warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant share for a period that is twelve months and one day to thirty-six months following closing. The Company's President participated in the private placement for \$4,000.00 dollars. The Company issued 16,000 brokers warrants in connection with the private placement for broker commissions.

On September 28, 2012, the Company closed an offering memorandum placement of 995,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$49,750 or US\$49,750. Each Unit consisted of one common share of the Issuer and one common share purchase warrant. One warrant will be exercisable into one further common share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant for the period that is twelve months plus one day to twenty-four months following closing. The Company issued 79,500 shares, 79,500 warrants and 79,500 broker warrants in connection with the private placement.

On October 24, 2012, the Company issued 100,000 common shares in connection with Altar Resources, Mildred Peak property for an amount of \$6,000 at a price of \$0.06.

On November 15, 2012, the Company closed an offering memorandum placement of 1,013,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$50,650 or US\$50,650. Each Unit consisted of one common share of the Issuer and one common share purchase warrant. One warrant will be exercisable into one further common share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant for the period that is twelve months plus one day to twenty-four months following closing. The Company issued 38,000 common shares, 101,300 units, and 101,300 broker warrants in connection with the private placement.

On March 1, 2013, the Company settled the debt incurred of \$16,000 from September 1, 2011 to February 28, 2013 for consulting fees with Mr. Mark Snyder by issuing 160,000 restricted common shares of the Company at a price of \$0.10 per share.



On March 1, 2013, the Company settled the debt incurred of \$16,000 from September 1, 2011 to February 28, 2013 for consulting fees with Mr. Mark Snyder by issuing 160,000 restricted common shares of the Company at a price of \$0.10 per share.

On May 30, 2013, the Company terminated its Option Agreement with Altar Resources on Mildred Peak property.

On June 26, 2013, the Company terminated its Option Agreement with Wildhorse Copper Inc. on Copper Hills property.

### **Our Current Business**

The Company is diverse in its pursuit of business opportunities in several sectors, including: Medicinal Marijuana, Oil and Gas, Solar PV (Photovoltaic), Solar Thermal (Hot Water), Energy Retrofits and Recovery, and Solar powered Filtered Drinking Water.

We currently hold the following interests:

#### Equity Investment in Pro Eco Energy, Inc. -Sold its equity investment on December 2, 2013

On April 21, 2008, we announced that we had made an 8.25% equity investment into Pro Eco Energy Ltd., a clean tech energy company involved in designing, developing and installing solar energy solutions for commercial and residential customers. We also welcomed the President of Pro Eco Energy, Mr. Roger Huber, as the first member of our Clean Tech Advisory board. Mr. Huber has a long career in optimizing energy solutions and his knowledge and wide industry contacts are expected to help us develop our alternative energy solutions.

#### Equity Investment in Global Solar Water Power Systems Inc.

Effective February 28, 2010, we entered into an asset and share purchase agreement with Mr. Mark Snyder to acquire up to 20% ownership of Global Solar Water Power Systems Inc., a private company beneficially owned by Mark Snyder, our company's Chief Technical Officer. Global Solar owns certain technology invented and developed by Mark Snyder for the design and manufacture of certain water filtration equipment.

Under the terms of the agreement, we may acquire up to a 20% equitable ownership interest in Global Solar payable as follows:

- (a) for the initial 10% equity interest, by the issuance of 500,000 restricted shares of our common stock at a deemed price of US \$0.20 per share, payable within 10 days of signing the agreement;
- (b) for the initial 10% equity interest, cash payments and/or deferred commissions totaling \$150,000 payable in installments of \$3,500 per month;
- (c) for the additional 10% equity interest, the issuance of 500,000 restricted shares of our common stock at any time up to December 31, 2011; and
- (d) for the additional 10% equity interest, cash payments and/or deferred commissions totaling \$250,000 paid a minimum of \$3,500 per month and beginning not later than December 31, 2011, as further described in the agreement.

Pursuant to the terms of the agreement Global Solar is required to pay our proportionate interest in any after tax profits on a quarterly basis. Our management obtained an independent valuation dated February 5, 2010 in support of the value ascribed to the proposed equity interest in Global Solar. As at February 28, 2013, we had paid \$103,500 and accrued \$42,000 in US dollars and issued 500,000 restricted shares of our common stock, following which we have acquired 9.82% equity interest in Global Solar.

On March 1, 2013, the Company settled the accrued contribution of \$42,000 by reducing the Company's interest in GSWPS to 8.14% from its current 9.82% interest and transferring this 1.68% interest back to GSWPS.

Also on January 31, 2010, we entered into an Independent Sales and Marketing Representative Agreement with Global Solar Water Power Systems. Pursuant to the terms of the agreement, Global Solar Water Power Systems agreed to appoint our company as its independent sales representative to solicit orders for those solar and/or wind turbine powered water filtration products marketed from time to time by Global Solar Water Power Systems and/or our company on an exclusive basis in Africa and non-exclusive basis throughout the rest of the world, with the exception of Iraq. In consideration for services to be rendered by our company under the agreement, we will receive a minimum of 5% of the net invoice price from any product orders and not more than 12% of the net invoice price. Our company and Global Solar Water Power Systems have the right to jointly determine specific sales cases individually to generate unique commissions by their joint agreement on a case by case basis. The agreement expires on January 31, 2015.

One of Global Solar Water Power Systems business lines is the business of developing and manufacturing a portable solar powered trailer mounted water purification units that can be delivered and operated nearly anywhere in the world and can provide a village, resort, or remote work-camps with all their drinking water and domestic water requirements. The technology was developed in 2009 by Mark Snyder. Over 300 locations in Iraq were benefiting from clean drinking water as a result of the deployment of these systems, which were delivered to Iraq during 2009, prior to our company's involvement.

In November 2012, the Company had a valuation report completed on GSWPS by RWE Growth Partners Inc. As a result, the Company's long-term investment in GSWPS has been written down to \$68,500 as at August 31, 2012. During the August 31, 2013 fiscal year end, based on the management's assessment of GSWPS's current operations, the Company decided to write down long-term investment in GSWPS to \$1.

#### Current business

On September 17, 2013 the Company entered into an AMI Participation Agreement with Downhole Energy LLC to participate in 100% gross interest and 75% net revenue interest for drilling, completion and production of up to 100 oil wells on certain oil and gas leases covering 2,924 in the historic field located in Forest and Venango counties, Pennsylvania. On execution of this agreement the company issued 100,000 of its common shares to Downhole Energy LLC.

