

Enertopia Corp.  
Form 10-Q  
July 10, 2012

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

**Form 10-Q**

(Mark One)

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

For the quarterly period ended May 31,  
2012

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)

604-602-1633

(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.

27,067,615 common shares issued and outstanding as of July 10, 2012

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**PART 1 FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

Our unaudited interim consolidated financial statements for the nine month period ended May 31, 2012 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States generally accepted accounting principles.

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

|   | May 31<br>2012     | August 31<br>2011   |
|---|--------------------|---------------------|
| <b>ASSETS</b>   |                    |                     |
| <b>Current</b>  |                    |                     |
| Cash and cash equivalents   | \$ 53,575          | \$ 263,152          |
| Owned securities (Note 4)   | 29,239             | 375,910             |
| Accounts receivable   | 53,160             | 37,243              |
| Prepaid expenses and deposit  | 15,760             | 44,265              |
| <b>Total current assets</b>   | <b>151,734</b>     | <b>720,570</b>      |
| <b>Non-Current</b>  |                    |                     |
| Long term investments - Pro Eco & GSWPS (Note 5)                          | 292,931            | 261,431             |
| Deferred charges  | 29,038             | 29,038              |
| Mineral property (Note 6)   | 268,698            | 162,045             |
| <b>Total Assets</b>   | <b>\$ 742,401</b>  | <b>\$ 1,173,084</b> |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                                |                    |                     |
| <b>LIABILITIES</b>  |                    |                     |
| <b>Current</b>  |                    |                     |
| Accounts payable  | \$ 91,451          | \$ 14,881           |
| Short term loan- related party (Note 7)                                   | 50,045             | -                   |
| Due to related parties (Note 8)   | 159,308            | 73,808              |
| <b>Total Current Liabilities</b>  | <b>300,804</b>     | <b>88,689</b>       |
| Warrants liability (Note 10)  | 176,327            | 300,792             |
|   | 477,131            | 389,481             |
| <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:   |                    |                     |
| 27,067,615 common shares at May 31, 2012 and August<br>31,2011:24,643,685 | 27,068             | 24,644              |
| <b>Additional paid-in capital</b>   | <b>5,401,089</b>   | <b>5,142,978</b>    |
| <b>Deficit accumulated during the development stage</b>                   | <b>(5,162,887)</b> | <b>(4,384,019)</b>  |
| <b>Total Stockholders Equity</b>  | <b>265,270</b>     | <b>783,603</b>      |
| <b>Total Liabilities and Stockholders Equity</b>                          | <b>\$ 742,401</b>  | <b>\$ 1,173,084</b> |

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



**ENERTOPIA CORP.**  
**(A Development Stage Company)**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**  
**NOVEMBER 24, 2004 (inception) TO May 31, 2012**  
**(Expressed in U.S. Dollars)**

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

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

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|  |               |           |              |      |               |             |
|--|---------------|-----------|--------------|------|---------------|-------------|
| on 1,785,000<br>options granted  |               |           |              |      |               |             |
| Comprehensive<br>income (loss):  |               |           |              |      |               |             |
| (Loss) for<br>the year   | -             | -         | -            | -    | (372,535)     | (372,535)   |
| Balance,<br>August 31,<br>2008   | 14,652,740 \$ | 14,653 \$ | 4,269,177 \$ | - \$ | (1,347,706)\$ | 2,936,124   |
| Imputed<br>interest for<br>non-interest<br>bearing loan                              | -             | -         | 4,410        | -    | -             | 4,410       |
| Stock-based<br>compensation  | -             | -         | 35,780       | -    | -             | 35,780      |
| Comprehensive<br>income (loss):  |               |           |              |      |               |             |
| (Loss) for<br>the year   | -             | -         | -            | -    | 84,233        | 84,233      |
| Balance,<br>August 31,<br>2009   | 14,652,740 \$ | 14,653 \$ | 4,309,367 \$ | - \$ | (1,263,473)\$ | 3,060,547   |
| Imputed<br>interest for<br>non-interest<br>bearing loan                              |               |           | 2,442        |      |               | 2,442       |
| Stock-based<br>compensation  |               |           | 78,858       |      |               | 78,858      |
| Stock issued<br>for acquisition<br>at \$0.20 per<br>share on<br>February 28,<br>2010 | 500,000       | 500       | 124,500      |      |               | 125,000     |
| Units issued<br>for cash at<br>\$0.15 per unit<br>on May 31,<br>2010                 | 557,500       | 557       | 83,068       |      |               | 83,625      |
| Gain on<br>settlement of<br>the amount due<br>to related<br>parties                  |               |           | 34,542       |      |               | 34,542      |
| Comprehensive<br>income (loss):  |               |           |              |      |               |             |
| (Loss) for<br>the year   | -             | -         | -            | -    | (2,955,141)   | (2,955,141) |
| Balance,<br>August 31,<br>2010   | 15,710,240    | 15,710    | 4,632,777    | -    | (4,218,614)   | 429,873     |



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|  |               |           |              |           |               |         |
|--|---------------|-----------|--------------|-----------|---------------|---------|
| 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)      |         |
| 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)                                     |               |           |              | (165,405) | (165,405)     |         |
| for the year                               |               |           |              |           |               |         |
| Balance, August 31, 2011                   | 24,643,865 \$ | 24,644 \$ | 5,142,978 \$ | - \$      | (4,384,019)\$ | 783,603 |
| Stock-based compensation                   | -             | -         | 32,581       | -         | -             | 32,581  |
| Shares issued for Mildred                  | 100,000       | 100       | 9,900        | -         | -             | 10,000  |

|   |               |           |              |      |               |           |
|---|---------------|-----------|--------------|------|---------------|-----------|
| Peak Property<br>on October 11,<br>2011                               |               |           |              |      |               |           |
| Shares issued<br>for Copper<br>Hills Property<br>on March 30,<br>2012 | 150,000       | 150       | 14,850       | -    | -             | 15,000    |
| Shares issued<br>for debt<br>settlement on<br>April 10, 2012          | 93,750        | 94        | 9,281        | -    | -             | 9,375     |
| Shares issued<br>for cash on<br>April 13, 2012                        | 2,080,000     | 2,080     | 191,499      | -    | -             | 193,499   |
| Comprehensive<br>income (loss):                                       |               |           |              |      |               |           |
| (Loss)<br>for the year  |               |           |              |      | (778,868)     | (778,869) |
| Balance, May<br>31, 2012  | 27,067,615 \$ | 27,068 \$ | 5,401,089 \$ | - \$ | (5,162,887)\$ | 265,270   |

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

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

|   | <b>THREE MONTHS ENDED</b> |                        | <b>NINE MONTHS ENDED</b> |                        | <b>CUMULATIVE<br/>PERIOD<br/>FROM<br/>INCEPTION<br/>NOVEMBER<br/>24, 2004<br/>TO<br/>May 31<br/>2012</b> |
|---|---------------------------|------------------------|--------------------------|------------------------|--|
|   | <b>May 31<br/>2012</b>    | <b>May 31<br/>2011</b> | <b>May 31<br/>2012</b>   | <b>May 31<br/>2011</b> |  |
| <b>Revenue</b>  |                           |                        |                          |                        |  |
| Non-renewal \$<br>energy - natural<br>gas and oil<br>revenue  | -                         | -                      | -                        | -                      | 374,342  |
| Renewable<br>energy - service<br>revenue                      | -                         | -                      | -                        | -                      | 32,119   |
|   | -                         | -                      | -                        | -                      | 406,461  |
| <b>Cost of revenue</b>  |                           |                        |                          |                        |  |
| <b>Non-renewable<br/>energy:</b>                              |                           |                        |                          |                        |  |
| Natural gas<br>and oil<br>operating costs<br>and royalties    | -                         | -                      | -                        | -                      | 141,197  |
| Depletion   | -                         | -                      | -                        | -                      | 298,489  |
| Write-down<br>in carrying<br>value of oil and<br>gas property | -                         | -                      | -                        | -                      | 293,436  |
| <b>Renewable<br/>energy (cost<br/>recovery)</b>               | -                         | 2,311                  | 310                      | (4,317)                | 48,050   |
|   | -                         | 2,311                  | 310                      | (4,317)                | 781,172  |
| <b>Gross Profit<br/>(loss)</b>                                | -                         | (2,311)                | (310)                    | 4,317                  | (374,711)  |
| <b>Expenses</b>   |                           |                        |                          |                        |  |
| Accounting<br>and audit                                       | 4,066                     | 4,233                  | 40,227                   | 46,378                 | 325,072  |

