

Enertopia Corp.  
Form 10-K  
November 29, 2012

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

**FORM 10-K**

(Mark One)

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

For the fiscal year ended **August 31, 2012**

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 CORP.**

*(Exact name of registrant as specified in its charter)*

**Nevada**

*(State or other jurisdiction of incorporation or organization)*

**20-1970188**

*(I.R.S. Employer Identification No.)*

**#950-1130 WEST PENDER STREET,  
VANCOUVER,  
BRITISH COLUMBIA, CANADA**

*(Address of principal executive offices)*

**V6E 4A4**

*(Zip Code)*

*Registrant's telephone number, including area code:*

**604-602-1633**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
N/A

Name of Each Exchange On Which Registered  
N/A

Securities registered pursuant to Section 12(g) of the Act:

N/A

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act.

Yes [ ] No [X]

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act

Yes  No

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 last 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  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

State the aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and ask price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

The aggregate market value of Common Stock held by non-affiliates of the Registrant on February 28, 2012 was \$1,081,884 based on a \$0.06 closing price for the Common Stock on February 28, 2012. For purposes of this computation, all executive officers and directors have been deemed to be affiliates. Such determination should not be deemed to be an admission that such executive officers and directors are, in fact, affiliates of the Registrant.

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

30,154,415 common shares as of November 28, 2012

DOCUMENTS INCORPORATED BY REFERENCE

None.



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## PART I

### Item 1. Business

This annual report contains forward-looking statements. 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 financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to *common shares* refer to the common shares in our capital stock.

As used in this annual report and unless otherwise indicated, the terms "we", "us", "our" and "Enertopia" mean Enertopia Corp.

### *General Overview*

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

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

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.

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. In addition, we have a second office located in Kelowna, British Columbia. Our current locations provide adequate office space for our purposes at this stage of our development.

On January 6, 2012, the Company entered into a share purchase agreement (the *Agreement*) with a third party ( *Purchaser* ). The Company has agreed to sell to Purchaser, and Purchaser has agreed to purchase from the Company, 250,000 units of Lexaria Corp. at a purchase price of US\$0.15 per unit, for a total of US\$37,500, by the effective closing date of January 6, 2012. In addition, pursuant to the terms of the Agreement, Purchaser will have an option, at his sole discretion, to pay US\$0.25 per unit or approximately US\$62,500 to purchase the remaining 249,893 units on or before March 2, 2012. The Purchaser did not exercise the option to purchase the remaining 249,893 units.

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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.

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 vested immediately and 225,000 options vested on August 15, 2012. The options 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 vested on June 27, 2012, all of which expire on March 27, 2017.

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

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

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

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

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

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

On July 27, 2012, the Company closed the first tranche of an offering memorandum placement of 600,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$30,000 or US\$30,000. Each Warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant share for a period that is twelve months and one day to thirty-six months following closing. The Company's President and CEO participated in the private placement for \$10,000.00 and \$5,000.00 dollars respectively. The Company issued 60,000 brokers warrants in connection with the private placement.

On July 30, 2012, the Company entered into a share purchase agreement (the Agreement ) with the President of the Company, Robert McAllister. The Company agreed to sell Mr. Robert McAllister, and Robert McAllister has agreed to purchase from the Company, 249,893 shares of Lexaria Corp. at a purchase price of US\$0.075 per share, for a total of US\$18,741. As at August 31, 2012, the difference of the purchase price of \$0.075 per share and the stock market price of \$0.11 per share, in the amount of \$8,746, has been recorded as stock based compensation.

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

### ***Overview of Business over the Last Five Years***

We were initially engaged in the acquisition and exploration of natural resource properties. We commenced operations in November 2004 and discontinued such operations in April 2010. As a result, the foregoing discussion describes the Company's operations while it was involved in the acquisition and exploration of natural resource properties.

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On April 6, 2005 we entered into an Exploration Agreement with Options for Joint Venture with Miranda U.S.A., Inc. We had the option of acquiring an undivided 60% interest in Miranda's lease in sixty-four mineral claims situated in Eureka County, Nevada. During the fiscal year ended August 31, 2007, we abandoned our option to acquire the 60% interest in the Eureka County mineral lease claims.

Management realized that the mineral exploration business did not present the best opportunity for our company to realize value for our shareholders at that time, and therefore investigated opportunities in the business of being a natural gas and oil exploration company. Accordingly, we abandoned our previous business plan and focused on the exploration and development of natural gas and oil properties.

On April 16, 2007, we acquired a 25% (net 15%) before payout (12.5% (net 7.5%)) after payout interest in Queensdale, Saskatchewan Project (known as the Queensdale Property) from 0743608 B.C. Ltd., a company controlled by a Director/CEO of our company, for a total cost of CAD\$250,000 and 250,000 shares (post consolidation) of our common stock.

On November 30, 2007, we completed the acquisition of all the issued and outstanding common stock of Target Energy pursuant to a share exchange agreement dated October 15, 2007 among our company, as purchaser, and all of the shareholders of Target Energy, as vendors. In exchange for all of the issued and outstanding shares of Target Energy, we issued to the shareholders of Target Energy an aggregate of 6,905,000 shares (post consolidation) of our common stock. Through our acquisition of Target Energy we acquired an 8% gross interest before payout in the Queensdale, Queensdale West HZ 4A9-25/3A15-25-6-2 W2 well (known as the Queensdale West property). We also acquired a 3.75% net interest in two wells located in Wordsworth, Saskatchewan (known as the Wordsworth property), which had one well at the time of acquisition and eventually would see a second well drilled..

On April 21, 2008, we acquired a passive minority interest in Pro Eco Energy USA Ltd., a private corporation focused on the installation and integration of alternative energy mainly solar thermal systems in Western Canada.

On May 14, 2008, we acquired one land parcel of 160 acres in the Glen Park area of central Alberta, Canada. We subsequently entered into a 50/50 Joint Venture with Vanguard Exploration to explore and develop the joint lands on Alberta Petroleum and Natural Gas Lease No. 0408050364. The joint venture owns the Petroleum and Natural Gas rights below the base of the Mannville GRP to basement.

On June 11, 2008, we acquired two land parcels of 160 acres each in the Glen Park area of central Alberta, Canada. These 320 acres were believed to be prospective for reef development and the potential accumulation of oil deposits. We own the Petroleum and Natural Gas rights below the base of the Mannville GRP to basement as to 100%.

In November 2008, the Wordsworth property that had the second well was drilled and completed as a successful oil well in December 2008.

On December 8, 2008 Enertopia and its partner were successful in acquiring 800 acres of land in the Coteau Lake project area and our company owned a 50% gross and net interest in a total of 2,080 acres of land in this area.

On July 31, 2009, we sold all of our interests in the Queensdale, West Queensdale, and the Wordsworth properties for an aggregate amount of CAD\$453,116.