On October 4, 2013 the Company entered into a consulting agreement with Olibri Acquisitions and issued 750,000 common shares of the Company for services provided in oil and gas consulting.

The Company has entered into a Letter of Intent Agreement ( LOI ) on November 1, 2013 with 0786521 BC Ltd. (the Vendor ) where the Company wishes to buy and the Vendor wishes to sell 51% of the issued and outstanding capital stock of the Vendor. The Vendor is the owner, operator of a Medical Marihuana operation located at 33420 Cardinal Street, Mission, British Columbia, Canada. Until such time as the Vendor and the Company enter into a Definitive Agreement, the Parties agree that all terms of this LOI are and shall serve only as an expression of interest between the Vendor and the Company. This LOI is not comprehensive and no business relationship is created between the Vendor and the Company unless and until such time as negotiations between the Parties result in the consummation of a Definitive Agreement and such Definitive Agreement is ratified by their respective authorized representatives. On the execution of the LOI, the Company issued 10,000,000 of its common shares to the Vendor.

On November 5, 2013 the Company granted 675,000 stock options to directors, officers, and consultant of the Company with an exercise price of \$0.06 vested immediately, expiring November 5, 2018.

On November 18, 2013, the Company granted 25,000 stock options to consultant of the Company with an exercise price of \$0.09 vested immediately, expiring November 18, 2018.

On November 18, 2013, the Company entered into an investor relations contract with Coal Harbour Communications Inc. The initial term of this agreement shall begin on the date of execution of this Agreement and continue for **two months**. Thereafter the agreement will continue on a month-by-month basis pending cancelation by written notification with 30 days notice. In consideration for the services the Company will pay the Provider a one-time payment of two hundred thousand shares (200,000) of restricted common stock in Enertopia Corporation. The stock will be issued in the name of Dale Paruk for 100,000 shares and Neil Blake for 100,000 shares. In consideration of the services provided, the Company shall pay Coal Harbour Communications, a monthly fee of \$5,000 payable on the 1st day of each monthly period starting 60 days from the signing of this agreement and \$500 per month to cover expenses incurred on the Company's behalf. Any expenses above \$500 per month must be pre-approved.

On November 26, 2013, the Company closed the first tranche of a private placement of 2,720,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$136,000 (\$136,000). Each warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of thirty six month following the close.

On December 23, 2013, the Company closed its final tranche of a private placement of 2,528,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$126,400 (\$126,400). Each warrant will be exercisable into one further share at a price of \$0.10 per warrant share for a period of thirty six months following the close. The Company also paid a cash finders fee of \$10,140 and 202,800 broker warrants to Canaccord Genuity and Wolverton Securities that are exercisable into one common share at a price of \$0.10 that expire on December 23, 2016.

On January 1, 2014, the Company entered into an Social Media/Web Marketing Agreement with Stuart Gray. The initial term of this agreement shall begin on the date of execution of this Agreement and continue for three months. In consideration for the services the Company will pay the Provider Stuart Gray a monthly fee of \$5,000. Upon execution of the Agreement, the Company issued 200,000 stock options. The exercise price of the stock options is \$0.075, 100,000 stock options vested immediately, 50,000 stock options vested 30 days after the grant and 50,000 stock options vested 60 days after the grant, expiring January 1, 2019.

On January 13, 2014, the Company entered into a corporate development agreement with Don Shaxon. The initial term of this agreement shall begin on the date of execution of this agreement and continue for twelve months. Thereafter the agreement will continue on a month-by-month basis pending cancelation by written notification with 30 days notice. In consideration for the services the Company will pay the Provider Don Shaxon a signing stock bonus of 250,000 common shares of the Company, one-time cash bonus of \$40,000 90 days after the commencement of the contract, and a monthly fee of \$3,500 plus \$500 in monthly expenses. Upon execution of the Agreement, the Company granted 250,000 stock options. to Don Shaxon with respect to the corporate development agreement dated January 13, 2014. The exercise price of the stock options is \$0.16, 250,000 stock options vested immediately, expiring January 13, 2019.

The Company has entered into a Joint Venture Agreement (the "WOM Agreement") on January 16, 2014 with World of Marihuana Productions Ltd. ("WOM") where the Company can acquire up to 51% of the Joint Venture business ownership interest. WOM has or will acquire a licence issued by Health Canada (the "Licence") to allow for WOM to operate a business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana (the "Business") which shall be located at 33420 Cardinal Street, Mission, British Columbia (the "Premises"). The Parties have entered into a non-binding Letter Of Intent dated for reference the 1<sup>st</sup> day of November, 2013 (the "LOI") which shall be superseded by this Agreement. The Parties entered into the Joint Venture Agreement to which sets out the terms and conditions in which Enertopia may acquire an interest in the Business and the terms and conditions on which the Parties will form a joint venture to jointly participate in the Business (the "Joint Venture"). 10,000,000 shares of the restricted common stock of Enertopia at a price of \$0.04 per share to 0984329 B.C. Ltd at the direction of WOM at the time of execution of the LOI (the "LOI Shares")

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(Completed); Issuance of 5,000,000 Shares to 0984329 BC Ltd. at a price of \$0.18 per share and payment of \$100,000.00 USD to WOM upon signing of this Agreement (the "Execution Date") which Shares will be held in escrow (the "Escrow Shares") by Enertopia's solicitors until such time as the Effective Date has occurred. Upon occurrence of the Effective Date, the Escrow Shares will be released from escrow; (Completed); Payment to WOM of \$75,000.00 USD by January 31, 2014 in exchange for which Enertopia will be granted a 30% Interest in the Business(Completed); Issue 1,000,000 Shares at a price of \$0.68 per share to 0984329 BC Ltd. and pay \$200,000.00 USD to WOM on or before the date that is six months from the Execution Date in exchange for which Enertopia shall be granted a further 1% Interest in the Business; (Completed). See Note 18. To date the Company has issued 16,000,000 common shares of the Company and paid a total of \$375,000 to WOM.

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On January 31, 2014, Enertopia Corp accepted and received gross proceeds of CAD\$40,500 (\$37,500), for the exercise of 350,000 stock options; 100,000 at \$0.075 each, 150,000 stock options at \$0.10 each, and 100,000 stock options at \$0.15 each; into 350,000 common shares of the Company.

