

Enertopia Corp.  
Form 10-Q  
April 14, 2015

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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 **February 28, 2015**

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**

(Address of principal executive offices)

**V6E 4A4**

(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

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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.

77,908,460 common shares issued and outstanding as of March 15, 2015

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**PART 1 FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

Our unaudited interim consolidated financial statements for the six months period ended February 28, 2015 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)**

	<b>February 28</b>	<b>August 31</b>
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 370,768	\$ 888,122
Owned securities (Note 4)	293,750	323,750
Accounts receivable	57,934	42,264
Prepaid expenses and deposit	67,017	234,091
Inventory (Note 7)	17,864	-
<b>Total current assets</b>	<b>807,333</b>	<b>1,488,227</b>
<b>Non-Current</b>		
Long term investments - GSWPS (Note 5)	1	1
Medical Marijuana Assets (Note 6)	390,272	774,271
<b>Total Assets</b>	<b>\$ 1,197,606</b>	<b>\$ 2,262,499</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 234,016	\$ 226,916
Deferred Revenues	260,000	280,000
Due to related parties (Note 8)	72,910	72,910
<b>Total Current Liabilities</b>	<b>566,926</b>	<b>579,826</b>
	<b>566,926</b>	<b>579,826</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:		
77,318,460 common shares at February 28, 2015 and August		
31,2014: 90,870,747	77,318	90,870
<b>Additional paid-in capital</b>	<b>12,620,679</b>	<b>14,070,611</b>
<b>Shares to be returned</b>	<b>-</b>	<b>(1,713,145)</b>
<b>Deficit accumulated during the exploration stage</b>	<b>(12,067,317)</b>	<b>(10,765,663)</b>
<b>Total Stockholders' Equity</b>	<b>630,680</b>	<b>1,682,673</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,197,606</b>	<b>\$ 2,262,499</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 FEBRUARY 28, 2015**  
**(Expressed in U.S. Dollars)**

	COMMON STOCK		ADDITIONAL	STOCK	DEFICIT	TOTAL
	SHARES	AMOUNT	PAID-IN	TO BE	ACCUMULATED	STOCKHOLDER S'
			CAPITAL	ISSUED	DURING	EQUITY
					EXPLORATION	
					STAGE	
Balance November 24, 2004 (Inception)	-	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common stock for cash at \$0.02 per share on March 22, 2005	5,467,500	5,468	103,882	-	-	109,350
Issuance of common stock for cash at \$0.30 per share on April 6, 2005	1,112,500	1,112	332,638	-	-	333,750
Stock to be issued	125,000	-	37,375	125	-	37,500
Comprehensive income (loss): (Loss) for the period	-	-	-	-	(167,683)	(167,683)
Balance, August 31, 2005	6,705,000	\$ 6,580	\$ 473,895	\$ 125	\$ (167,683)	\$ 312,917
Stock issued on September 29, 2005	-	125	-	(125)	-	-
Comprehensive income (loss): (Loss) for 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	14,652,740	\$ 14,653	\$ 4,269,177	\$ -	\$ (1,347,706)	\$ 2,936,124
Imputed interest for non-interest bearing loan	-	-	4,410	-	-	4,410

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Stock-based compensation	-	-	35,780	-	-	35,780
Comprehensive income (loss):						
(Loss) for the year	-	-	-	-	84,233	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)	(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
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)



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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
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)

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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	1,900	-	-	2,000
Shares issued to Stewart Briggs/Olibri	750,000	750	36,750	-	-	37,500
Shares issued for MM Assets	10,000,000	10,000	190,000	-	-	200,000
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

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Shares issued for cash for PP on Jan 31	4,292,000	4,292	395,292	-	-	399,584
Shares issued for warrant conversion	1,126,500	1,127	214,973	-	-	216,100
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	599,000	-	-	600,000
Shares issued for warrant conversion	5,827,855	5,828	909,143	-	-	914,971
Shares issued for option conversion	425,000	425	83,800	-	-	84,225
Shares issued as per agreement with R. Chadwick	100,000	100	59,900	-	-	60,000
Shares issued as per agreement with Dr. Melamede	250,000	250	169,750	-	-	170,000
Shares issued as per various Ontario agreements	623,297	623	212,676	-	-	213,299
Shares issued as per Agreement with Agora	72,917	73	13,053	-	-	13,126
Shares issued as per various Ontario agreements	720,000	720	100,080	-	-	100,800
Shares issued as per Agreement with Emerging LLC	750,000	750	119,250	-	-	120,000
Shares issued for warrant conversion	252,000	252	24,948	-	-	25,200
Shares issued per LOI Burlington	118,416	118	22,382	-	-	22,500
Stock Based Compensation	-	-	773,441	-	-	773,441

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Balance, August 31, 2014	90,870,747	90,871	14,070,611	-	(10,765,663)	3,395,818
WOM JV Termination, shares back to Treasury	(15,127,287)	(15,127)	(1,667,418)	-	-	(1,682,545)
Shares returned for contract cancellation C. Hornung	(90,000)	(90)	(30,510)	-	-	(30,600)
Comprehensive income (loss):						
(Loss) for the year	-	-	-	-	(4,641,005)	(4,641,005)
Balance, August 31, 2014	75,653,460	\$ 75,653	\$ 12,372,683	\$	- \$ (10,765,663)	\$ 1,682,673
Stock based compensation	-	-	177,596	-	-	177,596
Shares issued for PP on January 30	1,665,000	1,665	70,400	-	-	72,065
Comprehensive income (loss):						
(Loss) for the period	-	-	-	-	(1,301,654)	(1,301,654)
Balance, February 28, 2015	77,318,460	\$ 77,318	\$ 12,620,679	\$	- \$ (12,067,317)	\$ 630,680

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

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

	<b>THREE MONTHS ENDED</b>		<b>Six Months Ended</b>		<b>CUMULATIVE PERIOD FROM INCEPTION NOVEMBER 24, 2004 TO</b>
	<b>February 28 2015</b>	<b>February 28 2014</b>	<b>February 28 2015</b>	<b>February 28 2014</b>	<b>February 28 2015</b>
<b>Revenue</b>					
Non-renewal energy - natural gas and oil revenue	\$ -	\$ -	\$ -	\$ -	374,342
Renewable energy - service revenue	-	-	-	-	32,119
	-	-	-	-	406,461
<b>Cost of revenue</b>					
<b>Non-renewable energy:</b>					
Natural gas and oil operating costs and royalties	-	-	-	-	141,197
Depletion	-	-	-	-	298,489
Write-down in carrying value of oil and gas property	-	-	-	-	293,436
<b>Renewable energy</b>	-	-	-	-	48,050
	-	-	-	-	781,172
<b>Gross Profit</b>	-	-	-	-	(374,711)
<b>Expenses</b>					
Accounting and audit	5,212	3,951	40,628	22,675	471,859
Sales & Marketing Advertising & Promotions	183	-	183	-	3,228
	83,060	44,197	131,810	73,458	383,080
Bank charges and interest expense	771	2,878	1,164	3,224	72,143
Consulting	193,358	124,784	591,555	190,805	4,155,280
Mineral exploration costs	-	-	-	-	520,869
Fees and dues	15,902	6,722	24,654	15,668	227,463
Insurance	1,826	4,586	3,875	8,786	98,236
Investor relations	11,738	12,629	18,473	26,629	186,471

Legal and professional	<b>5,444</b>	9,772	<b>28,965</b>	9,772	<b>331,130</b>
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Office and miscellaneous	1,487	10,149	7,704	12,201	98,667
Research and development costs for					
V_Love (Note 7)	5,364	-	5,364	-	5,364
Rent	21,257	1,958	45,352	2,504	186,421
Telephone	1,056	229	1,845	229	23,968
Training & Conferences	394	4,525	394	9,378	48,782
Travel	3,059	10,848	5,688	11,308	180,683
<b>Total expenses</b>	<b>350,111</b>	<b>237,228</b>	<b>907,654</b>	<b>386,637</b>	<b>6,993,644</b>
<b>(Loss) for the period before other items</b>	<b>(350,111)</b>	<b>(237,228)</b>	<b>(907,654)</b>	<b>(386,637)</b>	<b>(7,368,355)</b>
<b>Other income (expense)</b>					
Other income	10,000	-	20,000	-	101,354
Impairment of long term investments	-	-	-	-	(722,889)
MMJ license expenses	-	(76,594)	(384,000)	(76,594)	(2,266,860)
Others	-	-	-	-	22,775
Equity interest pick up	-	(8,982)	-	(8,982)	(17,744)
Gain on owned securities	-	-	(30,000)	-	(313,082)
Gain on disposition of oil and gas					
interests	-	-	-	-	522,976
Revaluation of warrants liability	-	-	-	-	896,019
Write down of oil and gas properties	-	-	-	-	(2,921,511)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (340,111)</b>	<b>\$ (322,804)</b>	<b>\$ (1,301,654)</b>	<b>\$ (472,213)</b>	<b>\$ (12,067,317)</b>
<b>Basic and diluted income (loss) per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	
<b>Weighted average number of common shares</b>					
<b>outstanding - basic and diluted</b>	<b>75,921,710</b>	<b>52,105,091</b>	<b>79,546,951</b>	<b>42,885,978</b>	

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

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

	Six Months Ended		CUMULATIVE PERIOD FROM INCEPTION November 24, 2004 TO
	February 28 2015	February 28 2014	February 28 2015
<b>Cash flows used in operating activities</b>			
<b>Net Income (loss)</b>	\$ (1,301,654)	\$ (472,213)	\$ (12,067,317)
<b>Changes to reconcile net loss to net cash used in operating activities</b>			
compensation	Consulting - Stock based 177,596	133,214	1,608,287
	Depletion -	-	298,489
and gas properties	Write down in carrying value of oil -	-	293,436
	Stock issued for services -	-	37,500
	MMJ expenses 384,000	-	1,716,010
properties	Write down of oil and gas -	-	2,921,511
properties	Gain on disposition of oil and gas -	-	(522,976)
	Fair value of warrants liabilities -	-	(896,019)
	Gain on owned securities 30,000	-	313,082
	Equity pick-up -	8,982	17,744
investments	Impairment of long term -	-	271,295
	Imputed interest -	-	17,396
	Accrued loan interest -	-	17,928
	Other non-cash activities -	-	540,166
<b>Change in non-cash working capital items:</b>			
	Accounts receivable (15,670)	(5,900)	(27,994)
	Prepaid expenses and deposit 128,884	83	139,680
	Deferred revenues (20,000)	-	(20,000)
liabilities	Accounts payable and accrued 7,098	(69,077)	223,851
	Due to related parties -	12,062	95,496
<b>Net cash (used in) operating activities</b>	<b>(609,746)</b>	<b>(392,849)</b>	<b>(5,022,435)</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)
Proceeds from sale of oil and gas interests	-	-	521,545
Mineral resource properties acquisition	-	-	(231,843)
Investment in GSWPS	-	-	(103,500)
Investment in Pro Eco	-	10,004	(34,995)
Investment in Medical Marijuana Operations	-	(716,610)	(6,270)
Cash provided in connection with business acquisition	-	-	201,028
<b>Net cash from (used in) investing activities</b>	-	(706,606)	57,026
<b>Cash flows from financing activities</b>			
Promissory notes - related party	-	(47,380)	2,665
Net Proceeds from Options exercised	-	44,250	128,500
Net Proceeds from Warrants exercised	-	216,100	1,156,246
Net proceeds from subscriptions received	92,392	1,855,460	4,048,766
<b>Net cash from financing activities</b>	92,392	2,068,430	5,336,177
<b>Increase (Decrease) in cash and cash equivalents</b>	(517,354)	968,975	370,768
<b>Cash and cash equivalents, beginning of period</b>	888,122	1,341	-
<b>Cash and cash equivalents, end of period</b>	\$ 370,768	\$ 970,316	\$ 370,768
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**  
**February 28, 2015**  
**(Expressed in U.S. Dollars)**

**1. ORGANIZATION**

The unaudited interim consolidated financial statements for the period ended February 28, 2015 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, 2014 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 alternative health and wellness 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 \$1,301,654 for the six months ended February 28, 2015 [net loss of \$472,213 for the six months ended February 28, 2014] and as at February 28, 2015 has incurred cumulative losses of \$12,067,317 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.