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|   |                  |           |                  |           |                    |
|---|------------------|-----------|------------------|-----------|--------------------|
| Sales & Marketing                               | -                | -         | -                | 846       | <b>846</b>         |
| Advertising & Promotions                        | <b>2,017</b>     | 17,830    | <b>8,466</b>     | 19,018    | <b>71,471</b>      |
| Bank charges and interest expense               | <b>1,683</b>     | 5,472     | <b>3,004</b>     | 22,555    | <b>57,245</b>      |
| Consulting                                      | <b>75,530</b>    | 101,538   | <b>211,520</b>   | 369,861   | <b>1,505,771</b>   |
| Mineral exploration costs                       | <b>11</b>        | -         | <b>140,668</b>   | -         | <b>473,054</b>     |
| Fees and dues                                   | <b>12,177</b>    | 7,038     | <b>28,361</b>    | 22,594    | <b>122,563</b>     |
| Insurance                                       | <b>4,357</b>     | 2,095     | <b>13,070</b>    | 10,688    | <b>51,642</b>      |
| Investor relations                              | <b>22,688</b>    | 10,050    | <b>53,810</b>    | 10,050    | <b>89,865</b>      |
| Legal professional                              | <b>9,023</b>     | 15,245    | <b>18,939</b>    | 29,156    | <b>220,844</b>     |
| Office and miscellaneous                        | <b>4,205</b>     | 1,453     | <b>18,154</b>    | 2,686     | <b>64,809</b>      |
| Rent  | <b>4,694</b>     | 3,805     | <b>12,230</b>    | 11,010    | <b>79,323</b>      |
| Telephone                                       | <b>1,820</b>     | 600       | <b>4,399</b>     | 3,046     | <b>16,519</b>      |
| Training & Conferences                          | <b>5,238</b>     | -         | <b>5,238</b>     | -         | <b>15,486</b>      |
| Travel  | <b>16,576</b>    | 12,398    | <b>35,766</b>    | 21,922    | <b>101,428</b>     |
| <b>Total expenses</b>                           | <b>164,085</b>   | 181,757   | <b>593,852</b>   | 569,810   | <b>3,195,938</b>   |
| <b>(Loss) for the period before other items</b> | <b>(164,085)</b> | (184,068) | <b>(594,162)</b> | (565,493) | <b>(3,570,649)</b> |
| <b>Other income (expense)</b>                   |                  |           |                  |           |                    |
| Interest income                                 | -                | -         | -                | -         | <b>9,434</b>       |
| Others  | -                | -         | -                | -         | <b>25,733</b>      |
| Equity interest pick up                         | -                | 20,788    | -                | 4,809     | <b>(12,070)</b>    |
| Gain (loss) on owned securities                 | <b>(60,362)</b>  | 135,157   | <b>(309,171)</b> | 81,012    | <b>(276,336)</b>   |
| Gain on disposition of oil and gas interests    | -                | -         | -                | -         | <b>522,976</b>     |
| Revaluation of warrants liability               | <b>11,162</b>    | -         | 124,465          | -         | <b>719,692</b>     |
| Write down of oil and gas                       | -                | -         | -                | -         | <b>(3,344,372)</b> |

properties

|   |                     |           |                   |           |                   |           |                   |           |                    |
|---|---------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|--------------------|
| <b>Income (loss) before income taxes</b>  | <b>(213,285)</b>    |           | <b>(28,123)</b>   |           | <b>(778,868)</b>  |           | <b>(479,672)</b>  |           | <b>(5,925,592)</b> |
| Income tax recovery - deferred  | -                   |           | -                 |           | -                 |           | -                 |           | <b>762,704</b>     |
| <b>Net loss and comprehensive loss for the period</b>                           | <b>\$ (213,285)</b> | <b>\$</b> | <b>(28,123)</b>   | <b>\$</b> | <b>(778,868)</b>  | <b>\$</b> | <b>(479,672)</b>  | <b>\$</b> | <b>(5,162,888)</b> |
| <b>Basic and diluted income (loss) per share</b>                                | <b>(0.01)</b>       | <b>\$</b> | <b>(0.00)</b>     | <b>\$</b> | <b>(0.03)</b>     | <b>\$</b> | <b>(0.03)</b>     |           |                    |
| <b>Weighted average number of common shares outstanding - basic and diluted</b> | <b>25,982,139</b>   |           | <b>23,823,376</b> |           | <b>25,144,672</b> |           | <b>18,292,689</b> |           |                    |

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

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

|   | NINE MONTHS ENDED |                  | CUMULATIVE<br>PERIOD<br>FROM<br>INCEPTION<br>November 24,<br>2004<br>TO |
|---|-------------------|------------------|---|
|   | May 31,<br>2012   | May 31<br>2011   | May 31,<br>2012   |
| <b>Cash flows used in operating activities</b>                                |                   |                  |   |
| Net Income (loss)   | \$ (778,868)      | \$ (479,672)     | \$ (5,162,888)  |
| <b>Changes to reconcile net loss to net cash used in operating activities</b> |                   |                  |   |
| Consulting - Stock based compensation   | 32,581            | 178,679          | 650,073   |
| Depletion   | -                 | -                | 298,489   |
| Write down in carrying value of oil and gas properties                        | -                 | -                | 293,436   |
| Stock issued for mineral resource and oil and gas property                    | -                 | -                | 37,500  |
| Write down of oil and gas properties  | -                 | -                | 3,344,372   |
| Gain on disposition of oil and gas properties                                 | -                 | -                | (522,976)   |
| Fair value of warrants liabilities  | (124,465)         | -                | (719,692)   |
| Gain (loss) on owned securities   | 309,171           | (81,012)         | 276,336   |
| Equity pick-up  | -                 | (4,809)          | 12,070  |
| Imputed interest  | -                 | 17,928           | 17,396  |
| Accrued loan interest   | -                 | -                | 17,928  |
| Income tax recovery   | -                 | -                | (762,704)   |
| <b>Change in non-cash working capital items:</b>                              |                   |                  |   |
| Accounts receivable   | (15,918)          | (20,155)         | (42,453)  |
| Prepaid expenses and deposit  | 28,505            | (3,134)          | 8,524   |
| Deferred charges  | -                 | -                | (29,038)  |
| Accounts payable and accrued liabilities                                      | 76,569            | (4,698)          | 73,212  |
| Due to related parties  | 94,875            | 58,399           | 186,012   |
| <b>Net cash (used in) operating activities</b>                                | <b>(377,550)</b>  | <b>(338,474)</b> | <b>(2,024,403)</b>  |
| <b>Cash flows from (used in) investing activities</b>                         |                   |                  |   |

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|   |                  |                   |                  |
|---|------------------|-------------------|------------------|
| Oil and gas properties acquisition and divestment       | -                | -                 | (345,180)        |
| Proceeds from sale of oil and gas interests             | -                | 100,000           | 521,545          |
| Mineral resource properties acquisition                 | (81,652)         | (105,330)         | (168,698)        |
| Investment in GSWPS                                     | (31,500)         | (31,500)          | (135,000)        |
| Investment in Pro Eco                                   | -                | -                 | (45,000)         |
| Cash provided in connection with business acquisition   | -                | -                 | 201,028          |
| <b>Net cash from (used in) investing activities</b>     | <b>(113,152)</b> | <b>(36,830)</b>   | <b>28,695</b>    |
| <b>Cash flows from financing activities</b>             |                  |                   |                  |
| Promissory notes - related party                        | 50,045           | (30,000)          | 50,045           |
| Net proceeds from disposal of owned securities          | 37,500           | -                 | 37,500           |
| Net proceeds from subscriptions received                | 193,580          | 845,063           | 1,961,738        |
| <b>Net cash from financing activities</b>               | <b>281,125</b>   | <b>815,063</b>    | <b>2,049,283</b> |
| <b>Increase (Decrease) in cash and cash equivalents</b> | <b>(209,577)</b> | <b>439,759</b>    | <b>53,575</b>    |
| <b>Cash and cash equivalents, beginning of period</b>   | <b>263,152</b>   | <b>34,506</b>     | <b>-</b>         |
| <b>Cash and cash equivalents, end of period</b>         | <b>\$ 53,575</b> | <b>\$ 474,265</b> | <b>\$ 53,575</b> |
| Supplemental information of cash flows                  |                  |                   |                  |
| Interest paid in cash                                   | \$ -             | \$ -              | \$ -             |
| Income taxes paid in cash                               | \$ -             | \$ -              | \$ -             |

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

**ENERTOPIA CORP.**  
**(A Development Stage Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2012**  
**(Expressed in U.S. Dollars)**

**1. ORGANIZATION**

The unaudited interim consolidated financial statements for the quarter ended May 31, 2012 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, 2011 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 and considered as 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 \$778,868 for the nine months ended May 31, 2012 [net loss \$479,672 for the nine months ended May 31, 2011] and as at May 31, 2012 has incurred cumulative losses of \$5,162,888 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. These unaudited interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying unaudited interim consolidated financial statements.