On January 31, 2014, Enertopia closed the first tranche of a private placement of 4,292,000 units at a price of US\$0.10 per unit for gross proceeds of US\$429,200. Each Unit consists of one common share of the Company and one half (1/2) of one non-transferable Share purchase warrant (each whole warrant, a Warrant ). Each Warrant will be exercisable into one further Share at a price of US\$0.15 per Warrant Share for a period of twenty four (24) months following closing. A cash finders fee for \$29,616 and 296,160 full broker warrants that expire on January 31, 2016 with an exercise price of \$0.15 was paid to Canaccord Genuity, Leede Financial and Wolverton Securities.

On February 5, 2014, Ryan Foster has joined the Company as an advisor the Company has granted 50,000 stock options to Ryan Foster with an exercise price of \$0.35, 25,000 stock options vested immediately, 25,000 stock options vested on July 1, 2014, expiring February 5, 2019.

On February 13, 2014, Enertopia closed the final tranche of a private placement by issuing 12,938,000 units at a price of US\$0.10 per unit for gross proceeds of US\$1,293,800. Each Unit consists of one common share of the Company and one half (1/2) of one non-transferable Share purchase warrant (each whole warrant, a Warrant ). Each Warrant will be exercisable into one further Share at a price of US\$0.15 per Warrant Share for a period of twenty four (24) months following closing. One Director and One Officer of the Company participated in the final tranche for \$30,000. A cash finders fee for \$98,784; 8,000 common shares in lieu of \$800 finders fee and 995,840 full broker warrants that expire on February 13, 2016 with an exercise price of \$0.15 was paid to Canaccord Genuity, Global Market Development LLC and Wolverton Securities.

On February 13, 2014, 50,000 stock options were exercised at a price of \$0.06 by a Director and 50,000 stock options were exercised at a price of \$0.075 by a Consultant for net proceeds to the Company of CAD\$7,050 (US\$6,750) into 100,000 common shares of the Company.

On February 13, 2014, 541,500 warrants from previous private placements were exercised into 541,500 common shares of the Company for net proceeds of US\$101,100.

On February 27, 2014, 585,000 warrants from previous private placements were exercised into 585,000 common shares of the Company for net proceeds of US\$115,000.

On February 27, 2014, the Company signed a \$50,000 12 month marketing agreement with Agoracom payable in common shares of the Company. The first quarter payment is \$12,500, by issuing 54,347 common shares of the Company at a market price of \$0.23 per share.

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On February 28, 2014, the Company has entered into a Joint Venture Agreement ("**GCL Agreement**") with The Green Canvas Ltd. ("**GCL**") with regards to the acquisition by Enertopia of up a 75% interest in the business of GCL, being the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marihuana for medical purposes. Payment of \$100,000 at the time of execution of the LOI (Completed); immediately following the Execution Date, Enertopia shall complete the following in return for which Enertopia will be granted and vested with a 49% Ownership Interest in the Business: issue to GCL an aggregate of 10,000,000 common shares at a price of \$0.235 of Enertopia and (Completed); pay to GCL the aggregate sum of \$500,000, the full amount of which, less the sum of \$113,400 payable to Wolverton Securities as a finder's fee, shall be used by GCL to upgrade the Business as may be necessary pursuant to MMPR requirements or as may otherwise be required to advance the Business.(Completed); Of the 10,000,000 shares issued, 6,400,000 of the Shares issued pursuant shall be held in escrow (the "Escrow Shares") by Enertopia's solicitors until the Effective Date. Upon occurrence of the Effective Date, Enertopia will cause its solicitors to release the Escrow Shares from escrow. (Completed).

On March 5, 2014, the Company and Mr. Robert McAllister has entered into a three year Joint Venture Agreement ("JV") with Lexaria Corp. collectively, the "Parties"). Whereas the Company and Robert McAllister will source opportunities in the Business, and the terms and conditions on which the Parties will form a joint venture to jointly participate in, or offer specific opportunities within the Business (the "Joint Venture"), and Robert McAllister will join the Lexaria Corp. advisory board for the term of this Agreement. Lexaria Corp. issued the Company 1,000,000 shares and Robert McAllister 500,000 shares on signing of the Agreement.

On March 10, 2014, the Company's Board appointed Mr. Matthew Chadwick and the Company entered into a Management Agreement with Matthew Chadwick as Senior Vice President of Marijuana Operations. The initial term of this agreement shall begin on the date of execution of this agreement and continue for six months. Thereafter the agreement will continue on a month-by-month basis pending cancelation by written notification with 30 days notice. In consideration for the services the Company will pay Mr. Matthew Chadwick CAD\$25,000 per month.

On March 11, 2014, Robert Chadwick and Clayton Newbury have joined the Company as advisors and have been paid a \$1,000 honorarium each. Robert Chadwick will be issued a one-time 100,000 common shares of the Company. On March 11, 2014, the Company granted 100,000 stock options to Robert Chadwick with an exercise price of \$0.68, 50,000 stock options vested immediately, 50,000 stock options vested on September 11, 2014, expiring March 11, 2019. The Company also granted 100,000 options to Clayton Newbury with an exercise price of \$0.68, 50,000 stock options vested immediately, 50,000 stock options vested on September 11, 2014, expiring March 11, 2019.

On March 11, 2014, as per the terms of the Joint Venture Agreement dated January 16, 2014 with World of Marihuana Productions Ltd., the Company made a payment of \$200,000 and issued 1,000,000 at a price of \$0.68 per share to 0984329 B.C. LTD, the Company now owns 31% of Joint Venture Business Interest.

On March 14, 2014, the Company signed a six month contract for \$21,735 with The Money Channel to provide services for national television, internet and radio media campaign.

On March 14, 2014, 815,310 warrants from previous private placements were exercised into 815,310 common shares of the Company for net proceeds of \$163,062.

On March 14, 2014, the Company accepted and received gross proceeds from a director of the Company of CAD\$8,250 (US\$7,500), for the exercise of 50,000 stock options at an exercise price of \$0.15, into 50,000 common shares of the Company.

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On March 17, 2014, 1,548,000 warrants from previous private placements were exercised into 1,548,000 common shares of the Company for net proceeds of US\$289,475.

On March 25, 2014, Enertopia Corp (the Company) accepted and received gross proceeds of \$67,750, for the exercise of 325,000 stock options at \$0.06 to \$0.25 each, into 325,000 common shares of the Company.

On March 25, 2014, 1,095,000 warrants from previous private placements were exercised into 1,095,000 common shares of the Company for net proceeds of US\$114,250.