Effective September 1, 2009, we entered into an assignment agreement with Cheetah Oil & Gas Ltd. The assignment agreement dated August 28, 2009, provides for the purchase by our company of a revenue interest of 40.432% of an 8% share of Cheetah's net revenue after field operating expenses from the Belmont Lake PP F-12-4 horizontal well, located in Belmont Lake Field, Wilkinson County, Mississippi. As consideration, we agreed to pay to Cheetah 57.76% of Cheetah's costs currently budgeted at \$77,905.36, subject to revision and 57.76% of Cheetah's 8% share of PP F-12-4 well costs from time to time for infrastructure, pipes, tanks, compressors, trucking, etc. On May 31, 2010, this

assigned interest was converted into common shares and warrants of Cheetah Oil & Gas Ltd, leaving our company with no direct interest in this well. As a result, we have 375,000 restricted common shares in the capital of Cheetah and 375,000 share purchase warrants which entitled our company to acquire 375,000 restricted common shares in the capital of Cheetah at a purchase price of US\$0.20 per share for a period of two years.

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Effective September 1, 2009, we entered into an assignment agreement with Lexaria Corp. The assignment agreement dated August 28, 2009, provides for the purchase by our company of a revenue interest of 13.475% of a 32% share of Lexaria's net revenue after field operating expenses from the Belmont Lake PP F-12-4 horizontal well, located in Belmont Lake Field, Wilkinson County, Mississippi. As consideration, we agreed to pay to Lexaria 19.25% of Lexaria's costs currently budgeted at \$311,621.44, subject to revision and 19.25% of Lexaria's 32% share of PP F-12-4 well costs from time to time for infrastructure, pipes, tanks, compressors, trucking, etc. On May 31, 2010, this assigned interest was converted into common shares and warrants of Lexaria Corp, leaving our company with no direct interest in this well. As a result, we have 499,893 restricted common shares in the capital of Lexaria and 499,983 share purchase warrants which entitle our company to acquire 499,983 restricted common shares in the capital of Lexaria at a purchase price of US\$0.20 per share for a period of two years.

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 CUSIP number was changed to **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 agreed to act as the Chief Technical Officer of the Company.

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

On February 8, 2010, we changed our name from Golden Aria Corp. to Enertopia Corp. Our CUSIP number is **29277Q1047**

On February 22, 2010, we increased our authorized share capital to 200,000,000 common shares.

On February 28, 2010, we 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.

Effective March 26, 2010, our stock quotation under the symbol **GLCP** was deleted from the OTC Bulletin Board. The symbol was deleted for factors beyond our 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 our 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 our company's knowledge.

On April 7, 2010, FINRA confirmed the name change from Golden Aria Corp. to Enertopia Corp., and approved our new symbol "ENRT".

On May 31, 2010, we 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 share of common stock in the capital of our company and one non-transferable share purchase warrant, each full warrant entitling the holder to purchase one additional share of common stock in the capital of our company until May 31, 2012, at a purchase price of \$0.30 per share.

On August 12, 2010, we received approval for listing on the Canadian National Stock Exchange. Trading date commenced on August 13, 2010 under the symbol "**TOP**".

During the year ended August 31, 2010, our oil and gas properties became available for sale as the result of our company shifting its focus from non-renewable energy operations to a renewable energy operation. Pursuant to Accounting Standards Codification 360 Accounting for the Impairment or Disposal of long-Lived Assets , we reclassified the remaining oil and gas properties to be sold as assets held for sale and recorded at their recoverable amount on August 31, 2010. In the year ended August 31, 2011, we received a cash payment of \$100,000 from the sale.

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. As at August 31, 2012, the Company issued 500,000 shares at price of \$0.15 per share and 150,000 shares at price of \$0.10 per share to the Optionors and made aggregate cash payment of \$106,863 (August 31, 2011-\$72,045); the Company has expensed the exploration costs of \$143,680 (August 31, 2011-\$14,094).

On March 3, 2011, we 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, 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. 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 27, 2011, we entered into a debt settlement agreement with the President of our Company regarding due to related parties 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 a debt settlement agreement with one of the holders, a company controlled by the Chairman/CEO of the Company, whereby the Company issued 360,000 common shares 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 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, 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 August 31, 2012, Enertopia made aggregate cash payments of \$84,980 (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 \$31,423 (August 31, 2011-\$Nil).

### ***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 business division that is dedicated with natural resource acquisitions and exploration.

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.

Mr. Huber has been active in the fields of clean energy design and installations for many years. Through his private consulting and construction companies, he has helped to design and construct many of the largest solar thermal projects in Western Canada, These include the Best Western Hotel in Kelowna, British Columbia; the North Vancouver Public Library; the Comfort Inn in Red Deer, Alberta, and others. Pro Eco primarily services commercial clients and is both an installation and consulting company.

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., a private company beneficially owned by Mark Snyder, our company s Chief Technical Officer. Global Solar owns certain technology invented and developed by Mark Snyder for the design and manufacture of certain water filtration equipment. Under the terms of the agreement, we may acquire up to a 20% equitable ownership interest in Global Solar payable as follows:

- (a) for the initial 10% equity interest, by the issuance of 500,000 restricted shares of our common stock at a deemed price of US \$0.20 per share, payable within 10 days of signing the agreement;
- (b)

for the initial 10% equity interest, cash payments and/or deferred commissions totaling \$150,000 payable in installments of \$3,500 per month;

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

Pursuant to the terms of the agreement Global Solar is required to pay our proportionate interest in any after tax profits on a quarterly basis. Our management obtained an independent valuation dated February 5, 2010 in support of the value ascribed to the proposed equity interest in Global Solar. As at August 31, 2012, we have paid \$103,500 and accrued \$42,000 in US dollars and issued 500,000 restricted shares of our common stock, following which we have acquired 9.82% equity interest in Global Solar.

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

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

In November 2012, the Company had a valuation done on GSWPS by RWE Growth Partners Inc. As a result, the Company's long-term investment in GSWPS has been written down to \$68,500.

#### Clean Tech Alliance with Snyder Electric.

On June 5, 2008, 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 the Optionor. On April 11, 2011, we signed a Mineral Purchase Option Agreement with Wildhorse Copper Inc. and its wholly owned subsidiary Wildhorse Copper (AZ) Inc. (collectively, the 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. As at August 31, 2012, total consideration including cash paid and common stock issued was \$196,863; the Company has expensed the exploration costs of \$143,680.

### Mildred Peak Project, Arizona

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. 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. On October 11, 2011, we made aggregate cash payments of \$71,000 and issued 100,000 shares of common stock to Altar Resources. As at August 31, 2012, Enertopia made aggregate cash payments of \$84,980 and issued 100,000 shares at price of \$0.10 per share to Altar Resources; the Company has expensed the exploration costs of \$31,423.

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. There is significant uncertainty as to whether we can obtain additional financing.

### *Competition*

There is strong competition relating to all aspects of the alternative energy sector. We will actively compete for capital, skilled personnel, energy retrofit and new alternative energy projects, and in all other aspects of its operations with a substantial number of other organizations, many of which have greater technical and financial resources than our company. Some of those organizations not only design and install alternative energy systems but also manufacture alternative energy products on a worldwide basis and as such have greater and more diverse resources on which to draw. We will actively compete for alternative energy projects and opportunities in the fields of Solar PV; Solar Thermal; Wind; Biomass; Energy Optimization and related sectors, and will constantly be facing competition by both smaller and larger companies in all geographical and industrial segments of the market.