### 3. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Consolidation

The unaudited interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Target Energy, Inc., and its equity interest of Pro Eco Energy Inc. and Global Solar Water Power Systems Inc. All significant inter-company balances and transactions have been eliminated.

#### b) New Accounting Pronouncements

In May 2011, the FASB issued new authoritative guidance to provide a consistent definition of fair value and ensure that fair value measurements and disclosure requirements are similar between GAAP and International Financial Reporting Standards. This guidance changes certain fair value measurement principles and enhances the disclosure requirements for fair value measurements. This guidance is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company adopted this guidance in the quarter ended May 31, 2012 and the adoption does not have a material impact on its financial statements.

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, which is effective for annual reporting periods beginning after December 15, 2011. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income.

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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As of May 31, 2012, owned securities consisted of 249,893 common shares of Lexaria Corp. and 375,000 common shares of Cheetah Oil & Gas Ltd.

The fair values of the common shares of Cheetah Oil & Gas Ltd. and Lexaria Corp. as at May 31, 2012 were \$0.008 and \$0.105 per share, respectively.

## 5. LONG TERM INVESTMENTS

### **Pro Eco Energy USA Ltd.**

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

During the nine months ended May 31, 2012, the Company recorded an equity loss of \$Nil (May 31, 2011 equity gain of \$4,060), which resulted in a net investment of \$37,021 (August 31, 2011 - \$37,021).

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

On May 31, 2012, the Company has purchased 9.4% (August 31, 2011 8.14%) investment in Global Solar Water Power Systems Inc. ( GSWPS ). This was made by a cash contribution of \$135,000 and an issuance of 500,000 shares of the Company at \$0.25 per share for a combined value of \$260,000. GSWPS is owned by an executive officer of the Company.

During the nine months ended May 31, 2012, the Company increased the investment in GSWPS by \$31,500 and recorded an equity gain of \$Nil (2011 equity gain of \$749), which resulted in a net investment of \$255,910 (August 31, 2011 - \$224,410).

## 6. MINERAL PROPERTY

On January 31, 2011, the Company entered into a letter of intent and paid US\$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. On April 11, 2011, the Company made aggregate cash payments of \$54,150, issued 500,000 shares to the Optionors. In April 2012, the Company issued 150,000 common stock of the Company and made its option payment. As at May 31, 2012, total consideration including cash paid and common stock issued was \$181,698 (August 31, 2011-\$147,045); the Company has expensed the exploration costs of \$140,195 (May 31, 2011-\$Nil).

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 6,220 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 May 31, 2012, Enertopia made aggregate cash payments of \$77,000 (August 31, 2011-\$15,000) and issued 100,000 shares at price of \$0.10 per share to Altar Resources; the Company has expensed the exploration costs of \$473 (May 31, 2011-\$Nil).

## **7. SHORT TERM LOAN**

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

## **8. RELATED PARTIES TRANSACTION**

For the nine months ended May 31, 2012, the Company was party to the following related party transactions:

- Paid /accrued \$45,000 (May 31, 2011: \$45,000) to the President of the Company in consulting fees.
  - Paid/accrued \$45,000 (May 31, 2011: \$45,000) of consulting fees to a company controlled by a Director/CEO of the Company.
  - Paid \$49,348 (May 31, 2011: \$42,660) in consulting fees to a company controlled by the CFO of the Company.
  - Paid /accrued \$9,000 (May 31, 2011: \$6,000) in consulting fee to the CTO of the Company.
  - Paid / accrued \$9,375 (May 31, 2011: \$28,711) in consulting fee to the Senior VP, Business Development.
  - See Notes 5, 7 and 11.
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On March 16, 2011, the Company issued 78,125 common shares in connection with the settlement of debt of \$12,500 at a price of \$0.16 per common share pursuant to a consulting agreement (See Note 11 (h)).

On April 11, 2011, the Company issued 500,000 common shares in connection with the Wildhorse Copper (AZ) Copper Hills property (See Note 6) for an amount of \$75,000 at a price of \$0.15 per common share.

On April 27, 2011, the Company issued 360,000 common shares to CAB Financial Services Ltd. in connection with a debt settlement of \$157,772

On April 27, 2011, the Company issued 100,000 common shares to the president of the Company in connection with a debt settlement for consulting fees of \$46,000.

On June 4, 2011, the Company issued 4,000 common shares to a shareholder in connection with the May 31, 2010 private placement.

On October 11, 2011, the Company issued 100,000 common shares in connection with Altar Resources, Mildred Peak property (See Note 6) for an amount of \$10,000 at a price of \$0.10.

On March 30, 2012, the Company issued 150,000 common shares to Wildhorse Copper Inc. in connection to the Copper Hills property (See Note 6) for an amount of \$15,000 at a price of \$0.10.

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

On April 13, 2012, the Company closed an offering memorandum placement of 2,080,000 units at a price of CAD\$0.10 per unit for gross proceeds of CAD\$208,000 or 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.

As at May 31, 2012, the Company had 27,067,615 shares issued and outstanding.

## **10. STOCK OPTIONS AND WARRANTS**

On November 9, 2010, the Company granted 100,000 stock options to an advisor of the Company exercisable at \$0.20 per share, which vested immediately and will expire on November 9, 2015.

On November 15, 2010, the Company dismissed a consultant, of which 50,000 vested options were cancelled on November 15, 2010 and another 50,000 vested stock options expired on February 15, 2011 unexercised.

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On February 14, 2011 the Company granted 1,010,000 stock options to directors, officers, and consultants of the Company with the exercise price of \$0.15, which vested immediately and expire on February 14, 2016.

On March 10, 2011, the Company granted 150,000 stock options to a director of the Company with an exercise price of \$0.15, which vested immediately and expire on March 10, 2016.

On March 16, 2011, the Company granted 150,000 stock options to an advisor of the Company with an exercise price of \$0.18, which vested immediately and expire on March 16, 2016.

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

On June 2, 2011, the Company granted 300,000 stock options to directors of the Company with an exercise price of \$0.15, which vested immediately and expire on June 2, 2016.

On October 1, 2011, the Company granted 200,000 stock options to a consultant with an exercise price of \$0.15, of which 50,000 stock options will be vested as of December 1, 2011 and 50,000 stock options will be vested in each subsequent quarter to be fully vested by September 1, 2012, and the options expire on October 1, 2016.

On November 15, 2011, the Company granted 40,000 stock options to a consultant with an exercise price of \$0.10, which vested immediately and expire on November 15, 2016.

On March 19, 2012, the Company granted 450,000 stock options to a director and advisors to the Company with an exercise price of \$0.15, of which 225,000 vested immediately and 225,000 vesting on August 15, 2012 and expire March 19, 2017.

On March 27, 2012, the Company granted 250,000 stock options to an Investor Relations company with an exercise price of \$0.15, of which 125,000 vested immediately and 125,000 vesting on June 27, 2012 and expire on March 27, 2017.

On April 10, 2012, the Company granted 25,000 stock options to an employee of the Company with an exercise price of \$0.15, which vested immediately and expire on April 10, 2017.

For the nine months ended May 31, 2012, the Company recorded \$32,581 (May 31, 2011 - \$178,679) stock based compensation expenses which has been included in consulting fees.