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.

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### 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 subsidiaries, Thor Pharma Corp. and Target Energy, Inc. Target Energy, Inc. was dissolved effective November 4, 2013 with no significant accounting impact. The unaudited interim consolidated financial statements also include the equity interests of Global Solar Water Power Systems Inc. Global Solar Water Power Systems Inc. has been written down to \$1. All significant inter-company balances and transactions have been eliminated.

#### b) New Accounting Pronouncements

FASB ASU 2014-09, Revenue from Contracts with Customers, was issued May 2014 and updates the principles for recognizing revenue. The ASU will supersede most of the existing revenue recognition requirements in U.S. GAAP and will require entities to recognize revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. This ASU also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that period. Early adoption is not permitted under U.S. GAAP. The Company is determining its implementation approach and evaluating the potential impacts of the new standard on its existing revenue recognition policies and procedures.

FASB ASU 2014-12, Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award's grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not anticipate a significant impact upon adoption.

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.

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#### **4. OWNED SECURITIES**

As at February 28, 2015 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 February 28, 2015 ( August 31, 2014 - \$0.01) .

As at February 28, 2015 owned securities consist of 1,000,000 common shares of Lexaria Corp. obtained through Definitive Agreements as per Note 6 (c). The Company classified the securities owned as held-for-trade and recorded at fair value.

The fair value of the common shares of Lexaria Corp. was \$0.09 per share as at February 28, 2015.

As at February 28, 2015 owned securities consist of 500,000 restricted common shares of Lexaria Corp. at deemed price of \$0.40 per share. Such shares to be released to the Company when a valid license from Health Canada, which designate Enertopia as a Licensed Producer pursuant to Canada's Marijuana for Medical Purposes Regulations (the MMPR license ), has been received. In the event of MMPR license has not been received within 24 months of the date of this agreement, such shares will be cancelled and returned to treasury. Restricted shares are not within the scope of ASC 320-10 and are therefore accounted for at cost less other than temporally impairment if the restriction does not terminated within one year. No other than temporally impairment incurred as at February 28, 2015. Also see Note 6 (d).

#### **5. LONG TERM INVESTMENTS**

##### **Global Solar Water Power Systems Inc. ( GSWPS )**

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.

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

#### **6. MEDICAL MARIJUANA INVESTMENT**

- (a) The Company has entered into a Joint Venture Agreement (the WOM Agreement ) on January 16, 2014 with World of Marijuana 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:



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- 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) 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)
- 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.

The license application for the WOM joint venture was submitted in October 2013. To date the WOM joint venture has been financed by our Company in the amount of \$375,000. The \$375,000 budget is intended to fund the joint

venture through completion of facility upgrades and completion of the licensing process. On September 18, 2014 we announced that we have provided notice to WOM alleging default under the terms of the joint venture agreement for, among other things, their failure to provide financial information in regards to the funding, expenses and operation of the joint venture. WOM has provided notice in response disputing their default, and we are currently in correspondence with WOMs attorney.

On October 16, 2014, the Company entered into a termination and settlement agreement, dated effective October 14, 2014, with WOM and Mathew Chadwick (the **Settlement Agreement** ), pursuant to which the parties have entered into mutual releases, Mr. Chadwick has resigned from our board of directors and as an officer of the Company, and WOM has returned back to the treasury of the Company 15,127,287 common shares that had been issued to it. Given the foregoing, all relationships between the parties, including but not limited to the WOM Agreement in regards to the Joint Venture business, have been terminated. On August 31, 2014, the Company had recognized impairment loss for total amount of \$392,454.

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- (b) 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 marijuana for medical purposes.

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 (paid);
- 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 (issued)
  - (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 MMR requirements or as may otherwise be required to advance the GCL Business.(paid)

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 GCL Business.

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The parties did not form a separate legal entity as part of the GCL Agreement; therefore, the Company accounts for the GCL Agreement as a collaborative arrangement in accordance with applicable accounting guidance. As at February 28, 2015, the Company also recorded restricted common shares issued to GCL for total amount of \$384,000 as assets (August 31, 2014: \$768,000). As at February 28, 2015, the Company expensed \$384,000 due to the decrease in share value related to the agreement.

- (c) 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 upon 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.
- (d) 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. Lexaria issued 500,000 common shares to Enertopia. Enertopia wishes to acquire a license from Health Canada 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%
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%
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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.

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The parties did not form a separate legal entity as part of the Joint Venture Agreement; therefore, the Company accounts for the Joint Venture as a collaborative arrangement in accordance with ASC 808 *Collaborative Arrangements*. During the year ended August 31, 2014, the Company recorded \$9,250 as expenses related to the collaborative arrangement. The Company also recorded leasehold improvement of \$6,271 as assets. As at February 28, 2015, the Company recorded \$9,838 in expenses relating to the agreement.

#### **7. SEXUAL ENHANCEMENT GEL**

On February 9, 2015, Enertopia announced the launch of a new product line V-Love™ for women's sexual health. V-Love™ for women is a sexual stimulatory gel that provides sensation to assist women with desire. The gel is currently under production and will be available for sale in Canada during the third quarter and for sale in the USA in the fourth quarter. Enertopia owns 100% of the product and its formulation. Enertopia engaged a laboratory in Vancouver to formulate the final ingredients for V-Love™ and for the production of the sexual desire gel.

As at February 28, 2015, the Company has recorded inventory of \$17,864 relating to V-Love sample products and expensed \$5,364 research and development costs.

#### **8. RELATED PARTIES TRANSACTION**

For the six months ended February 28, 2015, the Company was party to the following related party transactions:

Paid/accrued \$39,000 (February 28, 2014: \$30,000) to the President of the Company in consulting fees.

Paid/accrued \$45,000CAD (February 28, 2014: \$33,000CAD) in consulting fees to a company controlled by the CFO of the Company.

\$65,750 was payable to the President and a company controlled by a CFO of the Company.

Incurred share based compensation expenses of \$103,111 in relation to stock options issued to key management personnel (February 28, 2014: \$nil).

See Note 6.

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

#### **9. COMMON STOCK**

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. In July, the Company accepted Mr. Hornung's resignation. The 90,000 common shares of the Company that were issued have been returned back to treasury on September 24, 2014.

On October 16, 2014 the Company entered into a termination and settlement agreement, dated effective October 14, 2014, with WOM and Mathew Chadwick (the **Settlement Agreement**), pursuant to which the parties have entered into mutual releases, Mr. Chadwick has resigned from the Company's board of directors and as an officer of the company, and WOM has returned back to the treasury of the company 15,127,287 common shares that had been issued to it. Given the foregoing, all relationships between the parties, including but not limited to the WOM Agreement in regards to the Joint Venture business, have been terminated.

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On January 30, 2015, the Company closed the first tranche of a private placement of 1,665,000 units at a price of CAD\$0.06 per unit for gross proceeds of CAD\$99,900. Each unit consists of one common share of the Company and one non-transferable share purchase warrant, each full warrant entitling the holder to purchase one additional common share of the Company for a period of 36 months from the date of issuance, at a purchase price of US\$0.10 during the first 24 months and at US\$0.15 after 24 months. A cash finders fee of CAD\$7,358 and 122,640 full broker warrants that expire on January 30, 2018 was paid to Canaccord Genuity.

As at February 28, 2015, the Company had 77,318,460 shares issued and outstanding.

## 10. STOCK OPTIONS AND WARRANTS

### Stock Options

On July 15, 2014, the shareholders approved and adopted at the Annual General Meeting the Company's 2014 Stock Option Plan. 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 these Plans 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 3, 2014 the Company granted 2,100,000 stock options to directors, officers, and consultant of the Company with an exercise price of \$0.10 vested immediately, expiring November 3, 2019.

On November 18, 2014, the Company granted 100,000 stock options to consultant of the Company with an exercise price of \$0.10 vested immediately, expiring November 13, 2019.

For the six months ended February 28, 2015, the Company recorded \$177,595 (February 28, 2014 \$92,029) stock based compensation expenses which has been included in consulting fees.

A summary of the changes in stock options for the six months ended February 28, 2015 is presented below:

	Number of Shares	Options Outstanding Weighted Average Exercise Price
Balance, August 31, 2014	3,655,000	\$ 0.33
Cancelled	(550,000)	0.07 0.86
Expired	(700,000)	0.10
Granted	2,200,000	0.10
Balance, February 28, 2015	4,605,000	\$ 0.18

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:

	February 28, 2015	August 31, 2014
Expected volatility	216%-219%	204%-219%
Risk-free interest rate	1.63%-1.79%	1.33%-1.79%
Expected life	5.00 years	5.00 years
Dividend yield	0.00%	0.00%
Estimated fair value per option	\$ 0.06-\$0.07	\$ 0.05-\$0.69



The Company has the following options outstanding and exercisable.

February 28, 2015		Options outstanding			Options exercisable	
Exercise prices	Number of shares	Remaining contractual life	Exercise Price	Number of shares exercisable	Exercise Price	
\$0.10	100,000	4.72 years	\$ 0.10	100,000	\$ 0.10	
\$0.10	2,100,000	4.68 years	\$ 0.10	2,100,000	\$ 0.10	
\$0.50	50,000	4.10 years	\$ 0.50	50,000	\$ 0.50	
\$0.70	500,000	4.07 years	\$ 0.70	250,000	\$ 0.70	
\$0.35	50,000	3.93 years	\$ 0.35	25,000	\$ 0.35	
\$0.16	250,000	3.87 years	\$ 0.16	250,000	\$ 0.16	
\$0.06	550,000	3.68 years	\$ 0.06	550,000	\$ 0.06	
\$0.15	555,000	0.96 years	\$ 0.15	555,000	\$ 0.15	
\$0.15	150,000	1.02 years	\$ 0.15	150,000	\$ 0.15	
\$0.15	150,000	2.05 years	\$ 0.15	150,000	\$ 0.15	
\$0.20	100,000	0.69 years	\$ 0.20	100,000	\$ 0.20	
\$0.25	50,000	1.25 years	\$ 0.25	50,000	\$ 0.25	
	4,605,000	3.66 years	\$ 0.18	4,605,000	\$ 0.18	

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August 31, 2014 Exercise prices	Options outstanding			Options exercisable		
	Number of shares	Remaining contractual life	Exercise Price	Number of shares exercisable	Remaining contractual life	Exercise Price
\$0.50	50,000	4.60 years	\$ 0.50	50,000	4.60 years	\$ 0.50
\$0.72	100,000	4.59 years	\$ 0.72	100,000	4.59 years	\$ 0.72
\$0.86	200,000	4.58 years	\$ 0.86	200,000	4.58 years	\$ 0.86
\$0.70	500,000	4.57 years	\$ 0.70	250,000	4.57 years	\$ 0.70
\$0.68	200,000	4.53 years	\$ 0.68	100,000	4.53 years	\$ 0.68
\$0.35	50,000	4.43 years	\$ 0.35	50,000	4.43 years	\$ 0.35
\$0.16	250,000	4.37 years	\$ 0.16	250,000	4.37 years	\$ 0.16
\$0.075	50,000	4.34 years	\$ 0.075	50,000	4.34 years	\$ 0.075
\$0.06	550,000	4.18 years	\$ 0.06	550,000	4.18 years	\$ 0.06
\$0.10	300,000	0.14 years	\$ 0.10	300,000	0.14 years	\$ 0.10
\$0.10	400,000	0.33 years	\$ 0.10	400,000	0.33 years	\$ 0.10
\$0.15	555,000	1.45 years	\$ 0.15	555,000	1.45 years	\$ 0.15
\$0.15	150,000	1.52 years	\$ 0.15	150,000	1.52 years	\$ 0.15
\$0.15	150,000	2.55 years	\$ 0.15	150,000	2.55 years	\$ 0.15
\$0.20	100,000	1.19 years	\$ 0.20	100,000	1.19 years	\$ 0.20
\$0.25	50,000	1.75 years	\$ 0.25	50,000	1.75 years	\$ 0.25
	3,655,000	2.85 years	\$ 0.30	3,305,000	2.67 years	\$ 0.25

**Warrants**

A summary of warrants as at February 28, 2015 and August 31, 2014 is as follows:

	Number of warrant	Warrant Outstanding Weighted Average Exercise Price
Balance, August 31, 2014	13,606,245	\$ 0.14
Granted	1,787,640	0.10
Balance, February 28, 2015	15,393,885	\$ 0.14

Number Outstanding <sup>1</sup>	Exercise Price	Expiry Date
460,000	\$0.20	July 27, 2015
136,000	\$0.20	August 24, 2015
278,275	\$0.20	September 28, 2015
430,670	\$0.20	November 15, 2015
1,468,000	\$0.10	November 26, 2016
1,438,800	\$0.10	December 23, 2016
2,167,160	\$0.15	January 31, 2016
7,227,340	\$0.15	February 13, 2016
1,787,640	\$0.10 and \$0.15 after 24 months	January 30, 2018
15,393,885		

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



## 11. 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. 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 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 cancellation 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. On May 5, 2014, the Company signed an Addendum with Don Shaxon. The monthly compensation increased to \$7,500 including expenses.
- (d) 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. On June 9, 2014, the Company made its second quarterly payment by issuing 72,917 common shares of the Company at a market price of \$0.18 per share.
- (e) 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. 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.
- (f) 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. 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.
- (g) 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. 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.
- (h) 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. 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.