### *Compliance with Government Regulation*

The exploration and development of oil and gas properties is subject to various United States federal, state and local and foreign governmental regulations. We may from time to time, be required to obtain licenses and permits from various governmental authorities in regards to the exploration of our property interests.

### *Employees*

Currently our employees are Robert McAllister, our president and director and Mark Snyder, our Chief Technical Officer. We primarily use the services of sub-contractors and consultants for our intended business operations.

We entered into a consulting agreement with Mr. Robert McAllister on December 1, 2007. During the term of this agreement, Mr. McAllister was to provide corporate administration and consulting services Mr. McAllister was

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 December 1, 2008, we entered into a consulting agreement with CAB Financial Services, a company controlled by one of the directors of our 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 his intention to do so.

On October 9, 2009, we entered into a consulting agreement with BKB Management Ltd, a company controlled by our Chief Financial Officer. 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, we entered into a consulting agreement with Mark Snyder as the Chief Technical Officer. A fee of \$1,000 is paid per month.

On August 23, 2010, we entered into a consulting agreement with Tom Ihrke, Senior Vice-President of Business Development for \$3125 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.

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 successfully initiate any material new clean energy contracts we may retain additional employees.

#### *Research and Development*

We have incurred \$Nil in research and development expenditures over the last two fiscal years.

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

Our business operations are subject to a number of risks and uncertainties, including, but not limited to those set forth below:

#### ***Risks Associated with Our Business***

##### *We Are A Start-Up Stage Company, There Is 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 Towards Environmental Issues May Have an Impact on Our Business Decisions.*

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.

##### *Our Operating Results Will Be Affected By A Wide Variety Of Factors That Could Materially Affect Revenues And Profitability.*

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.

*Fixed Price Contracts May Expose Us To Some Significant Risks Which Could Lead To Losses On 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.

*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.* 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.

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

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

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

Because we have generated only minimal revenue from our business and cannot anticipate when we will be able to generate meaningful revenue from our business, we will need to raise additional funds to conduct and grow our business. We do not currently have sufficient financial resources to 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. There is significant uncertainty as to whether we can obtain additional financing.

*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 May Have An Impact On Our Operations*

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.

#### ***Risks Associated with Our Common Stock***

*Trading on the OTCBB 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 OTCBB service of the Financial Industry Regulatory Authority. Trading in stock quoted on the OTCBB 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 OTCBB is not a stock exchange, and trading of securities on the OTCBB is often more sporadic than the trading of securities listed on a quotation system like Nasdaq or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of the shares.

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

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

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

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

*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 has the authority to cause us to issue additional shares, and to determine the rights, preferences and privileges of such shares, without consent of any of our stockholders. Consequently, our stockholders may experience more dilution in their ownership of our company in the future.

### **Other Risks**

*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.

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

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

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

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

liability provisions of the securities laws of the United States or any state thereof.

*Trends, Risks and Uncertainties*

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

**Item 1B. Unresolved Staff Comments**

As a smaller reporting company, we are not required to provide the information required by this Item.

**Item 2. Properties**

*Executive Offices*

The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. This space is leased at \$650 per month. Our main telephone number is (604) 602-1633. We have a second office located in Kelowna, British Columbia. Our current locations provide adequate office space for our purposes at this stage of our development. *Resource Properties*

**Coteau Lake, Saskatchewan**

In connection with the acquisition of Target Energy, we acquired certain working interest in Coteau Lake, Saskatchewan.

Coteau Lake is an exploration property and we have no producing oil or gas wells on this land at this time. The Coteau Lake exploration project covers 1,280 acres of land. Our gross and net interest in this project is 50%. There has been historic oil production on the Coteau Lake project lands.

On November 7, 2007, our subsidiary Target Energy entered into a Letter of Intent (the LOI) with Primrose Drilling Ventures Ltd. of Calgary, Alberta. Pursuant to the LOI, our subsidiary Target is the interest title holder of Saskatchewan Crown Land parcels 124, 125 and 126.

Primrose elected to proceed with a 50/50 joint venture with Target by reimbursing Target for 50% of its land cost on parcels 124, 125 and 126 for CAD\$26,590 which was paid within 15 days of signing the LOI. Primrose would become operator of the project upon its acceptance of such appointment and agreement to assume the duties, obligations and rights of the operator. A formal Participation Agreement which included an Area of Mutual Interest which would govern future land acquisitions and timeline set out in the LOI. On December 31, 2008, an additional CAD\$22,270 was spent on land acquisitions with Primrose Drilling Ventures.

On October 25, 2010, we disposed of the Coteau Lake interests for a 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. We did not take into consideration of the future potential payout as it cannot reasonably be determinable as at August 31, 2012.

**Belmont Lake**

Effective September 1, 2009, we entered into an assignment agreement with Cheetah Oil & Gas Ltd. The assignment agreement dated August 28, 2009, provides for the purchase by our company of a revenue interest of 40.432% of an 8% share of Cheetah's net revenue after field operating expenses from the Belmont Lake PP F-12-4 horizontal well, located in Belmont Lake Field, Wilkinson County, Mississippi. As consideration, we agreed to pay to Cheetah 57.76% of Cheetah's costs currently budgeted at \$77,905.36, subject to revision and 57.76% of Cheetah's 8% share of PP F-12-4 well costs from time to time for infrastructure, pipes, tanks, compressors, trucking, etc. On May 31, 2010, this

assigned interest was converted into common shares and warrants of Cheetah Oil & Gas Ltd, leaving our company with no direct interest in this well. As a result, we have 375,000 restricted common shares in the capital of Cheetah and 375,000 share purchase warrants which entitled our company to acquire 375,000 restricted common shares in the capital of Cheetah at a purchase price of US\$0.20 per share for a period of two years.

Effective September 1, 2009, we entered into an assignment agreement with Lexaria Corp. The assignment agreement dated August 28, 2009, provides for the purchase by our company of a revenue interest of 13.475% of a 32% share of Lexaria's net revenue after field operating expenses from the Belmont Lake PP F-12-4 horizontal well, located in Belmont Lake Field, Wilkinson County, Mississippi. As consideration, we agreed to pay to Lexaria 19.25% of Lexaria's costs currently budgeted at \$311,621.44, subject to revision and 19.25% of Lexaria's 32% share of PP F-12-4 well costs from time to time for infrastructure, pipes, tanks, compressors, trucking, etc. On May 31, 2010, this assigned interest was converted into common shares and warrants of Lexaria Corp, leaving our company with no direct interest in this well. As a result, we have 499,893 restricted common shares in the capital of Lexaria and 499,983 share purchase warrants which entitle our company to acquire 499,983 restricted common shares in the capital of Lexaria at a purchase price of US\$0.20 per share for a period of two years. On January 6, 2012, the Company entered into a share purchase agreement (the Agreement) with a third party (Purchaser). The Company has agreed to sell to Purchaser, and Purchaser has agreed to purchase from the Company, 250,000 units of Lexaria Corp. at a purchase price of US\$0.15 per unit, for a total of US\$37,500, by the effective closing date of January 6, 2012. In addition, pursuant to the terms of the Agreement, Purchaser will have an option, at his sole discretion, to pay US\$0.25 per unit or approximately US\$62,500 to purchase the remaining 249,893 units on or before March 2, 2012. The Purchaser did not exercise the option to purchase the remaining 249,893 units. On July 30, 2012, the Company entered into a share purchase agreement (the Agreement) with the President of the Company, Robert McAllister. The Company agreed to sell Mr. Robert McAllister, and Robert McAllister has agreed to purchase from the Company, 249,893 shares of Lexaria Corp. at a purchase price of US\$0.075 per share, for a total of US\$18,741. As a result, as of August 31, 2012 we now own zero shares of Lexaria Corp.