A summary of the changes in stock options for the nine months ended May 31, 2012 is presented below:

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|                          | Number of<br>Shares | Options<br>Outstanding<br>Weighted<br>Average<br>Exercise<br>Price |
|--------------------------|---------------------|--|
| Balance, August 31, 2011 | 3,260,000           | \$ 0.15  |
| Granted                  | 925,000             | \$ 0.15  |
| Granted                  | 40,000              | \$ 0.10  |
| Balance, May 31, 2012    | 4,225,000           | \$ 0.15  |

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:

|                                 | Period ended May 31, 2012 |
|---------------------------------|---------------------------|
| Expected volatility             | 134.43%-142.22%           |
| Risk-free interest rate         | 1.32%-1.46%               |
| Expected life                   | 5.00 years                |
| Dividend yield                  | 0.00%                     |
| Estimated fair value per option | \$0.0630-\$0.0684         |

The Company has the following options outstanding and exercisable.

| May 31, 2012    | Options<br>outstanding |                                  | Exercise<br>Price | Options exercisable                |                   |
|-----------------|------------------------|----------------------------------|-------------------|------------------------------------|-------------------|
| Exercise prices | Number<br>of shares    | Remaining<br>contractual<br>life |                   | Number<br>of shares<br>exercisable | Exercise<br>Price |
| \$0.10          | 500,000                | 2.39 years                       | \$ 0.10           | 500,000                            | \$ 0.10           |
| \$0.10          | 650,000                | 2.58 years                       | \$ 0.10           | 650,000                            | \$ 0.10           |
| \$0.20          | 350,000                | 0.54 years                       | \$ 0.20           | 350,000                            | \$ 0.20           |
| \$0.20          | 150,000                | 3.23 years                       | \$ 0.20           | 150,000                            | \$ 0.20           |
| \$0.20          | 100,000                | 3.44 years                       | \$ 0.20           | 100,000                            | \$ 0.20           |
| \$0.15          | 910,000                | 3.71 years                       | \$ 0.15           | 910,000                            | \$ 0.15           |
| \$0.15          | 150,000                | 3.78 years                       | \$ 0.15           | 150,000                            | \$ 0.15           |
| \$0.18          | 150,000                | 3.79 years                       | \$ 0.18           | 150,000                            | \$ 0.18           |
| \$0.25          | 300,000                | 4.01 years                       | \$ 0.15           | 300,000                            | \$ 0.15           |
| \$0.15          | 200,000                | 4.34 years                       | \$ 0.15           | 100,000                            | \$ 0.15           |
| \$0.10          | 40,000                 | 4.46 years                       | \$ 0.10           | 40,000                             | \$ 0.10           |
| \$0.15          | 450,000                | 4.80 years                       | \$ 0.15           | 225,000                            | \$ 0.15           |
| \$0.15          | 250,000                | 4.82 years                       | \$ 0.15           | 125,000                            | \$ 0.15           |
| \$0.15          | 25,000                 | 4.86 years                       | \$ 0.15           | 25,000                             | \$ 0.15           |
|                 | 4,225,000              | 3.35 years                       | \$ 0.15           | 3,775,000                          | \$ 0.14           |

## Warrants

8,729,000 Subscriber Warrants and 489,300 Broker Warrants issued in association with the private placement on March 3, 2011 meet the definition of a derivative. Since the exercise price of these warrants is denominated in Canadian dollars, which is different from the Company's functional currency, the Subscriber Warrants and Broker Warrants are not considered indexed to the Company's common shares and they cannot be classified within equity. Therefore the Subscriber Warrants and the Broker Warrants, which expires on March 31, 2013, are classified as warrants liability on the Company's consolidated balance sheet.

The fair value of the Subscribers Warrants and the Broker s Warrants was revalued on May 31, 2012 to \$176,327 (August 31, 2011 - \$300,792) using the Black-Scholes option pricing model with the following assumptions:

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|  | Period ended<br>May 31,<br>2012 |
|--|---------------------------------|
| Exercise price (CDN dollars per warrant)       | \$ 0.20                         |
| Expected volatility                            | 128.30%                         |
| Risk-free interest rate                        | 1.20%                           |
| Expected life                                  | .75 years                       |
| Dividend yield                                 | 0.00%                           |
| Estimated fair value per warrant (CDN dollars) | \$ 0.02                         |

## 11. COMMITMENTS OTHER

- (a) The Company has a month-to-month rental arrangement for office space in Kelowna, British Columbia, Canada for CAD\$700 plus HST per month.
- (b) The Company has a consulting agreement with CAB Financial Services Ltd. ( CAB ), a corporation organized under the laws of the Province of British Columbia. CAB is a consulting company controlled by the chairman of the board and chief executive officer of the Company. CAB Financial Services Ltd. is to provide management consulting services for \$5,000 per month plus HST on a continuing basis.
- (c) 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 on a continuing basis.
- (d) 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. Effective April 1, 2011, the consulting services are CAD\$5,500 per month plus HST.
- (e) On October 9, 2009, the Company entered into a consulting agreement with the chief technical officer of the Company for \$1,000 per month.
- (f) On February 28, 2010, the Company entered into an Asset and Share Purchase Agreement with the Company's chief technical officer - Mr. Mark Snyder to acquire up to 20% ownership interest of GSWPS. As at May 31, 2012, the Company has acquired 9.40% (August 31, 2011 8.14%) (see Note 5) with the remaining 10.60% ownership payable by issuance of 500,000 common shares of the Company and cash of \$93,000 paid on a minimum monthly basis of \$3,500.
- (g) On August 23, 2010, the Company entered into a consulting agreement with the Senior Vice-President, Business Development for \$3,125 per month. On November 17, 2010, the Company renewed the agreement into a month to month consulting agreement with the Senior Vice-President, Business Development for \$3,125. On December 1, 2011 the company renewed his agreement to a commission based with a monthly rate of \$10 per month.

- (h) On June 27, 2011, the Company entered into a non-exclusive 12 month agreement with a third party, IBK Capital Corp. to assist with raising capital of up to \$3million. IBK Capital Corp. will be paid a work fee of \$25,000 plus \$3,500 on out of pocket costs. IBK Capital Corp. will be paid 8.5% cash commission and 8.5% common share purchase warrants on funds raised. As at May 31, 2012, the Company has not paid any cash commission nor issued any common shares.
- (i) On October 1, 2011, the Company entered into a non-exclusive 12 month agreement with Peter Grandich to assist the Company with the development and implementation of a public and investor relations and communications program, and provide ongoing assistance to the Company regarding the development and enhancement of the Company's public and market image. Mr. Grandich will receive compensation of US\$7,500 for the first three months of his engagement and subsequently, US\$2,500 on the first day of each successive month for the term of the agreement unless previously terminated as per the agreement.
- (j) On March 27, 2012 the Company retained Coal Harbor Communications Inc. for investor relations services for a three month contract, where they will receive CAD\$15,000 and 250,000 stock options at an exercise price of \$0.15.
- (k) See Note 6.

## 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 mining exploration and developments, 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<br>May 31, 2012           | Mining exploration  |                 |            | Consolidated |
|---|---------------------|-----------------|------------|--------------|
|   | Renewable<br>energy | and development | Corporate  |              |
| Revenues                                | \$ -                | \$ -            | \$ -       | \$ -         |
| Net income<br>(loss) from<br>operations | (310)               | (140,668)       | (637,890)  | (778,868)    |
| Total assets                            | \$ 292,931          | \$ 268,698      | \$ 180,772 | \$ 742,401   |

The operations of the Group are located geographically in the United States.

## 13. COMPARATIVE FIGURES

Certain 2011 comparative figures have been reclassified to conform with the financial statements presentation adopted for 2012.

## 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, the Company was primarily engaged in the acquisition and exploration of natural resource properties. Beginning in April 2008, the Company began its entry into the clean energy sector by purchasing an interest in a solar thermal design and installation company.

The Company is a renewable energy company that is pursuing business opportunities in several cleantech sectors, including: Solar PV (Photovoltaic), Solar Thermal (Hot Water), Energy Retrofits and Recovery, and Solar powered Filtered Drinking Water. The Company no longer has any material oil and gas resources. The Company has also created a business division that is dedicated with natural resource acquisitions and exploration.

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The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1633. 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).

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

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

On October 9, 2009, we entered into a month to month management agreement with Mark Snyder, whereby Mark Snyder will act as the Chief Technical Officer of the Company.

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

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

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

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

On February 8, 2010, the Company changed its name from Golden Aria Corp. to Enertopia Corp. Our new CUSIP number is **29277Q1047**. On February 22, 2010, the Company increased its authorized share capital to 200,000,000 common shares.

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

Effective March 26, 2010, Enertopia Corp. (the Company) had its stock quotation under the symbol GLCP deleted from the OTC Bulletin Board. The symbol was deleted for factors beyond the Company's control due to various

market makers electing to shift their orders from the OTCBB to the Pink OTC Markets Inc. As a result of these market makers not providing a quote on the OTCBB for four consecutive days the Company was deemed to be deficient in maintaining a listing standard at the OTCBB pursuant to Rule 15c2-11. That determination was made entirely without the Company's knowledge.