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- (i) 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.
- (j) On August 1, 2014, the Company signed an extension to the Letter of intent executed on April 10, 2014 on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation (Lessee) and Mr. Jeff Paikin of 1475714 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 at Burlington, Ontario (the "Building"). On August 5, 2014, as per the terms of the extension, 118,416 common shares of the Company were issued at a deemed price of \$0.19 per share. On December 12, 2014, the Company signed an extension on an amended Preliminary Lease Agreement and Extension of LOI, that was first executed on April 10, 2014 on behalf of Lexaria CanPharm Corp. - a wholly owned subsidiary of Lexaria, and Enertopia Corporation(Lessee) and Mr. Jeff Paikin of 1475714 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 at Burlington, Ontario (the "Building") with Enertopia's monthly portion being \$6,992.
- (k) On August 1, 2014, the Company entered into a three month Investor Relations and Marketing Agreement with Neil Blake with a monthly fee of CAD\$2,500. The agreement is extended on a month-to-month basis.
- (l) On September 18, 2014, the Company entered into a contract with the Company's joint venture partner Lexaria Corp., and Maureen McGrath pursuant to which Ms. McGrath will lead the National Medical Marijuana Awareness and Outreach Strategy, a public awareness program jointly administered by Lexaria and our company.
- (m) On February 9, 2015, the Company entered into a one year contract with Maureen McGrath/McGrath Group as Lead Medical Strategist, with a monthly fee of CAD\$3,000.
- (n) Also see note 7.

## 12. 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 February 28, 2015	Renewable		Corporate	Consolidated
	Energy	Medical Marijuana		
Revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss) from operations	-	(394,001)	(907,653)	(1,301,654)
Total assets	\$ 1	\$ 390,272	\$ 807,333	\$ 1,197,606

The operations of the Group are located geographically in the Canada.

**13. SUBSEQUENT EVENTS**

- (a) On March 12, 2015, the Company closed the final tranche of a private placement of 590,000 units at a price of CAD\$0.06 per unit for gross proceeds of CAD\$35,400. Each unit consists of one common share of the Company and one non-transferable share purchase warrant, each full warrant entitling the holder to purchase one additional common share of the Company for a period of 36 months from the date of issuance, at a purchase price of US\$0.10 during the first 24 months and at US\$0.15 after 24 months. A cash finders fee of CAD\$2,832 and 47,200 full broker warrants that expire on March 12, 2018 was paid to Canaccord Genuity.

**14. COMPARATIVE INFORMATION**

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

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## **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. During our 2014 fiscal year end our activities in the clean energy sector have been discontinued. Our activities in the natural resources sector have also been discontinued. The Company is pursuit of business opportunities in Medicinal Marijuana and alternative health and wellness.

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.

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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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**.

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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.

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.

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

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.

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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.

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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.

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.

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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.

On September 17, 2013 we 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 we issued 100,000 of our common shares to Downhole Energy LLC. The Company decided not to continue with the agreement and wrote off the asset.

On October 4, 2013 we entered into a consulting agreement with Olibri Acquisitions and issued 750,000 of our common shares to Olibri.

We entered into a Letter of Intent Agreement ( LOI ) on November 1, 2013 with 0786521 BC Ltd. (also known as World of Marijuana Productions Ltd.) (the Vendor ) to acquire 51% of the issued and outstanding capital stock of the Vendor. The Vendor is the owner, operator of a Medical Marijuana operation located at 33420 Cardinal Street, Mission, British Columbia, Canada. The LOI was not comprehensive and subject to the negotiation of a definitive agreement. On the execution of the LOI, we issued 10,000,000 of our common shares to the Vendor. The LOI was superseded by our joint venture agreement with World of Marijuana Productions Ltd. dated January 16, 2014, described below.

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

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

On November 18, 2013, we 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. We also agree to pay to 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 the agreement and \$500 per month to cover

expenses incurred on our Company's behalf. Any expenses above \$500 per month must be pre-approved.

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On November 26, 2013, our 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 is 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 November 29, 2013, our wholly-owned subsidiary, Target Energy, Inc was discontinued and dissolved.

On December 23, 2013, we closed the 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 is exercisable into one further share at a price of \$0.10 per warrant share for a period of thirty six months following closing. We 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, we entered into a 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 we will pay Stuart Gray a monthly fee of \$5,000. As additional compensation we issued 200,000 stock options to Mr. Gray. The exercise price of the stock options is \$0.075, with 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, we entered into a corporate development agreement with Don Shaxon for an initial term of twelve months. Thereafter the agreement continued on a month-by-month basis pending cancellation by written notification with 30 days notice. In consideration for the services we paid to Mr. Shaxon a signing stock bonus of 250,000 of our common shares, a one-time cash bonus of \$40,000, and a monthly fee of \$3,500 plus \$500 in monthly expenses. Upon execution of the Agreement we also granted 250,000 stock options. to Mr. Shaxon with an exercise price of \$0.16, vesting immediately and expiring January 13, 2019.

On January 16, 2014 we entered into a Joint Venture Agreement with World of Marijuana Productions Ltd. ( WOM ) to acquire up to a 51% ownership interest in a joint venture between WOM and our company. WOM was to acquire a medical marijuana production licence from Health Canada to in order to establish a medical marijuana production facility to be located at 33420 Cardinal Street, Mission, British Columbia.. The Joint Venture Agreement superseded the Letter of Intent between our company and WOM dated November 1, 2013 (the "LOI"). Our company issued 16,000,000 common shares and paid a total of \$375,000 to WOM to acquire a 31% interest in the joint venture. Subsequent to year end, on October 16, 2014 we entered into a termination and settlement agreement, dated effective October 14, 2014, with WOM and Mathew Chadwick (the Settlement Agreement ), pursuant to which the parties have entered into mutual releases, Mr. Chadwick has resigned from our board of directors and as an officer of our company, and WOM has returned for cancellation 15,127,287 of our common shares that had been issued to it. Given the foregoing, all relationships between the parties, including but not limited to the joint venture, have been terminated.

On January 31, 2014, we accepted and received gross proceeds of CAD\$40,500 (US\$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 our Company.

On January 31, 2014, we 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 share of our common stock and one half (1/2) of one non-transferable common share purchase warrant Each whole warrant is exercisable to purchase one common share at a price of US\$0.15 per share for a period of twenty four (24) months following closing. A cash finders fee consisting of \$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 joined our Company as an advisor. We granted 50,000 stock options to Mr. Foster with an exercise price of \$0.35 per common share expiring February 5, 2019. 25,000 of the stock options vested

immediately and 25,000 vested on July 1, 2014.

On February 13, 2014, we 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 and one half (1/2) of one non-transferable share purchase warrant with each whole warrant exercisable into one common share at a price of US\$0.15 per share for a period of twenty four (24) months following closing. One director and one officer of our Company participated in the final tranche for \$30,000. A cash finders fee consisting of \$98,784; 8,000 common shares in lieu of \$800 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.

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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 our 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 our 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 our Company for net proceeds of \$115,000.

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

On February 28, 2014, we entered into a Joint Venture Agreement with The Green Canvas Ltd. ("GCL") pursuant to which we may acquire up to a 75% interest in the business of GCL, being the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana for medical purposes. We paid \$100,000 to the GCL upon execution of the agreement. Subsequently, we issued to GCL an aggregate of 10,000,000 of our common shares at a price of \$0.235 per share; and paid to GCL the aggregate sum of \$500,000, to earn a 49% interest in GCL's business. With the exception of \$113,400 payable to Wolverton Securities, the full amount of the \$500,000 is to be used by GCL to upgrade the its existing medical marijuana production facility to meet the standards introduced by the Marijuana for Medical Purposes Regulations ( MMRP ) administered by Health Canada.

On March 5, 2014, our Company and our CEO and Director, Robert McAllister, entered into a Joint Venture Agreement with Lexaria Corp. to jointly source and develop business opportunities in the medical marijuana industry. Pursuant to the terms of the agreement, Lexaria Corp. issued to our Company 1 million restricted common shares and issued 500,000 common shares to Mr. McAllister for his participation as a key representative for the joint venture. Additionally Lexaria agreed to issue to Mr. McAllister options to purchase 500,000 common shares of Lexaria in consideration for Mr. McAllister's participation on the Lexaria Advisory Board.

On March 10, 2014, our Company's Board appointed Mathew Chadwick as Senior Vice President of Marijuana Operations and our company entered into a Management Agreement with Mr. Chadwick for his services. The initial term of the agreement began on the date of execution of this agreement and continued for six months. Thereafter the agreement continued on a month-by-month basis until it was terminated on October 16, 2014 pursuant to a termination and settlement agreement, dated effective October 14, 2014, with World of Marijuana Productions Ltd. and Mr. Chadwick. We paid in total \$125,000 to Mr. Chadwick pursuant to the Management Agreement. Mr. Chadwick resigned as a director and officer of our Company on October 16, 2014.

On March 11, 2014, Robert Chadwick and Clayton Newbury joined the Company as advisors and were paid a \$1,000 honorarium each. Robert Chadwick was issued a one-time 100,000 common shares of our Company. On March 11, 2014, we granted 100,000 stock options to Robert Chadwick with an exercise price of \$0.68 per share expiring March 11, 2019. 50,000 of the stock options vested immediately, and 50,000 vested on September 11, 2014. We also granted 100,000 options to Clayton Newbury on the same terms.

On March 11, 2014, as per the terms of the Joint Venture Agreement dated January 16, 2014 with World of Marijuana Productions Ltd. ( WOM ), our company made a payment of \$200,000 and issued 1,000,000 at a price of \$0.60 per share to 0984329 B.C. LTD. As a result our company acquired 31% of the Joint Venture business interest. We subsequently relinquished the 31% interest pursuant to the Termination and Settlement Agreement with WOM and Mathew Chadwick dated October 14, 2014. WOM returned for cancellation 15,127,287 previously issued shares of our common stock in consideration for our 31% interest.





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On March 14, 2014, we 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 our Company for net proceeds of \$163,062.

On March 14, 2014, we accepted and received gross proceeds from a director of our 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 our Company.

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

On March 25, 2014, we 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 our Company.