On March 26, 2014, the Company's Board has appointed Dr. Robert Melamede as an Advisor to the Board of Directors and has been paid an honorarium of \$2,500 for the first year of your participation on our Advisory Board. Enertopia will be issuing you 250,000 shares of common stock of the Company. On March 26, 2014 the Company has granted 500,000 stock options with an exercise price of \$0.70, 250,000 stock options vest immediately and the remaining 250,000 stock options vest September 26, 2014, expiring March 26, 2019.

On April 1, 2014, the Company has entered into a one year consulting agreement with Kristian Dagsaan to provide controller services for CAD\$3,000 plus GST per month. The Company also granted 100,000 stock options vesting immediately, with an exercise price of \$0.86, expiring April 1, 2019.

On April 1, 2014, the Company entered into a 90 day investor relations contract for CAD \$9,000 with Ken Faulkner. The Company also granted 100,000 stock options vesting immediately with an exercise price of \$0.86, expiring April 1, 2019.

On April 3, 2014, the Company entered into another 3 month Social Media/Web Marketing Agreement with Stuart Gray. In consideration for the services the Company will pay the Provider Stuart Gray a monthly fee of \$5,000. Upon execution of the Agreement, the Company issued 100,000 stock options. The exercise price of the stock options is \$0.72, 100,000 stock options vested immediately, expiring April 3, 2019.

On April 3, 2014, 1,293,500 warrants from previous private placements were exercised into 1,293,500 common shares of the Company for net proceeds of US\$177,950.

On April 3, 2014, the Company accepted and received gross proceeds from past consultant of the Company of US\$1,500 for the exercise of 25,000 stock options at an exercise price of \$0.06, into 25,000 common shares of the Company.

On April 8, 2014, the Company granted 50,000 stock options to a consultant of the Company, Taven White. The exercise price of the stock options is \$0.50, 50,000 stock options vested immediately, expiring April 8, 2019.

On April 10, 2014, a Letter of Intent ("LOI") was signed by Enertopia Corporation, or its wholly-owned subsidiary ("Enertopia") and Lexaria Corp., or its wholly-owned subsidiary ("Lexaria") (collectively, the "Parties") with regard to the ownership by Enertopia of a 51% interest in the business, and the ownership by Lexaria of a 49% interest in the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marihuana for medical purposes under the MMPR (the "Business") Acquisition Structure. Whereby Lexaria issued 500,000 common shares to Enertopia. In accordance with the terms of a formal and definitive Agreement to be entered into between Enertopia and Lexaria (the "Definitive Agreement"), Enertopia shall own 51% ownership interest in the Business (the "Enertopia Ownership") and Lexaria shall own 49% ownership interest in the Business (the "Lexaria Ownership"). Within 10 days, Enertopia shall contribute \$45,000 and Lexaria shall contribute \$55,000 to the Business. Upon the execution of this LOI, Enertopia and Lexaria shall structure a joint venture for legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marihuana for medical purposes under the MMPR. At such time the Parties will be deemed to have formed a joint venture for the operation, management and further development of the Business (the "Joint Venture"). Lexaria will

pay 55% of all costs to earn its 49% net Ownership Interest and Enertopia will pay 45% of all costs to earn its 51% Ownership Interest. A total of 500,000 Definitive Agreement Shares shall be issued to Enertopia, held in escrow (the "Escrow Shares") by Lexaria's solicitors until such date as the License (as hereinafter defined) has been obtained by Enertopia (the "Effective Date"). Upon occurrence of the Effective Date, the Escrow Shares will be released from escrow. In the event the Effective Date does not occur within 12 months of the date of the Definitive Agreement (the "Execution Date"), the Definitive Agreement Shares shall be cancelled and returned to treasury.

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On April 10, 2014 a letter of intent, was executed on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation(Lessee) and Mr. Jeff Paikin of Ontario Inc. (Lessor) sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located in Ontario (the "Building"). The Company issued the 38,297 common shares at a deemed price of \$0.47 per the terms of the Letter of Intent to lease space in Ontario. The LOI has been extended for another 30 days.

On April 14, 2014, the Company appointed Mr. Jeff Paikin to its Advisory Board for a period of not less than one year, but to be determined by certain performance thresholds described in the letter. Upon signing of the letter of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the letter, Mr. Paikin can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Paikin can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 17, 2014, the Company accepted and received gross proceeds from a director of CAD\$8,475 (US\$7,500), for the exercise of 50,000 stock options at \$0.15 into 50,000 common shares of the Company.

On April 17, 2014, 651,045 warrants from previous private placements were exercised into 651,045 common shares of the Company for net proceeds of US\$110,209.

On April 24, 2014 the Company entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Kent can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Kent can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 24, 2014 the Company entered into a one year consulting contract with Don Shaxon as Ontario Operations Manager for a monthly fee of CAD\$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Shaxon can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Shaxon can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 24, 2014 the Company entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, wholly owned company by Greg Boone as Human Resources Manager. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Boone or his company can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Boone can be eligible to receive up to a total of 1,350,000 common shares of the Company.

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On April 24, 2014 the Company entered into a one year consulting contract with Jason Springett as Master Grower for Ontario Operations for a monthly fee of \$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Springett can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Springett can be eligible to receive up to a total of 1,350,000 common shares of the Company.

On April 24, 2014 the Company entered into a one year consulting contract with 2342878 Ontario Inc. wholly owned company by Chris Hornung as Assistant Operations Manager. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Hornung or his company can be eligible to receive up to a total of 472,500 common shares of the Company.

On April 30, 2014, 200,000 warrants from previous private placements were exercised into 200,000 common shares of the Company for net proceeds of US\$40,000.

On May 3, 2014 the Company entered into a one year consulting contract with Bmullan and Associates wholly owned company by Brian Mullan as Security Consultant. Upon signing of the contract of acceptance the Company issued 45,000 common shares at a deemed price of \$0.28. Based on the milestones listed in the contract, Mr. Mullan or his company can be eligible to receive up to a total of 225,000 common shares of the Company.