**Copper Hills Project, New Mexico**

On January 31, 2011, we entered into a letter of intent and paid US\$7,500 deposit to the 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. As at August 31, 2012, total consideration including cash paid and common stock issued was \$196,863; the Company has expensed the exploration costs of \$143,680.

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 following schedule:

- 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,
- iii. issuing to the Optionor 150,000 shares in the capital stock of the Company on or before the first anniversary of this Agreement,
- 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:

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- i. paying \$3,000 on signing of this Agreement,
- ii. paying an additional \$7,500 on or before the first anniversary of the Agreement,
- 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.

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 76 located mining claims. These claims are valid for one year and need to be renewed annually.

There are 76 federal located unpatented mining claims.

| CLAIM NAME      | BUREAU OF LAND MANAGEMENT |             |                  | SOCORRO COUNTY, NEW MEXICO, RECORDATION |                       |                  |      |
|-----------------|---------------------------|-------------|------------------|---|-----------------------|------------------|------|
|                 | SERIAL NO.                | MC LOCATION | MC DATE RECEIVED | MC LOCATION                             | INSTRUMENT NO.        | MAINTENANCE YEAR |      |
|                 |                           |             |                  |   |                       | 2012             | 2011 |
| COPPER HILLS #1 | NMMC169266                | 9/14/2000   | 27/10/2000       |   | Book 503<br>Page 3660 |                  |      |
| WILDHORSE 1     | NMMC190849                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100729             |                  |      |
| WILDHORSE 2     | NMMC190850                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100730             |                  |      |
| WILDHORSE 3     | NMMC190851                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100731             |                  |      |
| WILDHORSE 4     | NMMC190852                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100732             |                  |      |
| WILDHORSE 5     | NMMC190853                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100733             |                  |      |
| WILDHORSE 6     | NMMC190854                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100734             |                  |      |
| WILDHORSE 7     | NMMC190855                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100735             |                  |      |
| WILDHORSE 8     | NMMC190856                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100736             |                  |      |
| WILDHORSE 9     | NMMC190857                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100737             |                  |      |
| WILDHORSE 10    | NMMC190858                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100738             |                  |      |
| WILDHORSE 11    | NMMC190859                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100739             |                  |      |
| WILDHORSE 12    | NMMC190860                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100740             |                  |      |
| WILDHORSE 13    | NMMC190861                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100741             |                  |      |
| WILDHORSE 14    | NMMC190862                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100742             |                  |      |
| WILDHORSE 15    | NMMC190863                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100743             |                  |      |
| TIMBERWOLF 16   | NMMC190864                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100744             |                  |      |
| TIMBERWOLF 17   | NMMC190865                | 3/1/2011    | 22/04/2011       | 3/11/2011                               | 201100745             |                  |      |

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|                      |            |           |            |           |           |  |  |
|----------------------|------------|-----------|------------|-----------|-----------|--|--|
| <b>TIMBERWOLF 18</b> | NMMC190866 | 3/1/2011  | 22/04/2011 | 3/11/2011 | 201100746 |  |  |
| <b>TIMBERWOLF 19</b> | NMMC190867 | 3/1/2011  | 22/04/2011 | 3/11/2011 | 201100747 |  |  |
| <b>TIMBERWOLF 20</b> | NMMC190868 | 3/1/2011  | 22/04/2011 | 3/11/2011 | 201100748 |  |  |
| <b>WILDHORSE 21</b>  | NMMC190869 | 3/1/2011  | 22/04/2011 | 3/11/2011 | 201100749 |  |  |
| <b>WILDHORSE 22</b>  | NMMC190870 | 3/1/2011  | 22/04/2011 | 3/11/2011 | 201100750 |  |  |
| <b>WILDHORSE 23</b>  | NMMC190871 | 2/28/2011 | 22/04/2011 | 3/11/2011 | 201100751 |  |  |
| <b>WILDHORSE 24</b>  | NMMC190872 | 2/28/2011 | 22/04/2011 | 3/11/2011 | 201100752 |  |  |

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|                      |            |           |            |            |           |
|----------------------|------------|-----------|------------|------------|-----------|
| <b>TIMBERWOLF 25</b> | NMMC190873 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100753 |
| <b>TIMBERWOLF 26</b> | NMMC190874 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100754 |
| <b>TIMBERWOLF 27</b> | NMMC190875 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100755 |
| <b>TIMBERWOLF 28</b> | NMMC190876 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100756 |
| <b>TIMBERWOLF 29</b> | NMMC190877 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100757 |
| <b>WILDHORSE 30</b>  | NMMC190878 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100758 |
| <b>WILDHORSE 31</b>  | NMMC190879 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100759 |
| <b>WILDHORSE 32</b>  | NMMC190880 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100760 |
| <b>WILDHORSE 33</b>  | NMMC190881 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100761 |
| <b>WILDHORSE 34</b>  | NMMC190882 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100762 |
| <b>WILDHORSE 35</b>  | NMMC190883 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100763 |
| <b>WILDHORSE 36</b>  | NMMC190884 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100764 |
| <b>WILDHORSE 37</b>  | NMMC190885 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100765 |
| <b>WILDHORSE 38</b>  | NMMC190886 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100766 |
| <b>WILDHORSE 39</b>  | NMMC190887 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100767 |
| <b>WILDHORSE 40</b>  | NMMC190888 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100768 |
| <b>WILDHORSE 41</b>  | NMMC190889 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100769 |
| <b>WILDHORSE 42</b>  | NMMC190890 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100770 |
| <b>WILDHORSE 43</b>  | NMMC190891 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100771 |
| <b>WILDHORSE 44</b>  | NMMC190892 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100772 |
| <b>WILDHORSE 45</b>  | NMMC190893 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100773 |
| <b>WILDHORSE 46</b>  | NMMC190894 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100774 |
| <b>WILDHORSE 47</b>  | NMMC190895 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100775 |
| <b>WILDHORSE 48</b>  | NMMC190896 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100776 |
| <b>WILDHORSE 49</b>  | NMMC190897 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100777 |
| <b>WILDHORSE 50</b>  | NMMC190898 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100778 |
| <b>WILDHORSE 51</b>  | NMMC190899 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100779 |
| <b>WILDHORSE 52</b>  | NMMC190900 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100780 |
| <b>WILDHORSE 53</b>  | NMMC190901 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100781 |
| <b>WILDHORSE 54</b>  | NMMC190902 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100782 |
| <b>WILDHORSE 55</b>  | NMMC190903 | 2/28/2011 | 22/04/2011 | 3/11/2011  | 201100783 |
| <b>WILDHORSE 56</b>  | NMMC191754 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102627 |
| <b>WILDHORSE 57</b>  | NMMC191755 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102628 |
| <b>WILDHORSE 58</b>  | NMMC191756 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102629 |
| <b>WILDHORSE 59</b>  | NMMC191757 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102630 |
| <b>WILDHORSE 60</b>  | NMMC191758 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102631 |
| <b>WILDHORSE 61</b>  | NMMC191759 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102632 |
| <b>WILDHORSE 62</b>  | NMMC191760 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102633 |
| <b>WILDHORSE 63</b>  | NMMC191761 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102634 |
| <b>WILDHORSE 64</b>  | NMMC191762 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102635 |
| <b>WILDHORSE 65</b>  | NMMC191763 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102636 |
| <b>WILDHORSE 66</b>  | NMMC191764 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102637 |
| <b>WILDHORSE 67</b>  | NMMC191765 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102638 |