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

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 August 23, 2010, the Company entered into a three month consulting agreement with Tom Ihrke to act as the Company's Senior Vice-President, Business Development and then on November 17, 2011, the Company entered into a month to month consulting agreement.

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 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 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.

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, Change 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, we entered into a letter of intent and paid US\$15,000 deposit to Altar Resources. Subsequent to August 31, 2011, on October 11, 2011, we signed a Mineral Purchase Option Agreement with Altar Resources respecting 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 6,220 acres from Altar Resources who holds the mining claims directly, and indirectly through federal mining claims and state mineral exploration leases, or represents that it will hold such claims in good standing at the time of closing a definitive agreement. Our 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 our common stock over a four year period. As at May 31, 2012, we made aggregate cash payments of \$77,000 and issued 100,000 shares at price of \$ 0.10 per share of our common stock to Altar Resources.

### **Our Current Business**

The Company is a renewable energy company that is pursuing business opportunities in several cleantech sectors, including: Solar PV (Photovoltaic), Solar Thermal (Hot Water), Energy Retrofits and Recovery, and Solar powered Filtered Drinking Water. The Company has also created a new business division that is dedicated with natural resource acquisitions and exploration.

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We currently hold the following interests:

Equity Investment in Pro Eco Energy, Inc.

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

Pro Eco Energy USA Ltd. owns 100% of the shares of a wholly-owned subsidiary company in Canada called Pro Eco Energy Ltd. (together, Pro Eco ). The Chairman of our Company is a director and shareholder of Pro Eco Energy USA Ltd.

Pro Eco s range of services includes:

1. Consulting. Pro Eco evaluates customer s current energy needs and helps recommend ways that can optimize savings and energy efficiency; and
2. Design. Pro Eco designs personalized, custom systems to take the greatest advantage of the customer s unique geographical setting, fuel costs and availability, and building construction; and
3. Installation. Pro Eco s experts install and support a wide variety of commercial and residential systems including solar thermal, ground-source heat pumps, and heat recovery.

Pro Eco specializes in both energy retrofits of commercial buildings, and systems for new commercial construction.

Equity Investment in Global Solar Water Power Systems Inc.

Effective February 28, 2010, we entered into an asset and share purchase agreement with Mr. Mark Snyder to acquire up to 20% ownership of Global Solar Water Power Systems Inc. ( GSWPS ), a private company beneficially owned by Mark Snyder, our company s Chief Technical Officer. GSWPS owns certain technology invented and developed by Mark Snyder for the design and manufacture of certain water filtration equipment. Under the terms of the agreement, we may acquire up to a 20% equitable ownership interest in GSWPS payable as follows:

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

Pursuant to the terms of the agreement, GSWPS is required to pay to us our proportionate interest in any after tax profits on a quarterly basis. Our management obtained an independent valuation dated February 5, 2010 in support of the value ascribed to the proposed equity interest in GSWPS. As at May 31, 2012, we have paid \$135,000 in US dollars and issued 500,000 restricted shares of our common stock, following which we have acquired 9.4% equity interest in GSWPS.





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

One of GSWPS's business lines is the business of developing and manufacturing a portable solar powered trailer mounted water purification units (the System) that can be delivered and operated nearly anywhere in the world and can provide a village, resort, or remote work-camps with all their drinking water and domestic water requirements. The technology was developed in 2009 by Mark Snyder, Chief Technology Officer of the Company, and Mark Snyder is the President of GSWPS. Over 300 locations in Iraq benefitted from clean drinking water as a result of the deployment of these systems, which were delivered to Iraq during 2009, prior to the Company's involvement.

#### Clean Tech Alliance with Snyder Electric.

On June 5, 2008, Mr. Mark Snyder, a long time clean energy expert in California, also joined our Clean Tech Advisory board. Mr. Snyder is an expert in alternative energy systems. Mr. Snyder's focus is on complete net zero home solutions - homes that generate through alternative energy systems such as solar thermal, solar PV etc, as much energy as they consume.

#### Copper Hills Project, New Mexico

On January 31, 2011, we entered into a letter of intent and paid US\$7,500 deposit to Wildhorse Copper Inc. and its wholly owned subsidiary Wildhorse Copper (AZ) Inc. (collectively, the Optionors). On April 11, 2011, we signed a Mineral Purchase Option Agreement with Optionors respecting an option to earn a 100% interest, subject to a 1% NSR capped to a maximum of \$2,000,000 on one claim, 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 Agreement the Optionors have assigned the Indirect Agreements to Enertopia. In order to earn the interest in the Copper Hills property, we are 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. On April 11, 2011, we made aggregate cash payments of \$54,150, issued 500,000 shares to the Optionors. On April 11, 2011, we made aggregate cash payments of \$54,150, issued 500,000 shares to the Optionors. In April 2012, the Company issued 150,000 common stock of the Company and made its option payment. As at May 31, 2012, total consideration including cash paid and common stock issued was \$181,698; the Company has expensed the exploration costs of \$140, 195.

The Company has entered into an Option Agreement ( Agreement) dated April 11, 2011 with Wildhorse Copper Inc, Wildhorse Copper (AZ) Inc., Northern Tiger Resources Inc., and Timber Wolf Minerals Ltd. (the Optionor) respecting the assignment of up to 100% interest in approximately 1,150 acres of 56 located mining claims in New Mexico, USA. One of these located mining claims is subject to a 1% NSR capped at US \$2,000,000 from commercial production from this located mining claim. The Optionor holds the located mining claims ( the Claims) directly and indirectly through an option agreement between the Optionor and a third party. The Optionor hereby grants to the Company the sole and exclusive right and option to acquire up to an undivided 100% right, title and interest in and to the Property, free and clear of all charges, encumbrances, claims, liabilities and adverse interests of any nature or kind, except for the Royalty. The Option shall be in good standing and exercisable by the Company by paying the following amounts on or before the dates specified in the schedule below:



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Copper Hills is located on BLM land and as such mineral and surface rights are held by the BLM. Enertopia has acquired an option of 56 located mining claims. These claims are valid for one year and need to be renewed annually.

There are 56 federal located unpatented mining claims.

**BUREAU OF LAND MANAGEMENT**

**SOCORRO COUNTY, NEW MEXICO,  
RECORDATION**

| CLAIM NAME             | SERIAL NO. | MC LOCATION | MC DATE RECEIVED | MAINTENANCE YEAR |   |                       |
|------------------------|------------|-------------|------------------|------------------|---|-----------------------|
| <b>COPPER HILLS #1</b> | NMMC169266 | 9/14/2000   | 27/10/2000       | X                | X | Book 503<br>Page 3660 |
| <b>WILDHORSE 1</b>     | NMMC190849 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100729   |
| <b>WILDHORSE 2</b>     | NMMC190850 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100730   |
| <b>WILDHORSE 3</b>     | NMMC190851 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100731   |
| <b>WILDHORSE 4</b>     | NMMC190852 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100732   |
| <b>WILDHORSE 5</b>     | NMMC190853 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100733   |
| <b>WILDHORSE 6</b>     | NMMC190854 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100734   |
| <b>WILDHORSE 7</b>     | NMMC190855 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100735   |
| <b>WILDHORSE 8</b>     | NMMC190856 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100736   |
| <b>WILDHORSE 9</b>     | NMMC190857 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100737   |
| <b>WILDHORSE 10</b>    | NMMC190858 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100738   |
| <b>WILDHORSE 11</b>    | NMMC190859 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100739   |
| <b>WILDHORSE 12</b>    | NMMC190860 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100740   |
| <b>WILDHORSE 13</b>    | NMMC190861 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100741   |
| <b>WILDHORSE 14</b>    | NMMC190862 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100742   |
| <b>WILDHORSE 15</b>    | NMMC190863 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100743   |
| <b>TIMBERWOLF 16</b>   | NMMC190864 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100744   |
| <b>TIMBERWOLF 17</b>   | NMMC190865 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100745   |
| <b>TIMBERWOLF 18</b>   | NMMC190866 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100746   |
| <b>TIMBERWOLF 19</b>   | NMMC190867 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100747   |
| <b>TIMBERWOLF 20</b>   | NMMC190868 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100748   |
| <b>WILDHORSE 21</b>    | NMMC190869 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100749   |
| <b>WILDHORSE 22</b>    | NMMC190870 | 3/1/2011    | 22/04/2011       | X                | X | 3/11/2011 201100750   |
| <b>WILDHORSE 23</b>    | NMMC190871 | 2/28/2011   | 22/04/2011       | X                | X | 3/11/2011 201100751   |
|                        | NMMC190872 | 2/28/2011   | 22/04/2011       | X                | X | 3/11/2011 201100752   |