On May 28, 2014, Enertopia and Lexaria signed a Definitive Agreement. Enertopia and Lexaria each wish to develop a business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, marijuana (the "Business") located in Ontario (the "Property"), and on or about April 10, 2014, the Parties entered a Letter of Intent that set forth the basic terms of a proposed joint venture agreement between Enertopia and Lexaria for those purposes. Enertopia wishes to acquire a license from Health Canada a license to designate Enertopia as a Licensed Producer pursuant to Canada's Marijuana for Medical Purposes Regulations (the "License"). The Parties entered into this Agreement to set out the terms and conditions by which Enertopia does own a 51% interest in the Business and Lexaria does own a 49% interest in the Business; and the terms and conditions on which the Parties will form and operate the joint venture to jointly participate in the Business (the "Joint Venture").

On May 29, 2014, the Company accepted and received gross proceeds of \$20,000 for the exercise of 200,000 warrants at \$0.10 each into 200,000 common shares of the Company.

On June 2, 2014, the Company signed a 30 day contract for \$10,000 with TDM Financial to provide services for original video production, original coverage, network placement of video and article, article and video syndication, email distribution, and reporting.

On June 9, 2014 as per marketing agreement signed with Agoracom on February 27, 2014 for a 12 month contract, the Company made its second quarter payment is \$12,500 plus GST by issuing 72,917 common shares of the Company at a market price of \$0.18 per share.

On July 1, 2014, the Company has entered into a one year services agreement with TDM Financial for \$120,000 payable in common shares of the Company. TDM Financial will provide marketing solutions and strategies to the Company. Upon the signing of the contract with TDM Financial, the Company issued 750,000 common stock of the Company at a deemed price of \$0.16 for the term of the agreement.

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The continuation of our business is dependent upon obtaining further financing, a successful program of exploration and/or development, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to obtain further funds required for our continued operations. As noted herein, we are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations.

#### *Purchase of Significant Equipment*

We do not intend to purchase any significant equipment over the twelve months ending May 31, 2014 other than office computers, furnishings, and communication equipment as required.

#### *Corporate Offices*

The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1675. We have another office located in Kelowna. Our current locations provide adequate office space for our purposes at this stage of our development.

#### *Employees*

We primarily used the services of sub-contractors and consultants for our intended business operations. Our only technical employee is Mr. McAllister, our president and a director.

We entered into a consulting agreement with Mr. Robert McAllister on December 1, 2007. During the term of this agreement, Mr. McAllister is to provide corporate administration and consulting services, such duties and responsibilities to include provision of oil and gas industry consulting services, strategic corporate and financial planning, management of the overall business operations of the Company, and supervising office staff and exploration and oil & gas consultants. Mr. McAllister is reimbursed at the rate of \$2,000 per month. On December 1, 2008, the consulting fee was increased to \$5,000 per month. We may terminate this agreement without prior notice based on a number of conditions. Mr. McAllister may terminate the agreement at any time by giving 30 days written notice of his intention to do so. Effective March 1, 2014, the Company entered into a new Management Consulting Agreement replacing the original agreement with a consulting fee of \$6,500 plus GST per month.

On October 9, 2009, the Company entered into a consulting agreement with BKB Management Ltd, a corporation organized under the laws of the Province of British Columbia. BKB Management controlled by the chief financial officer of the Company. A fee of CAD\$4,675 including GST was paid per month. We may terminate this agreement without prior notice based on a number of conditions. BKB Management Ltd. may terminate the agreement at any time by giving 30 days written notice of his intention to do so. Effective April 1, 2011, the fee is CAD\$5,500 plus GST. Effective March 1, 2014, the Company entered into a new Management Consulting Agreement replacing the original agreement with a consulting fee of CAD\$7,500 plus GST per month.

We do not expect any material changes in the number of employees over the next 12 month period. We do and will continue to outsource contract employment as needed. However, with project advancements in the medical marijuana and if we are successful in our initial and any subsequent drilling programs we may retain additional employees.

### **Off-Balance Sheet Arrangements**

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### **Critical Accounting Policies**

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles used in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our consolidated financial statements is critical to an understanding of our financials.

### **Long-Lived Assets**

Long-term assets of the Company are reviewed for impairment when circumstances indicate the carrying value may not be recoverable in accordance with the guidance established in ASC 360, *Property, Plant and Equipment*. For assets that are to be held and used, an impairment loss is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value. Fair values are determined based on discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

### **Revenue Recognition**

Oil and natural gas revenues are recorded using the sales method whereby our Company recognizes oil and natural gas revenue based on the amount of oil and gas sold to purchasers when title passes, the amount is determinable and collection is reasonably assured. Actual sales of gas are based on sales, net of the associated volume charges for processing fees and for costs associated with delivery, transportation, marketing, and royalties in accordance with industry standards. Operating costs and taxes are recognized in the same period of which revenue is earned.

### **Going Concern**

We have suffered recurring losses from operations. The continuation of our Company as a going concern is dependent upon our Company attaining and maintaining profitable operations and/or raising additional capital. The financial statements do not include any adjustment relating to the recovery and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should our Company discontinue operations.

The continuation of our business is dependent upon us raising additional financial support and/or attaining and maintaining profitable levels of internally generated revenue. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

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## Recently Issued Accounting Standards

In March 2013, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ("ASU") 2013-05, "Foreign Currency Matters (Topic 830); Parent s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." This guidance applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. ASU No. 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. We will adopt this guidance beginning with our fiscal quarter starting from March 1, 2014. We are currently reviewing the provisions of ASU No. 2013-05 on our consolidated financial statements.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This new guidance provides specific financial statement presentation requirements of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance states that an unrecognized tax benefit in those circumstances should be presented as a reduction to the deferred tax asset. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The Company does not believe that the adoption of this guidance will have a material impact on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company s financial statements upon adoption.

## Results of Operations Three Months Ended May 31, 2014 and 2013

The following summary of our results of operations should be read in conjunction with our financial statements for the quarter ended May 31, 2014, which are included herein.