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

On March 26, 2014, our Board appointed Dr. Robert Melamede as an Advisor to the Board of Directors. We paid to Dr. Melamede, an honorarium of \$2,500 for the first year of participation on our Advisory Board and issued 250,000 shares of our common stock. On March 26, 2014 we granted to Dr. Melamede 500,000 stock options with an exercise price of \$0.70 and expiring March 26, 2019., 250,000 of the stock options vested immediately and the remaining 250,000 stock options vested on September 26, 2014,

On April 1, 2014, we entered into a one year consulting agreement with Kristian Dagsaan to provide controller services for CAD\$3,000 (plus goods and services tax) per month. We also granted 100,000 fully vested stock options with an exercise price of \$0.86, expiring April 1, 2019. The agreement was cancelled on August 31, 2014.

On April 1, 2014, we entered into a 90 day investor relations contract for CAD \$9,000 with Ken Faulkner. We also granted 100,000 fully vested stock options to Mr. Faulkner with an exercise price of \$0.86, expiring April 1, 2019.

On April 3, 2014, we entered into another 3 month Social Media/Web Marketing Agreement with Stuart Gray. In consideration for the services the Company we agreed to pay Mr. Gray a monthly fee of \$5,000. Upon execution of the Agreement, we issued 100,000 stock options to Mr. Gray with an exercise price of \$0.72, expiring on April 3, 2019. The agreement was terminated on July 31, 2014.

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

On April 3, 2014, we accepted and received gross proceeds from past consultant of our 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 our Company.

On April 8, 2014, we granted 50,000 fully vested stock options to a consultant of our Company, Taven White. The stock options are exercisable at \$0.50 per share and expire on 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 marijuana 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 marijuana 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. On August 1, 2014 the Company signed an extension to the Letter of intent executed on April 10, 2014 on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation(Lessee) and Mr. Jeff Paikin of 1475714 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 at Burlington, Ontario (the "Building"). On August 5, 2014, as per the terms of the extension, 118,416 common shares of the Company were issued at a deemed price of \$0.19 per share.

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. Based on the milestones listed in the amended contract, the Company issued Mr. Paikin 135,000 common shares at a deemed price of \$0.14 on July 14, 2014.

On April 17, 2014, our 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 our Company.

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

On April 24, 2014 our Company entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. We issued 90,000 common shares to the consultant 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 our Company. On June 18, 2014, the consulting agreement was amended so that Mr. Kent can be eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, we issued to Mr. Kent 135,000 common shares at a deemed price of \$0.14 on July 14, 2014.

On April 24, 2014 we 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 we issued to Mr. Shaxon 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 our Company. We amended the consulting agreement on June 18, 2014, following which Mr. Shaxon became eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, we issued to Mr. Shaxon 135,000 common shares at a deemed price of \$0.14 on July 14, 2014.

On April 24, 2014 we entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, for the services of Greg Boone as Human Resources Manager. Upon signing of the contract we 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 our Company. We amended the agreement on June 18, 2014, further to which Mr. Boone became eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, the Company issued Mr. Boone 135,000 common shares at a deemed price of \$0.14 on July 14, 2014.

On April 24, 2014 we 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 we issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Springett was eligible to receive up to a total of 472,500 common shares of the Company. We amended the agreement on June 18, 2014 further to which Mr. Springett became eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, we issued Mr. Springett 135,000 common shares at a deemed price of \$0.14 on July 14, 2014.

On April 24, 2014 we entered into a one year consulting contract with 2342878 Ontario Inc. for the services of Chris Hornung as Assistant Operations Manager. Upon signing of the contract we issued 90,000 common shares to the consultant at a deemed price of \$0.34. Subject to achievement of the milestones listed in the contract, Mr. Hornung or his company were eligible to receive up to a total of 472,500 common shares of our Company. Mr. Hornung resigned on July 14, 2014 prior to the accrual of additional compensation. The 90,000 common shares of the Company that were issued have been returned back to treasury on September 24, 2014.

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

On May 3, 2014 we 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 we issued to the consultant 45,000 common shares at a deemed price of \$0.28. Subject to achievement of the milestones listed in the contract, Mr. Mullan or his company are be eligible to receive up to a total of 225,000 common shares of our Company. Subsequently, we issued an additional 45,000 common shares to the consultant at a deemed price of \$0.14 on July 14, 2014.

On May 28, 2014, our company and Lexaria entered into a definitive agreement to develop a joint business for the production, manufacture, propagation, import/export, testing, research and development of marijuana in the Province of Ontario under the MMPR, Pursuant to the Agreement, ownership, revenues, and liability related to the Joint Venture is 51% to Enertopia and 49% to Lexaria. Expenses incurred by the joint venture shall be allocated 45% to Enertopia and 55% to Lexaria. Enertopia shall be responsible for management of the joint venture for as long as it maintains majority ownership. To date, Lexaria and Enertopia have contributed \$55,000 and \$45,000 to the joint venture, respectively. The joint venture has identified a production location in Burlington, Ontario and received municipal approval for the site in July, 2014. We intend to engage an architect to design the production facility upon acceptance of our application. Construction is anticipated to cost approximately \$3,000,000; Enertopia will be responsible for \$1,350,000 of this cost. The joint venture is unable to estimate at this time when a production license might be granted by Health Canada, however it is seeking assurances from Health Canada prior to commencement of construction.

On May 29, 2014, we 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 our Company.

On June 2, 2014, we 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, Pursuant to our 12 month marketing agreement with Agoracom dated February 27, 2014, we made a second quarter payment to Agoracom of \$12,500 plus GST paid by the issuance of 72,917 common shares of the Company at a market price of \$0.18 per share.

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

\$0.16.

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On July 23, 2014, 252,000 warrants from previous private placements were exercised into 252,000 common shares of our Company for net proceeds of \$25,200.

On August 1, 2014 we entered into a three month Investor Relations and Marketing Agreement with Neil Blake with a monthly fee of CAD\$2,500.

On September 18, 2014, we entered into a contract with our joint venture partner Lexaria Corp., and Maureen McGrath pursuant to which Ms. McGrath will lead the National Medical Marijuana Awareness and Outreach Strategy, a public awareness program jointly administered by Lexaria and our company.

On February 9, 2014, we entered into a one year contract with Maureen McGrath/McGrath Group as Lead Medical Strategist, with a monthly fee of CAD\$3,000.

### **Our Current Business**

The Company is diverse in its pursuit of business opportunities in several sectors, including: Medicinal Marijuana and alternative health and wellness

We currently hold the following interests:

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

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

#### ***Our Planned Medical Marijuana Production Operations***

On June 7, 2013 the Government of Canada implemented new legislation, the Marijuana for Medical Purposes Regulations (MMPR), concerning the production and sale of medical marijuana. The MMPR permit the licensing of commercial growers beginning April 1, 2014, while eliminating existing regulations permitting the production of medical marijuana on a personal-use basis. The revised regulations create conditions for a commercial industry in Canada that is responsible for medical marijuana production and distribution, by eliminating small-scale, personal-use production. Commercial growers are now able to submit applications to Health Canada for the production of medical marijuana and, if licensed, supply patients who qualify for the product at a price that would be established by market forces and at the discretion of producers.

In light of the MMPR, our company, together with our joint venture partners, is seeking to finance and build two licensed medical marijuana production facilities in Canada, and to grow, cultivate and distribute medical marijuana in Canada under the MMPR. In that regard we are engaged in two separate joint ventures, each with a different partner, Lexaria Corp. and The Green Canvas Ltd. Each of our joint ventures is seeking to obtain a production license under the MMPR, to build a production facility, and to cultivate and distribute medical marijuana.

#### ***Regulation of Medical Marijuana Production Applicable to our Planned Production Facilities***

On July 30, 2001, the Government of Canada implemented the Marijuana Medical Access Regulations (MMAR) pursuant to subsection 55(1) of the *Controlled Drugs and Substances Act*, which defines the circumstances and the manner in which marijuana can be used in Canada for medical purposes. The MMAR and regulations thereunder

granted access to marijuana for Canadians suffering from symptoms (pain, muscle spasms, nausea, and weight loss) related to multiple sclerosis, cancer, HIV, spinal cord injury, epilepsy, arthritis or other debilitating symptoms as determined by a medical doctor. The MMAR was administered by Health Canada, the federal agency responsible for national public health. Under the MMAR, licensed patients were permitted to grow their own marijuana or to designate someone grow it for them. Growers under the MMAR were not regulated by Health Canada beyond the allocation of a personal-use production license.

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On June 7, 2013 the Canadian regulations concerning the production and sale of medical marijuana were amended with the introduction of the MMPR which permit the licensing of commercial growers beginning April 1, 2014, while eliminating provisions for its production on a personal-use basis. Applications for personal-use production ceased to be processed by Health Canada as of October 1, 2013 and, individuals authorized to possess medical marijuana under the MMAR were directed to transition to the new licensed producer regime. This transition by existing MMAR licensees is subject to several legal appeals, discussed below.

The revised regulations create conditions for a commercial industry that is responsible for medical marijuana production and distribution, by eliminating small-scale, personal-use production. Commercial growers are now able to submit applications to Health Canada for the production of medical marijuana and, if licensed, supply patients who qualify for the product at a price that would be established by market forces and at the discretion of producers.

Currently, the MMPR only permits the sale of dried marijuana; the production of concentrated or edible forms (oils, resins, teas or infusions) is not permitted. On March 21, 2014, the Court of Appeal of the Province of British Columbia ruled in the case of *R v. Owen Edward Smith* that the MMPR's restriction on the production of edible marijuana products for medicinal purposes is unconstitutional. The court has given Health Canada 12 months to appeal or rewrite the current MMPR system to allow for other forms of marijuana consumption other than dried marijuana.

Other relevant requirements for applicants and licensed producers under the MMPR include the following:

- production facilities may only be located indoors (greenhouses are also acceptable);
- production facilities must meet specified advanced security requirements to prevent and detect unauthorized access;
- producers may not operate storefronts;
- producers may not wholesale products except to other licensed producers; they must sell directly to authorized consumers or, if requested, to their physicians;
- producers are required to notify their local government, local police force and local fire officials of their intention to apply to Health Canada, so that local authorities are aware of their proposed location and activities. Producers are also required to communicate with local authorities whenever there is a change in the status of their license;
- producers must comply with all federal, provincial/territorial and municipal laws and by-laws, including municipal zoning by-laws;
- there are no applicable federal fees payable in respect of the application or maintenance of the license to produce marijuana under the MMPR;
- producer must have an employee designated as a quality assurance person who is responsible for assuring the quality of the dried marijuana, before it is made available for sale. This employee must have the training, experience and technical knowledge related to the proposed licensed activities and the requirements of the MMPR; and
- applicants must submit a detailed description of their proposed record keeping methods. This must include a description of the process that will be used for recording transactions relating to licensed activities, including maintaining appropriate records of transactions and dealings with both suppliers and clients.

Other aspects of the MMPR relevant to our business include the following:

- The MMPR do not contain any limitations on the conditions for which a health care practitioner can support the use of marijuana for medical purposes;
- The MMPR does not impose a limit on the number of production licenses;
- There are no restrictions under the new *MMPR* on the daily amount of marijuana that may be prescribed, there is an individual possession cap of the lesser of 150 grams or 30 times the daily amount. For example, if an individual has a daily amount of 2 grams per day, their possession cap would be 60 grams.



### ***Our Planned Production Facilities***

Each of our joint venture production facilities is planned as a state of the art indoor growing operation designed to meet or exceed the standards for safety and security provided for in the MMPR. Each of our planned facilities will be equipped for indoor, in-soil and/or hydroponic marijuana cultivation of preparation in accordance with the specifications of the MMPR and will accommodate each step required in the production of medical marijuana. Facilities will include:

- temperature and humidity control systems;
- automated irrigation systems;
- automated grow lighting;
- ventilation and air quality control systems;
- drying and curing room;
- product testing laboratory facilities;
- packaging room;
- storage vault;
- information technology and security control room; and
- administrative offices.

### ***Production Facility Staffing Requirements***

We anticipate that each of our planned facilities will require personnel acting in the following capacities:

- marijuana cultivation expert to oversee production activities;
- production assistants to provide support in all aspects of the cultivation and processing;
- information technology specialist to manage electronic records, inventory and sales;
- designated quality assurance specialist to monitor production standards and conduct routine product testing;
- financial controller/accountant;
- sales representative ; and
- operations manager/executive to oversee the entirety of the joint venture operations.