|                              |           |            |   |   |           |           |  |
|------------------------------|-----------|------------|---|---|-----------|-----------|--|
| <b>WILDHORSE</b>             |           |            |   |   |           |           |  |
| <b>24</b>                    |           |            |   |   |           |           |  |
| <b>TIMBERWOLF</b> NMMC190873 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011 | 201100753 |  |
| <b>25</b>                    |           |            |   |   |           |           |  |
| <b>TIMBERWOLF</b> NMMC190874 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011 | 201100754 |  |
| <b>26</b>                    |           |            |   |   |           |           |  |
| <b>TIMBERWOLF</b> NMMC190875 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011 | 201100755 |  |
| <b>27</b>                    |           |            |   |   |           |           |  |
| <b>TIMBERWOLF</b> NMMC190876 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011 | 201100756 |  |
| <b>28</b>                    |           |            |   |   |           |           |  |
| <b>TIMBERWOLF</b> NMMC190877 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011 | 201100757 |  |
| <b>29</b>                    |           |            |   |   |           |           |  |
| <b>WILDHORSE</b> NMMC190878  | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011 | 201100758 |  |
| <b>30</b>                    |           |            |   |   |           |           |  |
| <b>WILDHORSE</b> NMMC190879  | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011 | 201100759 |  |
| <b>31</b>                    |           |            |   |   |           |           |  |

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|                               |            |           |            |   |   |            |           |
|-------------------------------|------------|-----------|------------|---|---|------------|-----------|
| <b>WILDHORSE</b><br><b>32</b> | NMMC190880 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100760 |
| <b>WILDHORSE</b><br><b>33</b> | NMMC190881 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100761 |
| <b>WILDHORSE</b><br><b>34</b> | NMMC190882 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100762 |
| <b>WILDHORSE</b><br><b>35</b> | NMMC190883 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100763 |
| <b>WILDHORSE</b><br><b>36</b> | NMMC190884 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100764 |
| <b>WILDHORSE</b><br><b>37</b> | NMMC190885 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100765 |
| <b>WILDHORSE</b><br><b>38</b> | NMMC190886 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100766 |
| <b>WILDHORSE</b><br><b>39</b> | NMMC190887 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100767 |
| <b>WILDHORSE</b><br><b>40</b> | NMMC190888 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100768 |
| <b>WILDHORSE</b><br><b>41</b> | NMMC190889 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100769 |
| <b>WILDHORSE</b><br><b>42</b> | NMMC190890 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100770 |
| <b>WILDHORSE</b><br><b>43</b> | NMMC190891 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100771 |
| <b>WILDHORSE</b><br><b>44</b> | NMMC190892 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100772 |
| <b>WILDHORSE</b><br><b>45</b> | NMMC190893 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100773 |
| <b>WILDHORSE</b><br><b>46</b> | NMMC190894 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100774 |
| <b>WILDHORSE</b><br><b>47</b> | NMMC190895 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100775 |
| <b>WILDHORSE</b><br><b>48</b> | NMMC190896 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100776 |
| <b>WILDHORSE</b><br><b>49</b> | NMMC190897 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100777 |
| <b>WILDHORSE</b><br><b>50</b> | NMMC190898 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100778 |
| <b>WILDHORSE</b><br><b>51</b> | NMMC190899 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100779 |
| <b>WILDHORSE</b><br><b>52</b> | NMMC190900 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100780 |
| <b>WILDHORSE</b><br><b>53</b> | NMMC190901 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100781 |
| <b>WILDHORSE</b><br><b>54</b> | NMMC190902 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100782 |
| <b>WILDHORSE</b><br><b>55</b> | NMMC190903 | 2/28/2011 | 22/04/2011 | X | X | 3/11/2011  | 201100783 |
| <b>WILDHORSE</b><br><b>56</b> | NMMC191754 | 9/22/2011 | 06/12/2011 | X |   | 10/21/2011 | 201102627 |

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|-------------------------------|------------|-----------|------------|---|------------|-----------|
| <b>WILDHORSE</b><br><b>57</b> | NMMC191755 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102628 |
| <b>WILDHORSE</b><br><b>58</b> | NMMC191756 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102629 |
| <b>WILDHORSE</b><br><b>59</b> | NMMC191757 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102630 |
| <b>WILDHORSE</b><br><b>60</b> | NMMC191758 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102631 |
| <b>WILDHORSE</b><br><b>61</b> | NMMC191759 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102632 |
| <b>WILDHORSE</b><br><b>62</b> | NMMC191760 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102633 |
| <b>WILDHORSE</b><br><b>63</b> | NMMC191761 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102634 |
| <b>WILDHORSE</b><br><b>64</b> | NMMC191762 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102635 |
| <b>WILDHORSE</b><br><b>65</b> | NMMC191763 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102636 |
| <b>WILDHORSE</b><br><b>66</b> | NMMC191764 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102637 |
| <b>WILDHORSE</b><br><b>67</b> | NMMC191765 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102638 |
| <b>WILDHORSE</b><br><b>68</b> | NMMC191766 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102639 |
| <b>WILDHORSE</b><br><b>69</b> | NMMC191767 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102640 |
| <b>WILDHORSE</b><br><b>70</b> | NMMC191768 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102641 |
| <b>WILDHORSE</b><br><b>71</b> | NMMC191769 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102642 |
| <b>WILDHORSE</b><br><b>72</b> | NMMC191770 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102643 |
| <b>WILDHORSE</b><br><b>73</b> | NMMC191771 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102644 |
| <b>WILDHORSE</b><br><b>74</b> | NMMC191772 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102645 |
| <b>WILDHORSE</b><br><b>75</b> | NMMC191773 | 9/22/2011 | 06/12/2011 | X | 10/21/2011 | 201102646 |

The conditions for retaining our claims include the following:

- i. paying the Optionor \$7,500 on signing the letter of intent (paid),
- ii. paying the Optionor \$51,150 on or before the execution of this Agreement and issuing to the Optionor 500,000 common shares in the capital stock of the Company as soon as practicable following the execution of this Agreement, (paid)
- iii. issuing to the Optionor 150,000 shares in the capital stock of the Company on or before the first anniversary of this Agreement, (paid)
- iv. issuing to the Optionor 150,000 shares in the capital stock of the Company on or before the second anniversary of the Agreement, and
- v. issuing to the Optionor 200,000 shares in the capital stock of the Company on or before the third anniversary of the Agreement.

The Company shall also pay Timber Wolf the following amounts on or before the dates specified in the following schedule, with such amounts and terms as further described in the Timber Wolf Agreement:

- i. paying \$3,000 on signing of this Agreement, (paid)
- ii. paying an additional \$7,500 on or before the first anniversary of the Agreement, (paid)
- iii. paying an additional \$10,000 on or before the second anniversary of the Agreement,
- iv. paying an additional \$12,500 on or before the third anniversary of the Agreement,
- v. paying an additional \$25,000 on or before the fourth anniversary of the Agreement,
- vi. paying an additional \$25,000 on or before the fifth anniversary of the Agreement,
- vii. paying an additional \$50,000 on or before the sixth anniversary of the Agreement,
- viii. paying an additional \$200,000 on or before the seventh anniversary of the Agreement,
- ix. paying an additional \$200,000 on or before the eighth anniversary of the Agreement.

Yearly maintenance fee to the BLM at \$140 per claim, due no later than August 31<sup>st</sup> each year.

Yearly recording fee State of NM approximately \$250 per year.

Copper Hills project is located approximately 8 miles west on HWY 60 from Magdalena, NM. HWY 60 actually crosses the property. Access south of the hwy is by dirt or gravel roads. Access north of the hwy is through locked ranch gate. The property is located within the physiographic province known as the Datil-Mogollon Section, locally characterized by volcanic highlands.