Our operating results for the three months ended May 31, 2014, for the three months ended May 31, 2013 and the changes between those periods for the respective items are summarized as follows:

|                            | <b>Three Months Ended<br/>May 31,<br/>2014</b> | <b>Three Months Ended<br/>May 31,<br/>2013</b> | <b>Change Between<br/>Three Month Period<br/>Ended<br/>May 31, 2014 and May<br/>31, 2013</b> |
|----------------------------|--|--|--|
| Revenue (cost recovery)    | \$ Nil   | \$ Nil   | \$ Nil   |
| Other (income) expenses    | (326,201)                                      | 140,980  | (467,181)  |
| General and administrative | 1,298,883                                      | 79,886   | 1,218,997  |
| Interest expense           | 1,032  | 1,287  | 255  |
| Consulting fees            | 1,087,592                                      | 46,282   | 1,041,310  |
| Exploration expenses       | Nil  | Nil  | Nil  |
| Professional Fees          | 48,249   | 13,401   | 34,848   |
| Net income (loss)          | (972,682)                                      | (220,866)                                      | (751,816)  |

Our accumulated losses increased to \$7,569,552 at May 31, 2014. Our financial statements report a net loss of \$972,682 for the three-month period ended May 31, 2014, compared to a net loss of \$220,866 for the three-month period ended May 31, 2013. Our net losses have increased by \$751,816 for the three month period ended May 31, 2014, our general and administrative expenses were higher by \$1,218,997 for May 31, 2014 compared to May 31, 2013. The increase was largely due to higher consulting and stock based compensation costs of \$1,218,997 for the three month period ended May 31, 2014, compared to \$46,282 for May 31, 2013. These increased costs were largely due to new consulting contracts and granting stock options to various consultants. In addition the Company incurred increased costs of \$34,886 for advertising, \$30,055 for investor relations, \$25,624 for rent, \$15,045 for fees, \$23,104 for training and conference, \$22,050 for travel and \$48,249 in professional fees for the three month period ended May 31, 2014. The Company's expenses were higher for the three month period ended May 31, 2014 by \$751,816 compared to the same time last year. These increased costs are due to the Company's entrance into the Medical Marijuana business sector, and thus entering into definitive joint venture agreements and letter of intents. Additional costs have been incurred by having new advisors and consultants join the Company. Other income increased to 326,201 for the three month period ended May 31, 2014 compared to an expense of \$140,980 for May 31, 2013. The increase is from the issuance of Lexaria common shares to the Company with respect to the two definitive joint venture agreements that have been entered into.

### Results of Operations Nine Months Ended May 31, 2014 and 2013

The following summary of our results of operations should be read in conjunction with our financial statements for the nine months ended May 31, 2014, which are included herein.

Our operating results for the nine months ended May 31, 2014, for the nine months ended May 31, 2013, and the changes between those periods for the respective items are summarized as follows:

|                            | Nine Months Ended<br>May 31,<br>2014 | Nine Months Ended<br>May 31,<br>2013 | Change Between<br>Nine Month Period<br>Ended<br>May 31, 2014<br>and May 31, 2013 |
|----------------------------|--------------------------------------|--------------------------------------|--|
| Revenue (cost recovery)    | \$ Nil                               | \$ Nil                               | \$ Nil   |
| Other (income)/expenses    | (240,624)                            | 135,791                              | (376,415)  |
| General and administrative | 1,685,519                            | 276,182                              | 1,419,337  |
| Interest expense           | 4,256                                | 5,534                                | (1,278)  |
| Renewable energy           | Nil                                  | Nil                                  | Nil  |
| Consulting fees            | 1,278,397                            | 148,189                              | 1,130,208  |
| Exploration Expenses       | Nil                                  | 13,380                               | (13,380)   |
| Professional Fees          | 80,695                               | 50,903                               | 29,792   |
| Net income (loss)          | (1,444,895)                          | (411,973)                            | (1,032,922)  |

Our accumulated losses increased to \$7,569,552 as at May 31, 2014. Our financial statements report a net loss of \$1,444,895 for the nine months period ended May 31, 2014 compared to a net loss of \$411,973 for the nine months period ended May 31, 2013. Overall our losses have increased substantially over the nine month period primarily due to the increased costs in investor relations, travel, advertising, professional fees, consulting fees, travel, and conferences. The increased costs are associated with the medical marijuana business sector. The Company has entered into various joint venture agreements, advisor and consulting agreements which has increased our costs. Other income increased to 240,812 for the three month period ended May 31, 2014 compared to an expense of \$135,791 for May 31, 2013. The increase is from the issuance of Lexaria common shares to the Company with respect to the two definitive joint venture agreements that have been entered into.

As at May 31, 2014, we had \$315,910 in current liabilities. Our net cash used in operating activities for the nine months ended May 31, 2014 was \$823,570 compared to \$70,516 used in the nine months ended May 31, 2013. The increase in cash used in operating activities was in increased expenses due to the entrance into the medical marijuana business operations with respect to various agreements the Company has signed and in the development of the business. Our accumulated losses increased to \$7,569,552 as at May 31, 2014.

Our total liabilities as of May 31, 2014 were \$315,910 as compared to total liabilities of \$525,918 as of August 31, 2013. The decrease of the liabilities is due to paying down our accounts payable and the amounts due to related parties which is primarily for accrued consulting fees for the CEO and CFO of the Company. Additionally, the Company was able to pay back the short-term debt owed to the CEO.

## Liquidity and Financial Condition

### Working Capital

|                              | At May 31,<br>2014 | At August 31,<br>2013 |
|------------------------------|--------------------|-----------------------|
| Current assets               | \$ 1,961,637       | \$ 54,469             |
| Current liabilities          | (315,910)          | (525,918)             |
| Working capital (deficiency) | \$ 1,645,727       | \$ (471,449)          |

### Cash Flows

|   | Nine Months Ended |                |
|---|-------------------|----------------|
|   | May 31<br>2014    | May 31<br>2013 |
| Cash flows (used in) operating activities     | \$ (823,570)      | \$ (70,516)    |
| Cash flows (used in) investing activities     | (964,996)         | (40,000)       |
| Cash flows (used in) financing activities     | 3,003,124         | 100,400        |
| Net increase (decrease) in cash during period | \$ 1,214,558      | \$ (10,116)    |

### Operating Activities

Net cash used in operating activities was \$823,570 in the nine months ended May 31, 2014 compared with net cash used in operating activities of \$70,516 in the same period in 2013. The increase in cash used mostly results from increased operating costs incurred in the current period from the medical marijuana business operations.

### Investing Activities

Net cash used in investing activities was \$964,996 in the nine months ended May 31, 2014, compared to net cash used in investing activities of \$40,000 in the same period in 2013. The change in cash used in investing activities is attributable to the acquisitions made in the World of Marijuana Productions Ltd. and in Green Canvas Ltd.

### Financing Activities

Net cash provided by financing activities was \$3,003,124 in the nine months ended May 31, 2014 compared to \$100,400 in the same period in 2013. Cash provided in 2014 was from private placement financings, warrant exercises and stock option exercise.