|                     |            |           |            |            |           |
|---------------------|------------|-----------|------------|------------|-----------|
| <b>WILDHORSE 68</b> | NMMC191766 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102639 |
| <b>WILDHORSE 69</b> | NMMC191767 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102640 |
| <b>WILDHORSE 70</b> | NMMC191768 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102641 |
| <b>WILDHORSE 71</b> | NMMC191769 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102642 |
| <b>WILDHORSE 72</b> | NMMC191770 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102643 |
| <b>WILDHORSE 73</b> | NMMC191771 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102644 |
| <b>WILDHORSE 74</b> | NMMC191772 | 9/22/2011 | 06/12/2011 | 10/21/2011 | 201102645 |
| <b>WILDHORSE 75</b> | NMMC191773 | 9/22/2011 | 06/12/2011 | 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,
- iii. issuing to the Optionor 150,000 shares in the capital stock of the Company on or before the first anniversary of this Agreement,
- 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,
- ii. paying an additional \$7,500 on or before the first anniversary of the Agreement,
- 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.

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 monoclinial 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.

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 ~ \$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.





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, the Company entered into a letter of intent and paid US\$15,000 deposit to Altar Resources. Subsequent to August 31, 2011, on October 11, 2011, the Company signed a Mineral Purchase Option Agreement with Altar Resources with respect to an option to earn 100% interest, subject to a 2.5% NSR in a property known as Mildred Peak. The mining claims are in Arizona covering approximately 7,148 acres from Altar Resources which holds the mining claims directly and indirectly through federal mining claims and state mineral exploration leases; or, represented that it would hold such claims in good standing at the time of closing a definitive agreement. The Company is required to make aggregate cash payments of \$881,000 over a five year period and issue an aggregate of 1,000,000 shares of its common stock over a four year period. As at August 31, 2012, Enertopia made aggregate cash payments of \$84,980 and issued 100,000 shares at price of \$0.10 per share to Altar Resources; the Company has expensed the exploration costs of \$31,423.

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 following schedule:

- i. paying the Optionor \$15,000 on signing the letter of intent (paid), and
- ii. paying the Optionor \$56,000 on the execution of this Agreement and issuing to the Optionor 100,000 common shares in the capital stock of the Optionee as soon as practicable following the execution of this Agreement (paid), and
- iii. paying the Optionor \$40,000 and issuing to the Optionor 100,000 shares in the capital stock of the Optionee on or before the first anniversary of this Agreement, and
- iv. paying the Optionor \$70,000 and issuing to the 200,000 shares in the capital stock of the Optionee on or before the second anniversary of the Agreement, and
- v. paying the Optionor \$100,000 and issuing to the Optionor 300,000 shares in the capital stock of the Optionee on or before the third anniversary of the Agreement, and
- vi. paying the Optionor \$200,000 and issuing to the Optionor 300,000 shares in the capital stock of the Optionee on or before the fourth anniversary of the Agreement, and
- vii. paying the Optionor \$400,000 on or before the fifth anniversary of the Agreement, and

Mildred Peak is located on BLM land and State lands as such mineral and surface rights are held by the BLM and Arizona State. Enertopia has acquired an option of 57 located mining claims.

There are 57 federal located unpatented mining claims.

| <b>BLM Federal Claim #</b> | <b>Claim Name</b> |
|----------------------------|-------------------|
| AMC412236                  | BAB 1             |
| AMC412237                  | BAB 2             |
| AMC412238                  | BAB 3             |
| AMC412239                  | BAB 4             |
| AMC412240                  | BAB 5             |
| AMC412241                  | BAB 6             |
| AMC412242                  | BAB 7             |
| AMC412243                  | BAB 8             |
| AMC412244                  | BAB 9             |
| AMC412245                  | BAB 10            |
| AMC412246                  | BAB 11            |
| AMC412247                  | BAB 12            |
| AMC412248                  | BAB 13            |
| AMC412248                  | BAB 14            |
| AMC412250                  | BAB 16            |
| AMC412251                  | BAB 17            |
| AMC412252                  | BAB 18            |
| AMC412253                  | BAB 19            |
| AMC412254                  | BAB 20            |
| AMC412255                  | BAB 21            |
| AMC412256                  | BAB 22            |
| AMC412257                  | BAB 23            |
| AMC412258                  | BAB 24            |
| AMC412259                  | BAB 25            |
| AMC412260                  | BAB 26            |
| AMC412261                  | BAB 27            |
| AMC412262                  | BAB 28            |
| AMC412263                  | BAB 29            |
| AMC412264                  | BAB 30            |
| AMC412265                  | BAB 31            |
| AMC412266                  | BAB 32            |
| AMC412267                  | BAB 33            |
| AMC412268                  | BAB 34            |

|           |       |
|-----------|-------|
| AMC412272 | 3P 1  |
| AMC412273 | 3P 2  |
| AMC412274 | 3P 3  |
| AMC412275 | 3P 4  |
| AMC412276 | 3P 5  |
| AMC412277 | 3P 6  |
| AMC412278 | 3P 7  |
| AMC412279 | 3P 8  |
| AMC412280 | 3P 9  |
| AMC412281 | 3P 10 |

|           |       |
|-----------|-------|
| AMC412282 | 3P 11 |
| AMC412283 | 3P 12 |
| AMC412284 | 3P 13 |
| AMC412285 | 3P 14 |
| AMC412286 | 3P 15 |
| AMC412287 | 3P 16 |
| AMC412288 | 3P 18 |
| AMC412289 | 3P 19 |
| AMC412290 | 3P 20 |
| AMC412291 | 3P 21 |
| AMC412292 | 3P 22 |
| AMC412293 | 3P 23 |
| AMC412294 | 3P 24 |
| AMC412295 | 3P 25 |

There are 12 State mineral exploration permits.

| Pima County, Arizona<br>Instrument Number |
|---|
| 08-115833                                 |
| 08-115847                                 |
| 08-115848                                 |
| 08-115849                                 |
| 08-115850                                 |
| 08-115851                                 |
| 08-115852                                 |
| 08-115853                                 |
| 08-115854                                 |
| 08-115855                                 |
| 08-115856                                 |
| 08-115846                                 |

These mining claims and mining permits are valid for one year and need to be renewed annually at the rate of \$140 per BLM mining claim on or before August 31<sup>st</sup> and \$500 per Arizona State exploration mining permit on or before the anniversary payment date. The State of Arizona also has a yearly per acre exploration fee of \$10 per acre in years one and two and \$20 per acre in years 3-5.