We intend to fulfill our staffing requirements through the engagement of both full and part-time employees and consultants.

### ***Marijuana Cultivation at our Planned Production Facilities***

We intend to cultivate our medical marijuana using state of the art organic indoor growing techniques which will be customized to optimize the quality, yield and desired potency of medicinal marijuana produced. On average, the indoor production cycle of marijuana from planting to harvest is 3 to 5 months in duration. However, the use of certain varieties and growing techniques can shorten the production cycle to as little as 6 weeks or lengthen it to as long as 8 months. An initial harvest grown from seed stock (rather than from planting a clone/trimming) will typically require an additional three to four months growing time. Each of our planned facilities will grow several varieties requiring varying production times. Each of our planned facilities will follow the following cultivation procedures:

**Varietal Selection:** marijuana varieties are selected based on a variety of considerations, including patient demand, consumer availability, yield, growth time, and cannabidiol and tetrahydrocannabinol content ( see paragraph below entitled *The Use of Marijuana for Medical Purposes* );

**Seed Procurement:** seeds are obtained from a range of Canadian and international suppliers approved by Health Canada;

**Germination:** seeds are germinated in peat, soil, or water until sprouted (approximately 1 week)

**Planting:** plants for production are grown from sprouted seeds or from clippings taken from a mother plant;



**Seedling Maturation:** seedlings are matured under fluorescent lighting until they develop roots and cotyledons (seed leaves) and develop identifiable sex characteristics. Male plants are separated for breeding and female plants cultivated for consumption. (4 to 6 weeks).

**Vegetative Phase:** Most varieties enter a vegetative phase upon developing identifiable sex characteristics. The vegetative phase is characterized by the downward expansion of root systems, leaf and stem growth. Certain varieties (auto-flowering hybrids) omit the vegetative stage and pass directly from seedling to pre-flowering. The length of the vegetative stage varies widely between varieties and depends significantly on the growing techniques selected. The duration of the vegetative phases is manipulated to obtain the desired results in terms of plant size and flowering time. (1 month to 3 months).

**Pre-Flowering:** Following the vegetative stage, plants enter a pre-flowering phase during which plant development increases dramatically and the structure for flowering develops (approximately 2 weeks).

**Flowering:** Following pre-flowering, plants enter a flowering phase during which the smoke-able bud/flowers develop. The flowering phase varies from about 6 to 22 weeks.

**Harvesting:** When flowers(buds) achieve the desired size and maturity they are harvested and dried on metal racks.

**Quality Control:** Dried buds are weighed and tested for contaminants, mold, potency and chemical composition.

**Storage:** Unsatisfactory product is quarantined and destroyed, which product meeting the required specification is vacuum sealed and labelled.

We anticipate that the initial harvest from each of our planned facilities will occur within 6 to 8 months from completion of facility construction.

### ***Sales and Distribution by our Planned Production Facilities***

#### *Patient Eligibility and Registration*

The sales and distribution procedures of each of our planned facilities will follow the procedures required by the MMPR for the purchase and sale of medical marijuana in Canada. Patients seeking to obtain medical marijuana must consult with and obtain a detailed prescription (medical document) from a health care practitioner with prescribing authority, usually a physician. Medical documents must contain identification information of the patient and physician, the period of use (no more than 1 year without re-evaluation) and the prescribed daily dose/quantity.

Patients with the requisite medical document may then register with the licensed producer of their choice. A list of licensed producers is maintained and published by Health Canada. Patients seeking to register with any of our planned production facilities will complete and submit by mail a registration form available on that facility's website, together with copies of medical documents and identification documents.

#### *Ordering and Order Fulfillment*

Once registered with one of our planned facilities, patients will be able to order prescribed quantities from that facility. Orders will be accepted by telephone. Upon receipt of an order, the prescribed marijuana will be weighed, packaged in pharmaceutical grade, child proof containers, and labeled with designation of origin, producer name, weight, active ingredient percentage, and warning labels.

We will ship orders by courier only. The MMPR does not allow for storefront or retail distribution centers.

### **Production License Application Process Applicable to Our Joint Ventures:**

Prior to engaging in the production of medical marijuana, each of our joint ventures must successfully complete the licensing application process administered by Health Canada. The Health Canada process for becoming a licensed

producer involves a multi-stage application and review including the following stages:

Step 1: Preliminary Screening

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Step 2: Enhanced Screening

Step 3: Security Clearance

Step 4: Review

Step 5: Ready to build letter (if required by applicant) Step 6: Pre-license inspection

Step 7: Licensing

To date, Health Canada has not provided estimated or guaranteed process times for any application stage. According to Health Canada, as at August 25, 2014, it had received 1,009 formal production license applications under the MMPR since its call for applications in 2013. Of those, 462 applications have been returned as incomplete, 201 have been rejected and 32 withdrawn. To date, 25 production licenses have been granted to 23 different producers with only 2 licenses granted during the summer of 2014. Due to the slow progress, uncertain timing, and apparent backlog of production license application reviews by Health Canada, we are currently unable to determine with any accuracy when any of our applications under review will be processed.

### ***Current Litigation Affecting MMPR Regulatory Regime***

#### **Allard Case**

On March 21, 2014, an injunction was granted by the Federal Court of Canada to four appellants, including Neil Allard, who are appealing the regulations which came in to effect on April 1, 2014. The injunction provides that Authorizations to Possess [ATPs] medical marijuana granted under the MMAR that were valid on March 21, 2014 and associated Personal Use Production Licenses and Designated Production Licenses valid on September 30, 2013 remain valid under the terms of those authorizations, with the exception that the amount of marijuana that can be possessed under the ATP is now limited to 150 grams. The impact of the order is that approximately 37,500 licensees under the MMAR will be permitted to continue production and consumption of marijuana under the MMAR. The court order has no effect on the implementation of the MMPR going forward and no new licenses will be granted under the MMAR. On March 31, 2014, the Federal Government announced its intention to appeal the March 21, 2014 order. On December 15, 2014, the appeal by the Federal Government was denied by the courts. On February 23, 2015, the case commenced and is scheduled for three weeks.

#### **Owen Smith Case**

On August 14, 2014, the British Columbia Court of Appeal ruled the Government of Canada's restriction on edible marijuana products is unconstitutional. Currently, the MMPR permits only dried marijuana to be produced and sold for medicinal use. Owen Smith, who challenged the law, argued some patients want to consume their marijuana medicine in butters, brownies, cookies and teas etc. Smith claimed the right to administer the drug in other forms is fundamental, but that was denied by federal regulations. In a two-to-one decision, the court ruled the law does infringe on the constitutional rights of those who require other forms of cannabis to treat illnesses.

In its ruling, the Court of Appeal suspended the effect of its judgement for one year in order to allow the Parliament of Canada time to amend the regulations. The Government of Canada had appealed the decision from Supreme Court of British Columbia where the trial judge ordered the word "dried," and the definition of "dried marijuana" to be deleted from the MMPR.

On October 1, 2014 the Federal Government filed a notice to appeal the decision to the Supreme Court of Canada to determine whether medical marijuana patients have a constitutional right to edible medical marijuana products, such as cannabis oils, butters, teas and lotions. No date has been set for the hearing. On March 20, 2015, the Supreme Court of Canada has scheduled to hear the case.





## **Market for Medical Marijuana in Canada**

It is estimated by Health Canada that the overall market for medical marijuana in Canada under the new MMPR will be approximately \$1.3 billion per year by 2024 (source: Health Canada/Canadian Broadcasting Corporation). As at May, 2014, there were 37,400 medical marijuana users recognized by Health Canada and Health Canada projects that the number of licensed users will increase to over 450,000 by 2024. Health Canada formerly sold medical marijuana, produced on contract by Prairie Plant Systems (formerly the only licensed producer in Canada), for \$5 a gram. It is estimated that the price per gram under the new licensing system will average \$7.60 per gram as producers set prices without interference from government (source Health Canada/Canadian Broadcasting Corporation).

Despite these estimates MMJ market is relatively new and largely unproven. The adoption rate of commercial MMJ by qualified patients is difficult to determine but a portion (approximately 13%) of the qualified patient population is already conditioned to purchasing government contracted producers under the old system (source: Health Canada). Furthermore, we anticipate that the convenience of a wide selection of MMJ strains delivered directly to patients in a discrete and concealed package will be attractive. Healthcare practitioners are key stakeholders as they will be signing and providing the medical documentation needed for patients to register with commercial producers. Regulations under the MMPR are not significantly different for healthcare practitioners already familiar with the process under the former MMAR. Licensed producers are held responsible for quality of the product provided as the MMPR outlines strict rules for quality assessment and control, cleanliness, manufacturing, and pesticide use. Security and diversion to the black market remain a concern but MMPR outlines strict rules for segregation of duties and security clearances, background checks for employees and officers, tracking of product in and out of the premises, and camera surveillance.

## **The Use of Marijuana for Medical Purposes (source Cantech Letter: Canada's Medical Marijuana Industry: A Top Down Look)**

The marijuana or cannabis plant, aka cannabis sativa, contains more than 80 cannabinoids, a group of chemical compounds which includes delta9-tetrahydrocannabinol (THC) and cannabidiol (CBD). Research has shown that THC and CBD influence different regions of the central nervous system and have different effects on cannabis users [Borgwardt, Biol Psychiatry, 2008]. Most of the psychoactive effects associated with the use of cannabis are caused by THC, whereas CBD has been shown to have anti-anxiety, anti-nausea, anti-inflammatory, and anti-psychotic effects [Bergamaschi, Curr Drug Saf., 2011; Niesink, Front Psychiatry, 2013]. Cannabis smoking often leads to adverse effects such as increases and fluctuations in heart rate and blood pressure, euphoria, anxiety, and impairment of cognition and memory. Cannabis also contains a similar array of detrimental and carcinogenic compounds compared to cigarette smoke, some of which are present even at higher concentrations [Leung, J Am Board Fam Med, 2011].

MMJ is used and has been tested in a variety of indications. In the last ten years, there have been estimated 300 individually registered trials used cannabis, THC, or CBD as the intervention. Excluding addiction, the indication that accounted for the majority (42%) of trials, MMJ has been tested in a wide range of indications to help patients cope with pain not only from the disease itself, but also for relief from strong and sometimes toxic medication, such as chemotherapy. Neurological disorders, mental health, muscle and back problems, and inflammation (such as gastrointestinal disorders) are common indications under study.

## **Quality Control and Technical Specification for Medical Marijuana Applicable to Our Joint Ventures**

To date, dried marijuana has not been authorized as a therapeutic product in Canada or in any other country. In addition, no international standards currently exist specifically for the quality of dried marijuana. Dried marijuana produced by a licensed producer (LP), while exempt from the application of the Food and Drug Regulations via the Marijuana Exemption (Food and Drugs Act) Regulations (other than in the context of marijuana to be used in a clinical trial), is subject to provisions in the Food and Drugs Act (Canada) (FDA). The FDA provisions include a

general prohibition (paragraph 8(a) and (b)) against the sale of a drug that was manufactured, prepared, preserved, packaged or stored under unsanitary conditions; or is adulterated . Similar requirements are provided in Division 4 of the MMPR, which includes Good Production Practice(s) (GPP) requirements relating to storage of dried marijuana, storage premises, equipment, the sanitation program, standard operating procedures, recall of product, and quality assurance personnel. Division 5 of the MMPR provides packaging, labeling and shipping guidelines, which prescribe the same product identification and safety requirements as those for other pharmaceuticals (designation of origin, producer, weight, active ingredient percentage, childproof packaging, warning labels, etc.) Additionally, the MMPR provide compliance and enforcement measures, allowing for refusal, suspension or revocation of a producer s license on the basis of risks to public health, safety or security.