### Revenue comparisons for the Quarter ended May 31, 2014 compared to the quarter ended May 31, 2013

For the nine-month period ended May 31, 2014, the Company had \$Nil in revenues compared to \$Nil in revenues for the same nine-month period in the prior year. The Company has generated \$406,461 in revenues from inception on November 24, 2004 to May 31, 2014.

#### **Item 4. Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president (also our principal executive officer) and our secretary, treasurer and chief financial officer (also our principal financial and accounting officer) to allow for timely decisions regarding required disclosure.

As of May 31, 2014, the end of our third quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (also our principal executive officer) and our secretary, treasurer and chief financial officer (also our principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (also our principal executive officer) and our secretary, treasurer and chief financial officer (also our principal financial and accounting officer) concluded that our disclosure controls and procedures were effective in providing reasonable assurance in the reliability of our financial reports as of the end of the period covered by this quarterly report.

#### ***Inherent limitations on effectiveness of controls***

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### ***Changes in Internal Control over Financial Reporting***

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended May 31, 2014, that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.





## **Item 1A. Risk Factors**

Much of the information included in this prospectus includes or is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other "forward-looking statements" involve various risks and uncertainties as outlined below. We caution readers of this prospectus that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other "forward-looking statements". In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

Our common shares are considered speculative. Prospective investors should consider carefully the risk factors set out below.

### **Risks Associated with Business**

#### *No Assurance of Profitability*

Our renewable energy business and Medical Marihuana (MMJ) operations are in the start-up stage only, and are unproven. We may not be successful in implementing our business plan to become profitable. There may be less demand for our services than we anticipate. There is no assurance that these businesses will succeed.

#### *Changing Consumer Preferences*

The decision of a potential client to undergo an environmental audit or review may be based on ethical or commercial reasons. In some instances, or with certain businesses, there may be no assurance that an environmental review will result in any cost savings or increased revenues. As such, unless the ethical consideration is also a material factor, there may be no incentive for such businesses to undertake an environmental review. Changes in consumer and commercial preferences, or trends, toward or away from environmental issues may impact on businesses' decisions to undergo environmental reviews. MMJ sector offers many choices for MMJ patients and there can be no assurance that the product supplied by the Company and or its partners will be successful in market penetration.

#### *General Economic Factors*

The willingness of businesses to spend time and money on energy efficiency may be dependent upon general economic conditions; and any material downturn may reduce the likelihood of businesses incurring costs toward what some businesses may consider a discretionary expense item. Willingness by MMJ patients to continue to buy MMJ products may be dependant upon general economic conditions and any material downturn may reduce the potential profitability of the MMJ business sector.

#### *Factors Affecting Operating Results*

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Our operating results will be affected by a wide variety of factors that could materially affect revenues and profitability, including the timing and cancellation of customer orders and projects, competitive pressures on pricing, availability of personnel, governmental changes and market acceptance of our services. As a result, we may experience material fluctuations in future operating results on a quarterly and annual basis which could materially affect our business, financial condition and operating results.

#### *Competition*

There are virtually no barriers to entry in the MMJ business sector, solar PV, solar thermal and energy recovery business sectors. As it is largely unregulated, we may face growing competition from any number of persons or firms who are, or who hold themselves out to be, competitors in this field.

#### *Quality of Service/Industry Practices*

Demand for our services may be adversely affected if consumers lose confidence in the quality of our services or the industry's practices. Adverse publicity may discourage businesses from buying our services and could have a material adverse effect on our financial condition and results of operations.

#### *Unethical Business Practices*

We may suffer negative publicity if we, any third party contractors we may engage, or any of our customers for whom we have implemented changes, are found to engage in any environmentally insensitive practices or other business practices that are viewed as unethical.

#### *No Significant Customers*

We currently have no long-term agreements with any customers. Many of our services may be provided on a one-time basis. Accordingly, we will require new customers on a continuous basis to sustain our operations.

#### *Fixed Price Contracts*

Fixed price contracts require the service provider to perform all agreed services for a specified lump-sum amount. We anticipate a material percentage of our services will be performed on a fixed price basis. Fixed price contracts expose us to some significant risks, including under-estimation of costs, ambiguities in specifications, unforeseen costs or difficulties, and delays beyond our control. These risks could lead to losses on contracts which may be substantial and which could adversely affect the results of our operations.

#### *Effectiveness and Efficiency of Advertising and Promotional Expenditures*

The future growth and profitability of our clean energy business and MMJ sectors will be dependent in part on the effectiveness and efficiency of our advertising and promotional expenditures, including our ability to (i) create greater awareness of our services, (ii) determine the appropriate creative message and media mix for future advertising expenditures, and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that we will experience benefits from advertising and promotional expenditures in the future. In addition, no assurance can be given that our planned advertising and promotional expenditures will result in increased revenues, will generate levels of service and name awareness or that we will be able to manage such advertising and promotional expenditures on a cost-effective basis.

#### *Human Resources*

We will depend on our ability to attract, retain and motivate our management team, consultants and other employees. There is strong competition for qualified technical and management personnel in the renewable energy sector, and it is expected that such competition will increase. Our planned growth will place increased demands on our existing resources and will likely require the addition of technical personnel and the development of additional expertise by existing personnel. There can be no assurance that our compensation packages will be sufficient to ensure the continued availability of qualified personnel who are necessary for the development of our business.

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*We have a limited operating history with losses and we expect the losses to continue, which raises concerns about our ability to continue as a going concern.*

We have generated minimal revenues since our inception and will, in all likelihood, continue to incur operating expenses with minimal revenues until we are able to successfully develop our business. Our business plan will require us to incur further expenses. We may not be able to ever become profitable. These circumstances raise concerns about our ability to continue as a going concern. We have a limited operating history and must be considered in the start-up stage.

*We will require additional financing to develop our business plan.*

Because we have generated only minimal revenue from our business and cannot anticipate when we will be able to generate meaningful revenue from our business, we will need to raise additional funds to conduct and grow our business. We do not currently have sufficient financial resources to completely fund the development of our business plan. We anticipate that we will need to raise further financing. We do not currently have any arrangements for financing and we can provide no assurance to investors that we will be able to find such financing if required. The most likely source of future funds presently available to us is through the sale of equity capital. Any sale of share capital will result in dilution to existing security-holders.

*We may not be able to obtain all of the licenses necessary to operate our business.*

Our operations may require licenses and permits from various governmental authorities to build and install alternative energy systems or to conduct energy retrofits and build MMJ operations. We believe that we will be able to obtain all necessary licenses and permits under applicable laws and regulations for our operations and believe we will be able to comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that we will be able to obtain or maintain all necessary licenses and permits.