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The geology of the project area was described by Wilkinson (1976). A northerly trending fault separates volcanic rocks to the west from younger piedmont gravels, alluvium and basalt to the east. Volcanic rocks are dominantly Oligocene Spears Formation andesitic volcanoclastics. The important Nipple Mountain tuff member is an interbedded lithic and variably welded tuff with deposition controlled by northeast and east-northeast trending, partly fault bounded paleovalleys. The overlying Hells Mesa Formation and the A-L Peak Tuff represents a change to ash flow volcanism related to the Mt. Withington caldera collapse. The caldera margin is situated 7 ½ km south of the Copper Hills prospect. Structurally the property is situated within a north-northwest trending uplifted block bounded to the east by the Mulligan Gulch graben. Three major structural trends are present at Copper Hills. The west-northwest trending Capitan lineament is a pre-volcanic feature that was reactivated in the Oligocene. The northeast to east-northeast trending Morenci-Magdalena lineament is also a basement feature that in part controlled deposition of the Nipple Mountain tuff. The north to 335° trend reflects the monoclinical eastern edge of the uplifted block and controlled the emplacement of intrusive stocks and later Basin and Range faulting. Convergence of the three structural trends in the vicinity of the Copper Hills prospect resulted in an intense shattering of the rocks.

Mineralization at Copper Hills includes fracture controlled and disseminated copper oxides (plus silver) at the Copper Hills prospect and epithermal gold-silver veins. Wilkinson (1976) describes previous work conducted on the property. Various stakeholders held mining claims in the area almost continuously between 1950 and 2007. During the 1950 s minor copper oxide production from the Copper Hills main outcrop took place and five short holes were drilled. In 1968 the Banner Mining Company reportedly drilled a deeper hole to 1,622 ft (494.5 m) and intersected pervasive propylitic alteration with abundant fresh and oxidized pyrite throughout the hole. Samples taken from the last 100 ft reportedly contained small amounts of pyrite plus chalcopyrite, sphalerite and galena. Numerous other prospecting pits and shafts are found on the property and most appear to be related to exploration and minor extraction of minerals associated with epithermal vein type systems. The Banner hole is on the eastern edge of a strong IP-chargeability anomaly defined by the IP survey completed by Wright geophysics in August, 2011.

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The most recent exploration work done at Copper Hills was by Coyote Copper in the early part of 2008 which included a ground magnetics geophysical survey, followed by a reconnaissance and field verification mapping and rock chip sampling program and a soil sampling geochemical survey. Enertopia engaged Wright geophysical to manage an IP geophysical survey conducted in August, 2011. Wright also interpreted the results and provided a technical report.

In the Fall of 2011 IP/Res Survey was completed and returned sulphide targets at depth that have been recommended for drilling.

The total costs incurred to date and all planned future costs are as follows:

Exploration costs incurred by Enertopia to date are ~ \$140,000

Future exploration plans involve a two phase drill program described below:

A two phase exploration program:

Phase 1 would commence with 3 core drill holes to an average depth of 550 meters designed to test the strong IP-chargeability anomalies defined by the geophysical survey completed in August, 2011. In addition, reverse circulation drilling will be undertaken to verify the grade and extent of the copper (+silver) mineralization as documented by previous operators, within and peripheral to the Copper Hills Prospect. This is will require about 750 m of drilling in 10 reverse circulation holes each about 75 m in depth spaced on a 50 m x 50 m grid. The total Phase 1 program will cost of \$720,000.

Contingent upon Phase 1 providing positive results it is recommended for Phase 2 that additional drilling be undertaken to add to the grade and extent of the copper (+silver) mineralization as documented by previous operators, within and peripheral to the Copper Hills Prospect. This is will require about 1,500 m of drilling in 20 reverse circulation holes each about 75 m in depth designed to extend the a 50 m x 50 m grid.

An additional 2,500 m of core drilling is recommended to offset the two core holes into the IP anomaly. Other facets of a Phase 2 program include conducting additional geological mapping, prospecting and sampling of priority targets based on geophysical and geochemical survey interpretations. The cost of Phase 2 will be about \$1,210,000. The total for both phases is US\$1,930,000.

The property is without known reserves and the program is exploratory in nature.

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Results from the ground IP survey show a strong chargeability anomaly to the east of the Tres Montosas fault. The anomaly is about 500 meters wide east-west and about 1,000 meters long north-south. Wright concludes that the chargeability anomaly may be related to pyritic alteration. The IP anomaly is coincident with the presence of oxidized pyrite and copper at the surface along with quartz veining, silicification and strongly anomalous base metal anomalies along north-trending structures. These features are permissive of a porphyry-style hydrothermal system.

The exploration program would be funded through equity financing or a joint venture. The proposed work is dependant whether on the type of financing or joint venture that the company completes.

The required permits include BLM notice level application for an area of disturbance estimated to be less than 5 acres. Location map of drill locations and road or routes for vehicle traffic. The State of New Mexico also requires a minimal impact exploration permit application to be filed at the same time as the BLM notice level application is filed.

#### Mildred Peak Project, Arizona

On July 19, 2011, we entered into a letter of intent and paid a US\$15,000 deposit to Altar Resources. Subsequent to August 31, 2011, on October 11, 2011, we signed a Mineral Purchase Option Agreement with Altar Resources respecting an option to earn 100% interest, subject to a 2.5% NSR in a property known as Mildred Peak. Mining claims are in Arizona covering approximately 6,220 acres from Altar Resources who holds the mining claims directly, and indirectly through federal mining claims and state mineral exploration leases, or represents that it will hold such claims in good standing at the time of closing a definitive agreement. We are 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 29, 2012, we made aggregate cash payments of \$71, 000 and issued 100,000 shares at price of \$0.10 per share of common stock to Altar Resources; the Company has expensed the exploration costs of \$473.

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

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

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

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

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

#### *Purchase of Significant Equipment*

We do not intend to purchase any significant equipment over the twelve months ending May 31, 2013 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) 602-1633. 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.

The Company had entered into a consulting agreement with Dr. Gerald G. Carlson's company, KGE Management Ltd. from March 1, 2005 to November 30, 2007. During the term of this agreement, Dr. Carlson, provided geological and corporate administration consulting services to our company, such duties and responsibilities included the provision of geological consulting services, strategic corporate and financial planning, management of the overall business operations of our company, and the supervision of office staff and exploration and mining consultants. Dr. Carlson, through KGE Management Ltd., was reimbursed at the rate of \$2,000 per month. This agreement was terminated on November 30, 2007, but Dr. Carlson does remain as an Advisor to the Company.

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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.

On March 2, 2008, the Company entered into a controller agreement with CAB Financial Services, a corporation organized under the laws of the Province of British Columbia. CAB Financial Services is a consulting company controlled by the chairman of the board and chief executive officer of the Company. Pursuant to the controller agreement, CAB Financial Services will provide corporate accounting and controller services to the Company in consideration for the payment of CAD\$3,675 (including \$175 GST) per month. This agreement was terminated on October 9, 2009.

On December 1, 2008, the Company entered into a consulting agreement with CAB Financial Services, a corporation organized under the laws of the Province of British Columbia. CAB Financial Services is a consulting company controlled by the chairman of the board and the chief executive officer of the Company. A fee of \$5,000 per month is accrued. We may terminate this agreement without prior notice based on a number of conditions. CAB Financial Services Ltd. may terminate the agreement at any time by giving 30 days written notice of its intention to do so.

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 is 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 HST.

On October 9, 2009, the Company entered into a consulting agreement with Mark Snyder as the Chief Technical Officer. A fee of \$1,000 is accrued per month.

On August 23, 2010, the Company entered into a consulting agreement with the Senior Vice-President of Business Development for \$3,125 per month. Effective November 17, 2010, the Company has entered into a month to month consulting contract. On December 1, 2011, the Company renewed his agreement to a commission based with a monthly rate of \$10 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 advancement 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.

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## **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**

In May 2011, the FASB issued new authoritative guidance to provide a consistent definition of fair value and ensure that fair value measurements and disclosure requirements are similar between GAAP and International Financial Reporting Standards. This guidance changes certain fair value measurement principles and enhances the disclosure requirements for fair value measurements. This guidance is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company does not expect that the adoption of this guidance will have a material impact on its financial statements.

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In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, which is effective for annual reporting periods beginning after December 15, 2011. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. The adoption of ASU 2011-05 is not expected to have a material impact on the Company's financial position or results of operations.

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

### Results of Operations – Three Months Ended May 31, 2012 and 2011

The following summary of our results of operations should be read in conjunction with our financial statements for the quarter ended May 31, 2012, which are included herein.