The Mildred Peak Property is located in the Baboquivari Mountains of southern Arizona, approximately 65 miles southwest of Tucson, AZ and 15 miles (23 km) north of the USA/Mexico border. The Mildred Peak Property comprises approximately 7,148 acres and consists of 12 state mineral exploration permits 6,015 acres and 57 federal mining claims 1,133 acres.

The Company also has a right of first refusal (ROFR) on an additional two state mineral exploration permits and three federal mining claims covering approximately 1,240 acres.

The Mildred Peak area was historically the site of two gold mines; the Gold Bullion and Jupiter mines which are situated inside the ROFR lands, as well as the numerous smaller mines, including the Iowana mine. Subsequent drilling, sampling and trenching by numerous companies revealed the potential for the property to host a gold deposit(s). Previous exploration by others resulted in the discovery of up to 67.43 grams gold per tonne (g Au/t) at or near the south zone and 40.65 g Au/t at or near the north zone from surface rock samples.

Mildred Peak is situated in the Baboquivari Mountains region contains sedimentary, volcanic and intrusiverocks that were originally part of a Jurassic continental magmatic arc (Lajack, 1994). These rocks were then subjected to a Late Cretaceous and early Tertiary episode of metamorphism and thrusting (Haxel *et al.*, 1980). The Mildred Peak area, along the most of the Baboquivari Mountains make up the lower plate of the Baboquivari thrust.

The northern and southern portion of the Mildred Peak prospect is underlain by a northeast-striking, altered early Jurassic metaconglomerate unit. Immediately south of the Shaffer Canyon fault, which trends northeast, the Jurassic metaconglomerate is overlain by metasiltstone and argillite, which in turn is overlain by Jurassic volcanic rocks (Somerville, 2002). All units were hydrothermally altered and intruded by prominent rhyolite dikes in the mid-Tertiary.

Previous work conducted at or near the Mildred Peak Property indicates that mineralization is dominantly hosted within a thick, shallow dipping Jurassic metaconglomerate unit throughout the property. To a lesser extent, mineralization has also been recognized in mid-Tertiary felsic bodies that intruded the metaconglomerate unit. The style of mineralization reported to date indicates that potential exists for epithermal Bonanza type vein hosted high grade precious metal deposits as well as more disseminated fine grained lower grade Carlin type precious metal deposits (Berger and Bethke, *eds.*, 1985). The presence of lower grade gold occurrences associated within quartz veins in the argillite-greenstone unit near Mildred Peak also indicate that there is also potential for shear hosted mesothermal gold deposits.

The gold mineralization at the Mildred Peak Property is found within two diverse geologic settings. First, around Jupiter Canyon-Weaver Canyon in the northern region and the Arroyo del Puente area in the southern region of the prospect area, extensive silicification and pyritization affected Early Jurassic metaconglomerate and intrusive porphyry (Lajack, 1994). Anomalous amounts of gold are found throughout the silicified area and most significantly within the metaconglomerates. These are the rocks that have produced the majority of gold in the past and have been the subject of exploration more recently. The cross-cutting (approximately E-W striking) mid-Tertiary dikes and quartz veins are associated with the highest concentrations of gold, including the Gold Bullion and Jupiter mines. Mineralization of silicified areas occurred during the mid- Tertiary and may be associated with (1) rhyolite intrusion, (2) remobilization of early Jurassic stratabound epigenetic mineralization, or (3) remobilization of early Jurassic syngenetic, stratabound mineralization (Lajack, 1994). This precious metal mineralization is most likely the results of high level hydrothermal processes.

The relatively limited amount of reconnaissance sampling/exploration demonstrates that numerous bedrock sources for gold mineralization exist within the Mildred Peak Property and verifies the findings of others. Based on the positive results to date, the character of the property is of sufficient merit to justify further exploration.

Exploration should include (but not be limited to) an aggressive staged exploration program.

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 Arizona also requires a minimal impact exploration permit application to be filed at the same time as the BLM notice level application is filed.

**Item 3. Legal Proceedings**

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

**Item 4. (Removed and Reserved).**

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common shares are quoted on the Over-the-Counter Bulletin Board under the symbol ENRT. The following quotations, obtained from Yahoo Finance, reflect the high and low bids for our common shares based on inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

The high and low bid prices of our common stock for the periods indicated below are as follows:

| <b>Quarter Ended<sup>(1)</sup></b> | <b>High</b> | <b>Low</b> |
|------------------------------------|-------------|------------|
| August 2011                        | \$0.09      | \$0.06     |
| May 2011                           | \$0.28      | \$0.15     |
| February 2011                      | \$0.15      | \$0.14     |
| November 2010                      | \$0.15      | \$0.15     |
| August 2010                        | \$0.25      | \$0.11     |
| May 2010                           | \$0.21      | \$0.20     |
| February 2010                      | \$0.25      | \$0.25     |
| November 2009                      | \$0.06      | \$0.06     |
| August 2009                        | \$0.20      | \$0.12     |

(1) The quotations above reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

On November 20, 2012, the last closing price for one share of our common stock as reported by the OTC Bulletin Board was \$0.06. This closing price reflects an inter-dealer price, without retail mark-up, mark-down or commission, and may not represent an actual transaction.

As of November 20, 2012, there were 141 holders of record of our common stock. As of November 20, 2012 30,154,415 common shares were issued and outstanding.

Our common shares are issued in registered form. Olympia Trust Company, 1003-750 West Pender Street, Vancouver, BC V6C 2T8 (Telephone: 604-484-8612; Facsimile: 604-484-8638) is the transfer agent for our common shares.

Nevada Agency and Trust Company, is the agent for service in Nevada, 50 West Liberty Street, Suite 880, Reno, Nevada 89501 (Telephone: 775.322.0626; Facsimile: 775.322.5623) is the registrar agent.

#### *Dividend Policy*

We have not paid any cash dividends on our common stock and have no present intention of paying any dividends on the shares of our common stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. Our future dividend policy will be determined from time to time by our board of directors.

#### *Recent Sales of Unregistered Securities*

On October 11, 2011, the Company issued 100,000 common shares in connection with Altar Resources, Mildred Peak property 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 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.

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.

On July 27, 2012, the Company closed the first tranche of an offering memorandum placement of 600,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$30,000 or US\$30,000. Each Warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant share for a period that is twelve months and one day to thirty-six months following closing. The Company's President and CEO participated in the private placement for \$10,000.00 and \$5,000.00 dollars respectively. The Company issued 60,000 brokers warrants in connection with the private placement.