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In June 2013, Health Canada published the guidance document entitled *Technical Specifications For Testing Dried Marijuana for Medical Purposes* which outlines the procedures and good production practices required under the MMPR for achieving the requisite purity and quality of finished dried marijuana product. As specified in the MMPR, each batch or lot of dried marijuana must be approved for release by the LP's Quality Assurance person, who must have the training, experience and technical knowledge relating to the activity conducted and the requirements of Division 4 of the MMPR. This means that the Quality Assurance person must have the ability to evaluate the operations of the LP to ensure compliance with Division 4, and the technical knowledge to be able to assess analytical testing results in order to be able to make the determination of whether the dried marijuana is suitable for sale. The Quality Assurance person is also responsible for investigating quality-related complaints and taking corrective and preventive actions, if necessary. Visual inspection should confirm the absence of pests or extraneous substances. There is no requirement to mill or irradiate the dried marijuana, although LPs may choose to do so.

### **Marketing and Advertising Restrictions Applicable to Our Joint Ventures**

Like traditional prescription-only drugs, the marketing and advertising of medical marijuana directly to consumers is prohibited in Canada, subject to certain limited exemptions for activities which are not primarily intended to promote the sale of a drug. Such exemptions include the dissemination of general corporate information, as well as non-promotional information regarding the existence and nature of pharmaceutical products, without reference to potential indications or therapeutic benefits. Drug manufacturers are also permitted to market products directly to health care providers through the provision of drug samples, sponsorship of continuing medical education, and the dissemination of information through sales representatives. In June, 2014 it was reported that Health Canada disseminated a memorandum to licensed producers providing additional guidelines and cautioning producers against certain promotional activities. These guidelines have not been made public. In November 2014 Health Canada disseminated letter to licensed producers and applicants providing additional strict guidelines on marketing and advertising. In light of the evolving guidelines regarding advertising of our planned products, we intend to restrict our product related advertising to health care professionals. We anticipate that any advertising to the general public will be limited to general corporate information.

### **Client Registration, Ordering and Distribution Restrictions Applicable to Our Joint Ventures:**

Client's seeking to purchase medical marijuana under the MMPR must be ordinarily resident in Canada, and must submit a detailed application (including relevant identification and contact information and original medical prescription documents meeting the requirements of the MMPR) to become a client of a licensed producer. Similarly, health practitioners are authorized under the MMPR to act as intermediaries between producer and clients for the purposes of filling prescriptions and may therefore purchase product from licensed producers.

### **Current Status of our Medical Marijuana Business**

Following the announcement of the MMPR in June, 2013, our management began identifying and evaluating opportunities for entry into the medical marijuana industry in Canada. We do not currently intend to engage in marijuana related activities in the United States.

### **Termination of World of Marijuana Joint Venture**

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On January 16, 2014 we announced that we had entered into a Joint Venture Agreement with the World of Marijuana Productions Ltd. (WOM) to grow, cultivate and sell medical marijuana under the MMPR program. As at March 11, 2014 our Company had earned a 31% interest in the World of Marijuana Joint Venture by paying and advancing \$375,000 and issuing 16,000,000 million shares. Pursuant to the terms of the Joint Venture Agreement, our company could purchase up to a 51% interest in the joint venture in consideration of an additional 4,000,000 . shares and \$1,000,000 in the aggregate.

The license application for the WOM joint venture was submitted in October 2013 although no license has been awarded to date. On September 18, 2014 we announced that we have provided notice to WOM alleging default under the terms of the joint venture agreement for, among other things, their failure to provide financial information in regards to the funding, expenses and operation of the joint venture. Subsequently, on October 16, 2014, we entered into a Termination and Settlement Agreement dated effective October 14, 2014 with WOM and Mathew Chadwick pursuant to which we terminated our joint venture relationship with WOM and relinquished our 31% interest in the joint venture in consideration of the return to our Company for cancellation of 15,127,287 shares of our common stock previously issued to WOM. As a condition of the settlement, Mr. Chadwick agreed to the immediate termination of his management agreement with our Company and acknowledged that no further funds are payable to him pursuant to the agreement. Mr. Chadwick concurrently resigned as our director and Senior Vice President of Marijuana Operations.

### **The Green Canvas Joint Venture**

On February 28, 2014, we announced that we had entered into a Joint Venture Agreement with GCL to grow, cultivate and sell medical marijuana under the Canadian Federal Government MMPR program. As at February 28, 2014, our company has earned 49% in the Green Canvas Joint Venture by paying \$500,000 and issuing 10,000,000 million shares (includes 1,800,000 common shares to a broker) with 6,400,000 shares in escrow pending the granting of a Health Canada license within 12 months of signing the JV agreement.

Our company has made all required cash and share payments necessary for the first year of the joint venture signed with GCL. The GCL joint venture project is currently in the pre-construction phase and the project location is not determined. If the construction cost exceed the funds already advanced by the company each party is required to pay its pro rata share (currently 49% for our company and 51% for GCL).

If the Heath Canada production license is not received by the first anniversary date of the agreement our company would have no further obligations under the joint venture. If a production license is granted by Health Canada then our company would be responsible to make payments under the joint Venture agreement as follows:

on or before the first anniversary of the agreement, we must pay the sum of \$250,000 and issue 3,000,000 common shares in return for which we will be granted and vested with an additional 2% ownership interest in the joint venture;

on or before the second anniversary of the agreement, we pay the sum of \$150,000 to GCL and issue 3,000,000 common shares to GCL, in return for which Enertopia will be granted and vested with an additional 9% ownership Interest ownership interest in the joint venture.

Upon earning a 60% ownership interest on or before the second anniversary of the agreement in we shall have the option to acquire an additional 15% ownership interest through the issuance of an additional 3,000,000 common shares to GCL on or before the third anniversary of the agreement.

In the event that the joint venture does not obtain a license from Health Canada by February 28, 2015:

GCL shall return all common shares issued to it by Enertopia pursuant to the agreement, other than 3,600,000 common shares issued for the benefit of third parties which GCL shall be entitled to retain

1,800,000 and 1,800,000 finder's fee retained by Wolverton Securities Inc;

All management agreements entered into by the joint venture shall terminate; and

The joint venture agreement shall terminate.

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### **Status of Green Canvas Joint Venture**

The GCL submitted its application to Health Canada for a production license on July 2014. The application is in the preliminary screening phase during which any deficiencies in the application cited by Health Canada must be corrected before the application proceeds to advanced screening and security clearance. When preliminary screening, enhanced screening and security clearance are concluded, the application review process will begin, followed by pre-license inspection if the application is successful. We are unable at this time to meaningfully anticipate or predict a timeline for review, approval and processing of our application by Health Canada. If the Health Canada license is not received by the first anniversary date of the agreement our company would have no further obligations under the joint venture. If a production license is granted by Health Canada then our company would be responsible to make the above described payments pursuant to the agreement. If a production license is not obtained by the February 28, 2015 deadline, we may nevertheless seek to extend our participation in the joint venture beyond the anniversary date if we determine that (i) sufficient progress has been made to merit additional investment, and (ii) we have access to adequate financing.

The proposed production facility for the Green Canvas joint venture is located in Regina, Saskatchewan. The facility is scalable to up to 55,000 ft<sup>2</sup> and is currently undergoing upgrades to make a 14,000 square foot production space compliant with MMPR standards. It is estimated that production from this facility based on the 14,000 production space will reach 10,000 kilograms per year.

As described above, we have satisfied our cash and equity obligations to the GCL joint venture until February 28, 2015, earning a 49% interest in the joint venture. If a license is obtained by February 28, 2015, we will be responsible to pay to the GCL \$250,000 and 3,000,000 common shares by February 28, 2015 in consideration of an additional 2% interest in the joint venture. Any additional expenses of the joint venture not accounted for in the joint venture agreement are to be paid on a pro rata basis according to ownership in the joint venture. In July, 2014 Health Canada implemented updated security requirements under the MMPR to ensure inventories of medical marijuana were stored in secure facilities. The joint venture is currently reviewing the updated security requirements with respect to the enhanced Health Canada standards and is preparing a new budget based on these new calculations. In anticipation of additional costs for completion of the GCL joint venture facility renovation we have allocated \$250,000 in our capital requirements for fiscal 2015.

On September 16, 2014, the Green Canvas Joint Venture has made an application to Health Canada and is in its preliminary application screening process.

### **Lexaria Joint Venture**

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 marijuana 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 marijuana 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 May 28, 2014, our company and Lexaria entered into a definitive agreement to develop a joint business for the production, manufacture, propagation, import/export, testing, research and development of marijuana in the Province of Ontario under the MMPR, Pursuant to the Agreement, ownership, revenues, and liability related to the Joint Venture is 51% to Enertopia and 49% to Lexaria. Expenses incurred by the joint venture shall be allocated 45% to Enertopia and 55% to Lexaria. Enertopia shall be responsible for management of the joint venture for as long as it maintains majority ownership. To date, Lexaria and Enertopia have contributed \$55,000 and \$45,000 to the joint venture, respectively. The joint venture has identified a production location in Burlington, Ontario and received municipal approval for the site in July, 2014. We intend to engage an architect to design the production facility upon acceptance of our application. Construction is anticipated to cost approximately \$3,000,000; Enertopia will be responsible for \$1,350,000 of this cost. The joint venture is unable to estimate at this time when a production license might be granted by Health Canada, however it is seeking assurances from Health Canada prior to commencement of construction.

Our joint venture will terminate in the event that we do not fulfill our contractually mandated financial obligations in respect of the joint venture or if the joint venture does not receive a medical marijuana production license from Health Canada by May 27, 2015.

The proposed Burlington, Ontario facility is now comprised of ~30,000 ft<sup>2</sup>, with Lexaria having acquired a right of first refusal having been acquired for another 45,000 square feet totaling 75,000 ft<sup>2</sup> to accommodate future growth. Municipal approval has been obtained to use the site for our intended purposes. Planned production areas have 22 foot ceilings which could allow for the possibility of a 2nd mezzanine level in many areas for further expansion. The production target for the facility based on 30,000 ft<sup>2</sup> (with approximately 50% devoted to production space)\_is approximately 10,000 kilograms per year production.

### **Status of Lexaria Joint Venture**

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. On August 1, 2014 the Company signed an extension to the Letter of intent executed on April 10, 2014 on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation(Lessee) and Mr. Jeff Paikin of 1475714 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 at Burlington, Ontario (the Building). On August 5, 2014, as per the terms of the extension, 118,416 common shares of the Company were issued at a deemed price of \$0.19 per share. On December 12, 2015, the LOI has been extended to June 12, 2015.

The Lexaria joint venture has identified a production location in Burlington, Ontario, secured a lease to the facility and received municipal zoning approval for the proposed site in July, 2014. The joint venture's license application to Health Canada under the MMPR was submitted in July, 2014 and is currently in the preliminary screening stage. We currently lease 30,000 square feet of the planned facility space and may terminate the lease with 90 days notice to the landlord if our Health Canada application is refused for any reasons. The lease is payable in shares of our common stock and cash. If we do not receive a ready to build letter from Health Canada by January 22, 2015, we will have no further obligations under the lease agreement. Alternately, the joint venture may continue under the lease agreement and the applicable rent shall be payable in cash or in shares at the discretion of the lessor. agreement (\$8.25 per square foot of occupied space). Commencement of construction on the proposed facility is subject to successful completion of preliminary and enhanced screening, security clearance, application review, and the issuance of a ready-to-build letter from Health Canada. Following completion of construction (if applicable) the facility will be subject to successful inspection before a license may be granted. We are currently unable to provide a meaningful time estimate for completion of this process.





As at November 30, 2014, the Company has announced that the Burlington, Ontario Joint Venture with Lexaria Corp. has its application in Health Canada's step 2 enhanced screening process.

### ***Marijuana Production in the United States***

Our company is focused on the Medical Marijuana Industry in Canada that is supported by the Canadian Federal Government and administered by Health Canada in accordance with the MMPR. Our company is following the strict guidelines that have been outlined with respect to security, quality control and safety of the product at all times under the current federal MMPR program.