Our operating results for the three months ended May 31, 2012, for the three months ended May 31, 2011 and the changes between those periods for the respective items are summarized as follows:

|                            | <b>Three<br/>Months<br/>Ended<br/>May 31,<br/>2012</b> | <b>Three<br/>Months<br/>Ended<br/>May 31,<br/>2011</b> | <b>Change<br/>Between<br/>Three<br/>Month<br/>Period<br/>Ended<br/>May 31,<br/>2012<br/>and May<br/>31, 2011</b> |
|----------------------------|--|--|--|
| Revenue (cost recovery)    | \$ Nil   | \$ Nil   | \$ Nil   |
| Other (income) expenses    | 49,200   | (155,945)  | 205,145  |
| General and administrative | 164,085  | 181,757  | (17,672)   |
| Interest expense           | 1,683  | 5,472  | (3,789)  |
| Consulting fees            | 75,530   | 101,538  | (26,008)   |
| Exploration expenses       | 11   | Nil  | 11   |
| Professional Fees          | 13,089   | 19,478   | (6,389)  |
| Net (loss)                 | (213,285)  | (28,123)   | 185,162  |

Our accumulated losses increased to \$5,162,888 as of May 31, 2012. Our financial statements report a net loss of \$213,285 for the three-month period ended May 31, 2012, compared to a net loss of \$28,123 for the three-month period ended May 31, 2011. Our losses have increased over the three month period primarily due to the expiration of the Lexaria and Cheetah warrants value that has been written off now.



**Results of Operations Nine Months Ended May 31, 2012 and 2011**

The following summary of our results of operations should be read in conjunction with our financial statements for the nine months ended May 31, 2012, which are included herein.

Our operating results for the nine months ended May 31, 2012, for the nine months ended May 31, 2011, and the changes between those periods for the respective items are summarized as follows:

|                            | <b>Nine Months Ended</b> |                | <b>Change Between Nine Month Period Ended</b> |
|----------------------------|--------------------------|----------------|---|
|                            | <b>May 31,</b>           | <b>May 31,</b> | <b>May 31,</b>                                |
|                            | <b>2012</b>              | <b>2011</b>    | <b>2012 and May 31, 2011</b>                  |
| Revenue (cost recovery)    | \$ Nil                   | \$ Nil         | \$ Nil  |
| Other (income)/expenses    | 184,706                  | (85,821)       | 270,527                                       |
| General and administrative | 593,852                  | 569,810        | 24,042  |
| Interest expense           | 3,004                    | 22,555         | (19,551)                                      |
| Consulting fees            | 211,520                  | 369,861        | (158,341)                                     |
| Exploration Expenses       | 140,668                  | Nil            | 140,668                                       |
| Professional Fees          | 59,166                   | 75,534         | (16,368)                                      |
| Net (loss)                 | (778,868)                | (479,672)      | (299,196)                                     |

As at May 31, 2012, we had \$300,804 in current liabilities. Our net cash used in operating activities for the nine months ended May 31, 2012 was \$377,550 compared to \$338,474 used in the nine months ended May 31, 2011. Our accumulated losses increased to \$5,162,888 as of May 31, 2012. Our financial statements report a net loss of \$778,868 for the nine month period ended May 31, 2012 compared to a net loss of \$479,673 for the nine month period ended May 31, 2011. Overall our losses have increased over the nine month period primarily due to the increase in mineral exploration costs, an increase in investor relations, travel, revaluation of warrants from the April 2011 financing and the expiration of the Lexaria and Cheetah warrants value that has been written off; though professional fees and stock based compensation expense decreased in for the nine month period May 31, 2012 compared to May 31, 2011.

Our total liabilities as of May 31, 2012 were \$477,131 as compared to total liabilities of \$389,481 as of August 31, 2011. The decrease of the long-term liabilities is due to the liability accounting of the subscriber's warrants and agent's warrants in association with the private placement in March 2011 that was revalued as of May 31, 2012. Because the exercise price of these warrants is denominated in Canadian dollars, which is different from the Company's functional currency, these warrants are not considered indexed to the Company's common shares and they cannot be classified within equity.

There was an increase of the short-term liabilities, which is due to the accrued consulting fees for the CEO of the Company.

**Liquidity and Financial Condition***Working Capital*

|                     | At May 31,<br>2012 | At August<br>31,<br>2011 |
|---------------------|--------------------|--------------------------|
| Current assets      | \$ 151,734         | \$ 720,570               |
| Current liabilities | 300,804            | 88,689                   |
| Working capital     | \$ (149,070)       | \$ 631,881               |

*Cash Flows*

|   | Nine Months Ended |                 |
|---|-------------------|-----------------|
|   | May<br>31, 2012   | May<br>31, 2011 |
| Cash flows (used in) operating activities     | \$ (377,550)      | \$ (338,474)    |
| Cash flows (used in) investing activities     | (113,152)         | (36,830)        |
| Cash flows (used in) financing activities     | 281,125           | 815,063         |
| Net increase (decrease) in cash during period | \$ (209,577)      | \$ 439,759      |

*Operating Activities*

Net cash used in operating activities was \$377,550 in the nine months ended May 31, 2012 compared with net cash used in operating activities of \$338,474 in the same period in 2011. The increase in cash used is mostly from mineral exploration activities.

*Investing Activities*

Net cash used in investing activities was \$113,152 in the nine months ended May 31, 2012, compared to net cash provided by investing activities of \$36,830 in the same period in 2011. The change in cash from investing activities is mainly attributable to the sale of Coteau Lake property in 2011 and the mineral resource property acquisitions in 2012.

*Financing Activities*

Net cash provided by financing activities was \$281,125 in the nine months ended May 31, 2012 compared to \$815,063 in the same period in 2011. Cash provided in 2012 was by a loan provided to the Company by the President, and by the sale of 250,000 units of Lexaria owned by the Company, to a third party and a private placement financing. In 2011, there was a large private placement that closed, thus giving the difference between 2012 and 2011.

***Revenue comparisons for the Quarter ended May 31, 2012 compared to the quarter ended May 31, 2011***

For the nine-month period ended May 31, 2012, the Company had \$Nil in revenues compared to \$Nil in revenues for the same nine-month period in the prior year. The Company has generated \$406,462 in revenues from inception on November 24, 2004 to May 31, 2012.

**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.

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As of May 31, 2012, the end of our third quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (also our principal executive officer) and our secretary, treasurer and chief financial officer (also our principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (also our principal executive officer) and our secretary, treasurer and chief financial officer (also our principal financial and accounting officer) concluded that our disclosure controls and procedures were effective in providing reasonable assurance in the reliability of our financial reports as of the end of the period covered by this quarterly report.

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

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

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

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended May 31, 2012, 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.

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

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

### **Risks Associated with Business**

#### *No Assurance of Profitability*

Our renewable energy business 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 this business will succeed.

#### *Changing Consumer Preferences*

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

#### *General Economic Factors*

The willingness of businesses to spend time and money on energy efficiency may be dependent upon general economic conditions; and any material downturn may reduce the likelihood of businesses incurring costs toward what some businesses may consider a discretionary expense item.

#### *Factors Affecting 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.

#### *Competition*

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

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

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



### *Unethical Business Practices*

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

### *No Significant Customers*

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

### *Fixed Price Contracts*

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

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

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

### *Human Resources*

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

*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.

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

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

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

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

*Changes in environmental regulations.*

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

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

*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.

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

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

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

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

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

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

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

## **Other Risks**

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

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

None.

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

None.

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

None.

## **Item 5. Other Information**

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

## **Item 6. Exhibits**

### **Exhibit Description Number**

| <b>(i) Articles of Incorporation; and (ii) Bylaws</b> |  |
|---|--|
| 3.1*  | Articles of Incorporation                                    |
| 3.2*  | Bylaws   |
| 4.1*  | Specimen ordinary share certificate                          |
| 10.1  | Consulting agreement dated December 1, 2011 with Tom Ihrke   |
| <u>31.1</u>   | <u>Rule 13(a) - 14 (a)/15(d) - 14(a) Certification - CEO</u> |
| <u>31.2</u>   | <u>Rule 13(a) - 14 (a)/15(d) - 14(a) Certification - CFO</u> |
| <u>32.1</u>   | <u>Section 1350 Certification - CEO</u>                      |
| <u>32.2</u>   | <u>Section 1350 Certification - CFO</u>                      |

\*Incorporated by reference to same exhibit filed with the Company's Registration Statement on Form SB-2 dated January 10, 2006.

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**Exhibit Description  
Number**

\*\*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)  
10/07/2012

By: /s/ "Bal Bhullar"  
Bal Bhullar,  
Chief Financial Officer  
10/07/2012

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