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

### *Equity Compensation Plan Information*

We have no long-term incentive plans other than the stock option plan described below:

#### **2007 Equity Compensation Plan**

On April 25, 2007, our shareholders approved and adopted the 2007 equity incentive plan. The purpose of the Plan is to secure for our company and our shareholders the benefits of incentive inherent in share ownership by the directors and employees of our company and our Affiliates who, in the judgment of our board, will be largely responsible for our company's future growth and success. It is generally recognized that equity incentive plans of the nature provided for herein aid in retaining and encouraging directors and employees of exceptional ability because of the opportunity offered them to acquire a proprietary interest in our company.

The maximum number of Options available under the Plan, are for the issuance of up to 1,000,000 shares of common stock of our company.

On December 14, 2007, we granted 892,500 post share consolidation stock options to directors, officers, and consultants of our company exercisable at a price of \$0.70 per share for a period of 5 years. On October 22, 2009, we modified the exercise price of these stock options to \$0.20 per share. The vesting dates of the options are as below:

| Vesting Dates     | Percentage of options granted |
|-------------------|-------------------------------|
| December 14, 2007 | 25%                           |
| December 14, 2008 | 25%                           |
| December 14, 2009 | 25%                           |
| December 14, 2010 | 25%                           |

On October 22, 2009, we granted an additional 500,000 stock options to our directors and consultants. The exercise price of the stock options is \$0.10 per share, which are vested immediately and expire October 22, 2014. This plan was rolled into the 2011 Stock Option Plan as approved by our shareholders on April 14, 2011.

#### **2010 Equity Compensation Plan**

On February 5, 2010, our shareholders approved and adopted the 2010 equity incentive plan. The purpose of the 2010 Plan is to enhance the long-term stockholder value of our company by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in our company in order to give these

persons the opportunity to participate in our growth and success, and to encourage them to remain in our service.

Options that are eligible for grant under the 2010 Plan to Participants include: (a) incentive stock options, whereby we will grant options to purchase shares of our common stock to Participants with the intention that the options qualify as "incentive stock options" as that term is defined in Section 422 of the Internal Revenue Code; (b) non-incentive stock options, whereby we will grant options to purchase shares of our common stock to Participants that do not qualify as "incentive stock options" under the Internal Revenue Code; (c) stock appreciation rights; and (d) restricted shares. The 2010 Plan provides that a maximum of Two Million (2,000,000) shares of common stock are available for granting of awards under the 2010 Plan.

This plan was rolled into the 2011 Stock Option Plan as approved by our shareholders on April 14, 2011.

### **2011 Stock Option Plan**

On April 14, 2011, our shareholders approved and adopted at the Annual General Meeting to roll our 2007 Equity compensation plan and our 2010 Equity Compensation Plan into a new 2011 Stock Option Plan. The purpose of this Plan is to advance the interests of our company, through the grant of Options, by providing an incentive mechanism to foster the interest of eligible persons in the success of our company and our affiliates; encouraging eligible persons to remain with our company or our affiliates; and attracting new directors, officers, employees and consultants.

This Plan shall be administered by our board. Subject to the provisions of this Plan, our board shall have the authority: to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of shares of common stock acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or shares of common stock acquired upon exercise of an Option may be forfeited; to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section legislation hereof. Our board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon our company, Eligible Persons, Participants and all other persons.

The aggregate number of Common Shares that may be reserved, allotted and issued pursuant to Options shall not exceed 4,720,348 shares of common stock, less the aggregate number of shares of common stock then reserved for issuance pursuant to any other share compensation arrangement. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

As at the date of the annual report, there was nil stock options exercised

**Equity Compensation Plan Information**

| <b>Plan category</b>                                   | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b> |
|--|--|--|--|
| Equity compensation plans approved by security holders | Nil  | Nil  | Nil  |
| 2011 Stock Option Plan approved by security holders    | 4,185,000  | \$ 0.15  | 535,348  |
| <b>Total</b>   | <b>4,185,000</b>   | <b>\$ 0.15</b>   | <b>535,348</b>   |

*Purchases of Equity Securities by the Issuer and Affiliated Purchasers*

We did not purchase any of our shares of common stock or other securities during our fiscal year ended August 31, 2012.

**Item 6. Selected Financial Data**

As a smaller reporting company, we are not required to provide the information required by this Item.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes that appear elsewhere in this annual 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 annual report, particularly in the section entitled "Risk Factors" beginning on page 10 of this annual report.

Our audited consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

***Results of Operations for our Years Ended August 31, 2012 and 2011***

Our net loss and comprehensive loss for our year ended August 31, 2012, for our year ended August 31, 2011 and the changes between those periods for the respective items are summarized as follows:

|                            | <b>Year Ended August 31, 2012</b> | <b>Year Ended August 31, 2011</b> | <b>Change Between Year Ended August 31, 2012 and Year Ended August 31, 2011</b> |
|----------------------------|-----------------------------------|-----------------------------------|---|
|                            | <b>\$</b>                         | <b>\$</b>                         | <b>\$</b>   |
| Revenue                    | \$ Nil                            | \$ 20,512                         | \$ (20,512)   |
| Other (income) expenses    | 226,856                           | (626,508)                         | 853,365   |
| General and administrative | 782,568                           | 797,654                           | (15,086)  |
| Interest expense           | 5,120                             | 23,635                            | (18,515)  |

|                                    | <b>Year Ended<br/>August 31,<br/>2012</b> | <b>Year Ended<br/>August 31,<br/>2011</b> | <b>Change Between<br/>Year Ended<br/>August 31, 2012<br/>and Year Ended<br/>August 31, 2011</b> |
|------------------------------------|---|---|---|
|                                    | \$  | \$  | \$  |
| Write down in long-term investment | \$ 197,910                                | Nil                                       | Nil   |
| Consulting fees                    | 299,519                                   | 511,598                                   | (212,079)   |
| Professional Fees                  | 63,572                                    | 94,557                                    | (30,985)  |
| Net Income (loss)                  | (1,009,735)                               | (165,405)                                 | 844,330   |
| <b>Revenue</b>                     |   |   |   |

We have earned minimal amounts of revenue since inception. The revenues for our year ended August 31, 2011 were from clean energy consulting.

#### ***Other Income***

The decrease in other income for our year ended August 31, 2012, was from the impairment on GSWPS investment, the loss on marketable securities held for sale and revaluation of warrants liability as compared to the gain of \$626,508 in the year ended August 31, 2011.

#### ***General and Administrative***

The decrease in our general and administrative expenses for our year ended August 31, 2012 was due to decreased consulting which was largely due to the stock based compensation, advertising and promotion, and professional fees, and the increase of mineral exploration costs.

#### ***Professional Fees***

There was a decrease in accounting, audit and legal fees for our year ended August 31, 2012 compared to the year earlier period. During the year ended August 31, 2011 costs were higher due to adaption of a new stock option plan and a Form S-8 listing with the US Securities Exchange Commission.

#### ***Interest Expense***

The decrease in interest expense for our year ended August 31, 2012 was due to a decrease of loans during the current year compared to prior year.

#### ***Write Down on Long-Term Investment***

For the year ended August 31, 2012, the Company had a write down of its interest in GSWPS by \$197,910.