In the United States it is still illegal under federal law to grow, cultivate and sell medical or adult use marijuana. However 23 states have approved medical marijuana for use and two states have approved adult use regulations. The United States Federal government justice department has released memos that will respect the individual states where strict guidelines are followed and enforced so that the health, safety and security are protected at all times by state authorities. If the individual state framework fails to protect the public the Federal government will act in enforcing the controlled substances act of 1970 and the DEA will enforce the federal law.

As at the date of this registration statement, our company has not entered into any prospective or definitive arrangements to produce or distribute marijuana products in the United States and has no intention of engaging in marijuana related activities in the United States. However, our Company continually reviews opportunities and monitors legal and regulatory developments related the medical marijuana sector in both Canada and the United States. We anticipate that we will re-evaluate our participation in the United States medical marijuana sector in the event that medical marijuana production becomes federally sanctioned.

### **SEXUAL ENHANCEMENT GEL**

On February 9, 2015, Enertopia announced the launch of a new product line V-Love™ for women's sexual health. V-Love™ for women is a sexual stimulatory gel that provides sensation to assist women with desire. The gel is currently under production and will be available for sale in Canada during the third quarter and for sale in the USA in the fourth quarter. Enertopia owns 100% of the product and its formulation. Enertopia engaged a cGMP compliant facility, holding a Health Canada Site License, which allows them to produce Natural Health Products. They are a Vancouver based manufacturer with over 150 years of experience. This manufacturer will formulate the final ingredients for V-Love™ and handle all the production of the sexual desire gel.

V-Love™ is a brand new natural option to bring back the feeling of sexual desire. It is water based, silky smooth and fragrance free. Any woman may be affected by low sexual desire at anytime in their life or their relationship. According to the Preside Study, 44% of women between the ages of 24 and 44 were affected by low desire. V-Love™ is an innovative blend of natural and plant derived ingredients that helps to stimulate that feeling of desire.

The Company did an initial launch on February 13, 2015 by showcasing samples of V-Love™ at the Vancouver Health and Wellness Show and provided educational information on the desire gel.

The sexual health market worldwide is estimated at \$20 billion dollars. The lubrication market is estimated at over \$1 billion dollars and products for sexual dysfunction in men are over \$4 billion dollars. The Company's V-Love™ product is made from food safe products, currently all products are sourced in Canada and all final product is processed by the manufacturing company in a cGMP compliant facility, holding a Health Canada Site License, which allows them to produce Natural Health Products.

The Company is currently producing sexual health informational material for women that is being overseen by Maureen McGrath, RN. The Company will be providing educational seminars as well as placing V-Love™ in pharmacies to be sold over the counter in the coming months in Canada. The Company is currently sourcing and

evaluating V-Love™ for residents of the USA as a future product.

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On September 18, 2014, we entered into a six month contract with our joint venture partner Lexaria Corp., and Maureen McGrath pursuant to which Ms. McGrath will lead the National Medical Marijuana Awareness and Outreach Strategy, a public awareness program jointly administered by Lexaria and our company.

On November 3, 2014, the Company granted 2,100,000 stock options to directors, officers and consultants of the Company, vesting immediately with an exercise price of \$0.10, expiring November 3, 2019.

On November 18, 2014, the Company granted 100,000 stock options to a consultant of the Company, vesting immediately with an exercise price of \$0.10, expiring November 18, 2019.

On January 30, 2015, Enertopia closed the first tranche of a private placement of 1,665,000 units at a price of CAD\$0.06 per unit for gross proceeds of US\$79,920, CAD\$99,900. Each Unit consists of one common share of the Company and full non-transferable Share purchase warrant. Each Warrant will be exercisable into one further Share at a price of US\$0.10 per Warrant Share at any time until the close of business on the day which is 24 months from the date of issue of the Warrant, and thereafter at a price of US\$0.15 per Warrant Share at any time until the close of business on the day which is 36 months from the date of issue of the Warrant.

On February 6, 2015, the Company's Board has appointed Bal Bhullar as a Director of the Company. Ms. Bhullar has been and continues to be the Chief Financial Officer of the Company since October 9, 2009.

February 6, 2015, the Board of Directors accepted the resignation of John Thomas as Director of the Company.

### **Summary**

The continuation of our business is dependent upon obtaining further financing, a successful programs of 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. There is significant uncertainty as to whether we can obtain additional financing.

### ***Competition***

There is strong competition relating to all aspects of the medical marijuana sector. We will actively compete for capital, skilled personnel, and in all other aspects of its operations with a substantial number of other organizations, many of which have greater technical and financial resources than our company. We will actively compete medical marijuana projects and opportunities, and will constantly be facing competition by both smaller and larger companies in all geographical segments of the market. We also anticipate that our joint ventures will face considerable competition for industrial marijuana customers. According to Health Canada, as at August 25, 2014, it had received 1,009 formal production license applications under the MMPR since its call for applications in 2013. Of those, 462 applications have been returned as incomplete, 201 have been rejected and 32 withdrawn. To date, 25 production licenses have been granted to 23 different producers. Despite the slow progress by Health Canada to grant production licenses under the MMPR, we anticipate that hundreds of production licenses will be granted by Health Canada across Canada and that our joint ventured will be required to compete with those licensees for medical marijuana consumers.



### *Compliance with Government Regulation*

The growing, cultivating and selling of Medical Marijuana in Canada is subject to various Canadian federal, provincial and municipal requirements and regulations. We will from time to time be required to obtain licenses and permits from various governmental authorities in regards to the development of our property and joint venture interests. Prior to submitting an application to become a licensed producer of marijuana for medical purposes under the MMPR, each applicant must provide a written notice to local authorities to inform them of their intention to submit an application. The notice must include the applicant's name, the activities for which the licence is sought (i.e. that activities are to be conducted in respect of cannabis), the site address (and of each building on the site, if applicable) at which the applicant proposes to conduct those activities, as well as the date when the application will be submitted to Health Canada. Thereafter, production facilities require a variety of municipal approvals and permits, including zoning approvals and construction permits. These required approvals and permits will vary from jurisdiction to jurisdiction. In light of the rigorous security standards imposed by the MMPR, we do not anticipate any significant obstacles in obtaining necessary permits and approvals. Each of our joint ventures will, however, select locations for prospective facilities based on the availability of municipal zoning allowances for our proposed activities.

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 February 28, 2015 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.

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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.

### Recently Issued Accounting Standards

FASB ASU 2014-09, Revenue from Contracts with Customers, was issued May 2014 and updates the principles for recognizing revenue. The ASU will supersede most of the existing revenue recognition requirements in U.S. GAAP and will require entities to recognize revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. This ASU also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that period. Early adoption is not permitted under U.S. GAAP. The Company is determining its implementation approach and evaluating the potential impacts of the new standard on its existing revenue recognition policies and procedures.

FASB ASU 2014-12, Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award's grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not anticipate a significant impact upon adoption.

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 February 28, 2015 and 2014

The following summary of our results of operations should be read in conjunction with our financial statements for the quarter ended February 28, 2015, which are included herein.

Our operating results for the three months ended February 28, 2015, for the three months ended February 28, 2014 and the changes between those periods for the respective items are summarized as follows:

		<b>Change Between Three Month Period Ended February 28, 2015 and</b>
<b>Three Months Ended</b>	<b>Three Months Ended</b>	

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	<b>February 28, 2015</b>	<b>February 28, 2014</b>	<b>February 28, 2014</b>
Revenue (cost recovery)	\$ Nil	\$ Nil	\$ Nil
Other (income) expenses	(10,000)	8,982	(18,982)
General and administrative	350,111	237,228	112,883
Interest expense	771	2,878	(2,107)
Consulting fees	193,358	124,784	68,574
MMJ expenses	Nil	76,594	(76,594)
Professional Fees	10,656	13,723	(3,067)
Net income (loss)	(340,111)	(322,804)	(17,307)

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Our accumulated losses increased to \$12,067,317 at February 28, 2015. Our financial statements report a net loss of \$340,111 for the three-month period ended February 28, 2015, compared to a net loss of \$322,804 for the three-month period ended February 28, 2014. Our net losses have increased by \$17,307 for the three month period ended February 28, 2015, our general and administrative expenses were higher by \$112,883 for February 28, 2015 compared to February 28, 2014. The increase was largely due to higher consulting fees of \$193,358 for the three month period ended February 28, 2015, compared to \$124,784 for February 28, 2014. These increased costs were largely due to new consulting contracts for the joint venture partnerships. In addition the Company incurred increased costs of \$83,060 for advertising, and \$21,257 for rent for the three month period ended February 28, 2015.

### Results of Operations Six Months Ended February 28, 2015 and 2014

The following summary of our results of operations should be read in conjunction with our financial statements for the quarter ended February 28, 2015, which are included herein.

Our operating results for the six months ended February 28, 2015, for the three months ended February 28, 2014 and the changes between those periods for the respective items are summarized as follows:

	Three Months Ended February 28, 2015	Three Months Ended February 28, 2014	Change Between Three Month Period Ended February 28, 2015 and February 28, 2014
Revenue (cost recovery)	\$ Nil	\$ Nil	\$ Nil
Other (income) expenses	10,000)	8,982	1,018
General and administrative	907,654	386,637	521,016
Interest expense	1,164	3,224	(2,060)
Consulting fees	591,555	190,805	400,750
MMJ expenses	384,000	76,594	307,406
Professional Fees	69,593	32,447	37,146
Net income (loss)	(1,301,654)	(472,213)	(829,440)

Our accumulated losses increased to \$12,067,317 as at February 28, 2015. Our financial statements report a net loss of \$1,301,654 for the six month period ended February 28, 2015, compared to a net loss of \$472,213 for the six-month period ended February 28, 2014. Our net losses have increased by \$829,440 for the six month period ended February 28, 2015, our general and administrative expenses were higher by \$521,016 for February 28, 2015 compared to February 28, 2014. The increase was largely due to higher consulting and stock based compensation costs of \$591,555 for the six month period ended February 28, 2015, compared to \$190,805 for February 28, 2014. These increased costs were largely due to new consulting contracts for the joint venture partnerships and granting stock options to various consultants. In addition the Company incurred increased costs of \$131,810 for advertising, \$45,352 for rent, and \$69,593 in professional fees for the six month period ended February 28, 2015. The Company's expenses were higher for the six month period ended February 28, 2015 by \$829,440 compared to the same time last year. These increased costs were due to the Company's Medical Marijuana business sector and the sexual desire gel, 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. The medical marijuana expenses increased by \$384,000 for the six months ended February 28, 2015 compared to \$76,594 for February 28, 2015. This is due to the revaluation of the shares issued to The Green Canvas Ltd. joint venture. 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 February 28, 2015, we had \$566,926 in current liabilities. The increase is largely due to a deferred revenue of \$260,000 with respect to our joint venture agreement with Lexaria Corp. Our net cash used in operating activities for the six months ended February 28, 2015 was \$609,746 compared to \$392,849 used in the six months ended February 28, 2014. The increase in cash used in operating activities was in increased expenses due to the medical marijuana business operations with respect to various agreements the Company has signed and in the development of the business.

Our total liabilities as of February 28, 2015 were \$566,926 as compared to total liabilities of \$579,826 as of August 31, 2014.

## Liquidity and Financial Condition

### Working Capital

	At February 28, 2015	At August 31, 2014
Current assets	\$ 807,333	\$ 1,488,227
Current liabilities	(566,926)	(579,826)
Working capital (deficiency)	\$ 240,407	\$ 908,401

### Cash Flows

	Six Months Ended	
	February 28 2015	February 28 2014
Cash flows (used in) operating activities	\$ (609,746)	\$ (392,849)
Cash flows from financing activities	92,392	2,068,430
Cash flows (used in) investing activities	-	(706,606)
Net increase (decrease) in cash during period	\$ (517,354)	\$ 968,975

### Operating Activities

Net cash used in operating activities was \$609,746 in the six months ended February 28, 2015 compared with net cash used in operating activities of \$392,849 in the same period in 2014. The increase in cash used mostly results from increased operating costs incurred in the current period from the medical marijuana business operations and alternative health and wellness.