*Changes in environmental regulations.*

We believe that we currently comply with existing environmental laws and regulations affecting our proposed operations. While there are no currently known proposed changes in these laws or regulations, significant changes have affected the industry in the past and additional changes may occur in the future.

Our operations may be subject to environmental laws, regulations and rules promulgated from time to time by government. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means stricter standards and enforcement. Fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies, directors, officers and employees. The cost of compliance with changes in governmental regulations has potential to reduce the profitability of operations. We intend to comply with all environmental regulations in the United States and Canada.

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*If we are unable to recruit or retain qualified personnel, it could have a material adverse effect on our operating results and stock price.*

Our success depends in large part on the continued services of our executive officers and third party relationships. We currently do not have key person insurance on these individuals. The loss of these people, especially without advance notice, could have a material adverse impact on our results of operations and our stock price. It is also very important that we be able to attract and retain highly skilled personnel, including technical personnel, to accommodate our exploration plans and to replace personnel who leave. Competition for qualified personnel can be intense, and there are a limited number of people with the requisite knowledge and experience. Under these conditions, we could be unable to recruit, train, and retain employees. If we cannot attract and retain qualified personnel, it could have a material adverse impact on our operating results and stock price.

### **Risks Associated with the Shares of Our Company**

*Trading on the Pink OTC may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.*

Our common stock is quoted on the Pink OTC service of the Financial Industry Regulatory Authority. Trading in stock quoted on the Pink OTC is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the Pink OTC is not a stock exchange, and trading of securities on the Pink OTC is often more sporadic than the trading of securities listed on a quotation system like Nasdaq or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of the shares.

*Because we do not intend to pay any dividends on our shares, investors seeking dividend income or liquidity should not purchase our shares.*

We have not declared or paid any dividends on our shares since inception, and do not anticipate paying any such dividends for the foreseeable future. Investors seeking dividend income or liquidity should not invest in our shares.

*Because we can issue additional shares, purchasers of our shares may incur immediate dilution and may experience further dilution.*

We are authorized to issue up to 200,000,000 shares. The board of directors of our company have the authority to cause us to issue additional shares, and to determine the rights, preferences and privileges of such shares, without consent of any of our stockholders. Consequently, our stockholders may experience more dilution in their ownership of our company in the future.

### **Other Risks**

*Our stock is a penny stock. Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.*

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in

a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

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*The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a stockholder's ability to buy and sell our stock.*

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

*We believe that our operations comply, in all material respects, with all applicable environmental regulations.*

Our operating partners maintain insurance coverage customary to the industry; however, we are not fully insured against all possible environmental risks.

*Any change to government regulation/administrative practices may have a negative impact on our ability to operate and our profitability.*

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States, Canada, or any other jurisdiction, may be changed, applied or interpreted in a manner which will fundamentally alter the ability of our company to carry on our business.

The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on us. Any or all of these situations may have a negative impact on our ability to operate and/or our profitably.

*Our By-laws contain provisions indemnifying our officers and directors against all costs, charges and expenses incurred by them.*

Our By-laws contain provisions with respect to the indemnification of our officers and directors against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which he is made a party by reason of his being or having been one of our directors or officers.

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*Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.*

Our constating documents authorize the issuance of 200,000,000 shares of common stock with a par value of \$0.001. In the event that we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we issue any such additional shares, such issuances also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in our control.

*Our By-laws do not contain anti-takeover provisions, which could result in a change of our management and directors if there is a take-over of our company.*

We do not currently have a shareholder rights plan or any anti-takeover provisions in our By-laws. Without any anti-takeover provisions, there is no deterrent for a take-over of our company, which may result in a change in our management and directors.

*As a result of a majority of our directors and officers are residents of other countries other than the United States, investors may find it difficult to enforce, within the United States, any judgments obtained against our company or our directors and officers.*

Other than our operations offices in Vancouver and Kelowna, British Columbia, we do not currently maintain a permanent place of business within the United States. In addition, a majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against our company or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

## **Item 3. Defaults Upon Senior Securities**

None.

## **Item 4. Submission of Matters to a Vote of Securities Holders**

None.

## **Item 5. Other Information**

Due to the implementation of British Columbia Instrument 51-509 on September 30, 2008 by the British Columbia Securities Commission, we have been deemed to be a British Columbia based reporting issuer. As such, we are required to file certain information and documents at [www.sedar.com](http://www.sedar.com).

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**Item 6. Exhibits****Exhibit Description  
Number**

| <b>(i) Articles of Incorporation; and (ii) Bylaws</b> |  |
|---|--|
| 3.1*  | Articles of Incorporation  |
| 3.2*  | Bylaws   |
| 4.1*  | Specimen ordinary share certificate  |
| <u>10.1</u>   | <u>Amended Consulting agreement dated June 18, 2014 with Jeff Paikin</u>     |
| <u>10.2</u>   | <u>Amended Consulting agreement dated June 18, 2014 with Don Shaxon</u>      |
| <u>10.3</u>   | <u>Amended Consulting agreement dated June 18, 2014 with Clark Kent</u>      |
| <u>10.4</u>   | <u>Amended Consulting agreement dated June 18, 2014 with Greg Boone</u>      |
| <u>10.5</u>   | <u>Amended Consulting agreement dated June 18, 2014 with Jason Springett</u> |
| <u>31.1</u>   | <u>Rule 13(a) - 14 (a)/15(d) - 14(a) Certifications</u>                      |
| <u>31.2</u>   | <u>Rule 13(a) - 14 (a)/15(d) - 14(a) Certifications</u>                      |
| <u>32.1</u>   | <u>Section 1350 Certifications</u>   |
| <u>32.2</u>   | <u>Section 1350 Certifications</u>   |

\*Incorporated by reference to same exhibit filed with the Company's Registration Statement on Form SB- 2 dated

January 10, 2006.

\*\*Certain parts of this document have not been disclosed and have been filed separately with the Secretary, Securities and Exchange Commission, and is subject to a confidential treatment request pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

**ENERTOPIA CORP.**

By: /s/ "Robert McAllister "  
Robert McAllister,  
President (Principal Executive Officer)  
10/07/2014

By: /s/ "Bal Bhullar"  
Bal Bhullar,  
Chief Financial Officer  
10/07/2014

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