### Financing Activities

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Net cash provided by financing activities was \$92,392 in the six months ended February 28, 2015 compared to \$2,068,430 in the same period in 2014. Cash provided in 2015 and 2014 was from private placement financings.

#### *Investing Activities*

Net cash used in investing activities was \$Nil in the six months ended February 28, 2015 compared to \$706,606 in the same period in 2014. Cash used in 2014 was for the medical marijuana joint ventures.

#### *Revenue comparisons for the Quarter ended February 28, 2015 compared to the quarter ended February 28, 2014*

For the six month period ended February 28, 2015, the Company had \$Nil in revenues compared to \$Nil in revenues for the same six-month period in the prior year. The Company has generated \$406,461 in revenues from inception on November 24, 2004 to February 28, 2015.

#### **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 February 28, 2015, 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 February 28, 2015, 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

*The possession, cultivation and distribution of marijuana may under certain circumstances lead to prosecution under United States federal law, which may cause our business to fail.*

Our planned medical marihuana ( **MMJ** ) business is structured to comply with the Canadian Medical Marihuana Purposes Regulations ( **MMPR** ), which permits the sale of medical marihuana in Canada under federal license. In the United States, 23 states, including our state of incorporation, Nevada, have approved and regulate medical marihuana use. Similarly, two states have approved and regulate non-medical marihuana use by adults. However, it remains illegal under United States federal law to grow, cultivate or sell marijuana for any purpose. In that regard, the United States Justice Department has released the COLE Memorandum of 8-29-13 which states that the Justice Department will not prioritize the prosecution of marihuana related activities authorized under state laws provided that state authorities implement and enforce strict guidelines to ensure the health, safety and security of the public. Where the individual state framework fails to protect the public, the Justice Department has instructed federal prosecutors to enforce the Controlled Substances Act of 1970. The Department of Justice has not, to our knowledge, published any policy or guidance specifically regarding the participation of a United States corporation in lawful medical marihuana related activities outside of the United States.

Although our planned medical marihuana business is federally sanctioned in Canada and not contrary to the public policy or laws of our state of incorporation, neither state law nor Canadian federal law provides protection against federal prosecution in the United States, which remains at the discretion of the Department of Justice. Although, in light of the COLE Memorandum, we do not anticipate that we will be targeted for prosecution by the Department of Justice, if the Department of Justice uses its discretion to prosecute our company for a violation of the Controlled



Substances Act, the resulting civil or criminal consequences will have a material adverse effect on our business, and may cause our business to fail.

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*The failure to become licensed by Health Canada for the production of medical marihuana production may cause us to abandon our business plan.*

There is no assurance that any of our company's joint ventures will be approved by Health Canada or will be granted licensed producer status. Our failure to obtain a license from Health Canada would materially and adversely affect our company's operations, and we would need to revise or abandon our business plan accordingly.

*Untimely processing of our license applications by Health Canada may cause our business to fail.*

The success of our business plan relies in part on the timely processing by Health Canada of one or more of the various applications submitted by our joint ventures to become licensed producers under MMPR. According to Health Canada, as at August, 25, 2014, it had received 1,009 formal production licenses applications under the MMPR since its call for applications in 2013. Of those, 462 applications have been returned as incomplete, 201 have been rejected and 32 withdrawn. To date, 25 productions licenses have been granted to 23 different producers with only 2 licenses granted during the summer of 2014. Due to the slow progress, uncertain timing, and apparent backlog of production license application reviews by Health Canada, we are unable to determine with any accuracy when any of our applications will be processed. Undue delays on the part of Health Canada in processing our application may result in our failure to meet contractual deadlines and termination of our joint ventures, or cause our joint ventures to incur additional expenses without the imminent prospect of revenues, which could cause our business to fail.

*Our company has no operating history and an evolving business model .which raises doubt about our ability to achieve profitability or obtain financing.*

Our Company has no operating history. Moreover, our business model is still evolving, subject to change, and will rely on the cooperation and participation of our joint venture partners. Our Company's ability to continue as a going concern is dependent upon our ability to obtain adequate financing and to reach profitable levels of operations has and we no proven history of performance, earnings or success. There can be no assurance that we will achieve profitability or obtain future financing.

*Uncertain demand for medical marihuana products may cause our business plan to be unprofitable.*

Demand for medical marijuana is dependent on a number of social, political and economic factors that are beyond the control of our company. While we believe that demand for medical marihuana will continue to grow in Canada, there is no assurance that such increase in demand will happen or that our joint ventures will be profitable.

*We may not acquire market share or achieve profits due to competition in the medical marijuana industry*

Our Company operates in a highly competitive marketplace with various competitors. Increased competition may result in reduced gross margins and/or loss of market share, either of which would seriously harm its business and results of operations. Management cannot be certain that the company will be able to compete against current or future competitors or that competitive pressure will not seriously harm its business. Some of the company's competitors are much larger and have greater access to capital, sales, marketing and other resources. These competitors may be able to respond more rapidly to new regulations or devote greater resources to the development and promotion of their business model than the company can. Furthermore, some of these competitors may make acquisitions or establish co-operative relationships among themselves or with third parties in the industry to increase their ability to rapidly gain market share.

*Conflicts of interest between our company and our directors and officers may result in a loss of business opportunity.*

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Our directors and officers are not obligated to commit their full time and attention to our business and, accordingly, they may encounter a conflict of interest in allocating their time between our future operations and those of other businesses. In the course of their other business activities, they may become aware of investment and business opportunities which may be appropriate for presentation to us as well as other entities to which they owe a fiduciary duty. As a result, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. They may also in the future become affiliated with entities, engaged in business activities similar to those we intend to conduct.

In general, officers and directors of a corporation are required to present business opportunities to a corporation if:

- the corporation could financially undertake the opportunity;
- the opportunity is within the corporation's line of business; and
- it would be unfair to the corporation and its stockholders not to bring the opportunity to the attention of the corporation.

We plan to adopt a code of ethics that obligates our directors, officers and employees to disclose potential conflicts of interest and prohibits those persons from engaging in such transactions without our consent. Despite our intentions, conflicts of interest may nevertheless arise which may deprive our company of a business opportunity, which may impede the successful development of our business and negatively impact the value of an investment in our company.

*The speculative nature of our business plan may result in the loss of your investment.*

Our 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 our business will succeed and you may lose your entire investment.

*Termination of our joint ventures may result in the failure of our business plan.*

Our MMJ business plan relies upon our joint ventures with third parties including The Green Canvas Ltd., and Lexaria Corp. We currently rely upon our joint venture partners to co-finance our MMJ business opportunities, and to contribute administrative support and MMJ expertise toward the development of our business opportunities. Each of our joint venture agreements may be terminated by our joint venture partners in the event that we do not fulfill our contractually mandated financial obligations in respect of the joint venture. In the case of our joint ventures with The Green Canvas, the joint venture may be terminated by either party if no MMJ production license from Health Canada is received by February, 2015. Our joint venture with Lexaria will terminate automatically if no production license is received by May 27, 2016. Additionally, our joint venture partners may not perform their contractual obligations to the joint venture, which would give our company the option to terminate. Because the performance and success of our business relies on the success of our joint ventures, the termination of any joint venture would materially harm our business prospects or cause our business to fail.

*We may not have access to certain financial information that is relevant to the prospective activities of our joint ventures.*

Investors are advised that certain information which may be useful in evaluating the condition or prospects of our joint ventures, such as the financial condition or qualifications of our joint venture partners, are not included in this Prospectus and may not otherwise be available to investors or to our Company. Our management has selected our joint venture partners with a view to their respective expertise in the MMJ industry, and we are not aware of any adverse financial conditions affecting our joint venture partners. Our joint venture partner Lexaria Corp. is a publicly reporting company in the United States. However, our other joint venture partner, The Green Canvas Ltd., is a private corporation, and therefore neither our company nor our investors will have access to the private financial or management information of The Green Canvas Ltd. which may be useful in determining the short term financial or strategic viability of our joint venture. We may therefore be unable to anticipate the failure of the Green Canvas to

meet its obligations to our joint venture, which may result in the failure of our business plan.

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*Changing consumer preferences may cause our planned products to be unsuccessful in the marketplace.*

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. The MMJ sector offers many choices for MMJ patients and there can be no assurance that the product supplied by our company and or its partners will be successful in market penetration.

*General economic factors may negatively impact the market for our planned products.*

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 dependent upon general economic conditions and any material downturn may reduce the potential profitability of the MMJ business sector.

*A wide range of economic and logistical factors may negatively impact our operating results.*

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, 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.

*Loss of consumer confidence in our company or in our industry may harm our business.*

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 may compromise the growth and development of our business.*

The production and sale of medical marijuana is an emerging industry in which business practices are not yet standardized and are subject to frequent scrutiny and evaluation by federal, state, provincial, and municipal authorities, academics, and media outlets, among others. Although we intend to develop our business in accordance with best ethical practices, we may suffer negative publicity if we, our partners, contractors, or customers are found to have engaged in any environmentally, insensitive practices or other business practices that are viewed as unethical.

*The failure to secure customers may cause our operations to fail.*

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.

*We could be required to enter into fixed price contracts which will expose us to significant market risk.*

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.

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*If we fail to effectively and efficiently advertise, the growth of our business may be compromised.*

The future growth and profitability of our MMJ business 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.

*Our success is dependent on our unproven ability to attract qualified personnel.*

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 MMJ 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.

*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.

There is an explanatory paragraph to their audit opinion issued in connection with the financial statements for the year ended August 31, 2014 with respect to their doubt about our ability to continue as a going concern. As discussed in Note 2 to our financial statements for the year ended August 31, 2014, we have incurred a net loss of \$4,641,005 for the year ended August 31, 2014 (net loss \$730,904 for the year ended August 31, 2013) and as at August 31, 2014 has incurred cumulative losses of \$10,765,663 that raises substantial doubt about its ability to continue as a going concern. Our management has been able, thus far, to finance the operations through equity financing and cash on hand. There is no assurance that our company will be able to continue to finance our company on this basis

*Without additional financing to develop our business plan, our business may fail.*

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, which would cause our business to fail.*

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.

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*Changes in environmental regulation may result in increased or insupportable financial burden on our company.*

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.

*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.

*If we fail to effectively manage our growth our future business results could be harmed and our managerial and operational resources may be strained.*

As we proceed with our business plan, we expect to experience significant and rapid growth in the scope and complexity of our business. We will need to add staff to market our services, manage operations, handle sales and marketing efforts and perform finance and accounting functions. We will be required to hire a broad range of additional personnel in order to successfully advance our operations. This growth is likely to place a strain on our management and operational resources. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage our potential business, or the failure to manage growth effectively, could have a materially adverse effect on our business and financial condition.

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

*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. We presently do not anticipate that we will pay dividends on any of our common stock in the foreseeable future. If payment of dividends does occur at some point in the future, it would be contingent upon our revenues and earnings, if any, capital requirements, and general financial condition. The payment of any common stock dividends will be within the discretion of our Board of Directors. We presently intend to retain all earnings to implement our business plan; accordingly, we do not anticipate the declaration of any dividends for common stock in 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 has 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**

*Trading on the OTCQB and CSE 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 OTCQB electronic quotation service operated by OTC Markets Group Inc.. Trading in stock quoted on the OTCQB 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 OTCQB is not a stock exchange, and trading of securities on the OTCQB 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.

*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 15c-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.

*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.

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*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 profitability.

*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 has 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.

*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.

*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 constituting 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.

*Trends, risks and uncertainties.*

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common shares.

**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).

**Item 6. Exhibits**

**Exhibit Description  
Number**

**(i) Articles of Incorporation; and (ii) Bylaws**

3.1\* Articles of Incorporation

3.2\* Bylaws

31.1 Rule 13(a) - 14 (a)/15(d) - 14(a) Certifications

32.1 Section 1350 Certifications

\*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.

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**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)  
10/04/2015

By: /s/ "Bal Bhullar"  
Bal Bhullar,  
Chief Financial Officer  
10/04/2015

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