#### ***Consulting Fees***

There is a decrease in consulting fees for the year ended August 31, 2012 compared to August 31, 2011 by \$212,079 due to the stock based compensation recorded in 2011 was \$254,443 compared to \$66,951 in 2012.

#### ***Oil and Gas Operating Expenses***

There were no oil and gas sales for the year ended August 31, 2012 and 2011.



**Liquidity and Financial Condition**

| <i>Working Capital</i>    | At<br>August 31,<br>2012 | At<br>August 31,<br>2011 |
|---------------------------|--------------------------|--------------------------|
| Current assets            | \$ 88,647                | \$ 720,570               |
| Current liabilities       | 364,623                  | 88,689                   |
| Working capital (deficit) | \$ (275,976)             | \$ 631,881               |

| <i>Cash Flows</i>                           | Year Ended<br>August 31,<br>2012 | August 31<br>2011 |
|---|----------------------------------|-------------------|
| Cash flows (used in) operating activities   | \$ (419,904)                     | (537,372)         |
| Cash flows (used in) investing activities   | (48,557)                         | (29,045)          |
| Cash flows provided by financing activities | 291,001                          | 795,063           |
| Net increase (decrease) in cash during year | \$ (249,460)                     | 228,646           |

***Operating Activities***

Net cash used in operating activities was \$419,904 for our year ended August 31, 2012 compared with cash used in operating activities of \$537,372 in 2011. The decrease in net cash used in operating activities is due to our company increase in accounts payable and amounts due to related parties, compared to August 31, 2011.

***Investing Activities***

Net cash used in investing activities was \$48,557 for our year ended August 31, 2012 compared to net cash used in investing activities of \$29,045 in the same period in 2011. The increase in funds used was for investing activities was for the in the option agreements with Wildhorse Copper Inc. and Altar Resources.

***Financing Activities***

Net cash provided by financing activities was \$291,001 for our year ended August 31, 2012 compared to \$795,063 in the same period in 2011. This decrease is primarily attributed to a decrease in the amounts of capital raised via private placements.

**Contractual Obligations**

As a smaller reporting company, we are not required to provide tabular disclosure obligations.

**Going Concern**

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. We have a net loss of \$1,009,735 for the year ended August 31, 2012 [2011 net loss of 165,405] and at August 31, 2012 had a deficit accumulated during the exploration stage of \$5,393,754 [2011 \$4,384,019]. We generated revenue of \$nil for the year ended August 31, 2012 [2011 - \$20,512]. We have working capital deficit of \$275,976 as at August 31, 2012 [2011 - \$631,881]. We require additional funds to maintain our existing operations and to acquire new business assets. These conditions raise substantial doubt about our company's ability to continue as a going concern. Management's plans in this regard are to raise equity and debt financing as required, but there is no certainty that such financing will be available or that it will

be available at acceptable terms. The outcome of these matters cannot be predicted at this time.

These financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future debt or equity financing.

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

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

### **Critical Accounting Policies**

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with the accounting principles generally accepted 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 financial statements is critical to an understanding of our financial statements.

### **Recent 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.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

As a smaller reporting company, we are not required to provide the information required by this Item.

### **Item 8. Financial Statements and Supplementary Data**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

**Enertopia Corp.**

(A development stage company)

We have audited the consolidated balance sheets of Enertopia Corp. (the Company) (a development stage company, formerly Golden Aria Corp.) as at August 31, 2012 and 2011 and the related consolidated statements of stockholders equity, operations and cash flow for the years then ended and the period from November 24, 2004 (inception) to August 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the Company's financial statements as of and for the year ended August 31, 2010, and the cumulative data from November 24, 2004 (inception) to August 31, 2010 in the statements of stockholders' equity, operations and cash flows, which were audited by other auditors whose report, dated November 25, 2010 which expressed an unqualified opinion, has been furnished to us. Our opinion, insofar as it relates to the amounts included for cumulative data from November 24, 2004 (inception) to August 31, 2010, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at August 31, 2012 and 2011 and the results of their operations and their cash flows for the years then ended and the period from November 24, 2004 (inception) to August 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements referred to above have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred losses from operations since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to fulfill its operating activities. These factors raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada  
November 28, 2012

Chartered Accountants



***Chang Lee LLP***  
*Chartered Accountants*

606 815 Hornby Street  
Vancouver, B.C, V6Z 2E6  
Tel: 604-687-3776  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors and Stockholders of**

**ENERTOPIA CORP.**

(A development stage company)

We have audited the consolidated balance sheets of Golden Aria Corp. ( the Company ) (a development stage company) as at August 31, 2010 and 2009 and the related consolidated statements of stockholders' equity, operations and cash flows for the years then ended and for the period cumulative from inception November 24, 2004 (inception) to August 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at August 31, 2010 and 2009 and the results of their operations and their cash flows for the years then ended and for the period cumulative from inception November 24, 2004 (inception) to August 31, 2010 in conformity with generally accepted accounting principles in the United States of America.

The accompanying consolidated financial statements refer to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred losses from inception and further losses are anticipated. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada  
November 25, 2010

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

|   | August 31<br>2012  | August 31<br>2011   |
|---|--------------------|---------------------|
| <b>ASSETS</b>   |                    |                     |
| <b>Current</b>  |                    |                     |
| Cash and cash equivalents   | \$ 13,692          | \$ 263,152          |
| Owned securities (Note 4)   | 7,500              | 375,910             |
| Accounts receivable   | 56,724             | 37,243              |
| Prepaid expenses and deposit  | 10,731             | 44,265              |
| <b>Total current assets</b>   | <b>88,647</b>      | <b>720,570</b>      |
| <b>Non-Current</b>  |                    |                     |
| Long term investments - Pro Eco & GSWPS (Note 5)                            | 100,697            | 261,431             |
| Deferred charges  | -                  | 29,038              |
| Mineral Property (Note 6)   | 291,843            | 162,045             |
| <b>Total Assets</b>   | <b>\$ 481,187</b>  | <b>\$ 1,173,084</b> |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                                  |                    |                     |
| <b>LIABILITIES</b>  |                    |                     |
| <b>Current</b>  |                    |                     |
| Accounts payable  | \$ 126,770         | \$ 14,881           |
| Short Term Loan- related party (Note 7)                                     | 50,045             | -                   |
| Due to related parties (Note 8)   | 187,808            | 73,808              |
| <b>Total Current Liabilities</b>  | <b>364,623</b>     | <b>88,689</b>       |
| Promissory notes - related party  | -                  | -                   |
| Warrants Liability (Note 10)  | 9,789              | 300,792             |
|   | <b>374,412</b>     | <b>389,481</b>      |
| <b>STOCKHOLDERS EQUITY</b>  |                    |                     |
| <b>Share capital</b>  |                    |                     |
| Authorized:   |                    |                     |
| 200,000,000 common shares with a par value of \$0.001 per share             |                    |                     |
| Issued and outstanding:   |                    |                     |
| 27,827,615 common shares at August 31, 2012 and August 31, 2011: 24,643,685 | 27,828             | 24,644              |
| <b>Additional paid-in capital</b>   | <b>5,472,701</b>   | <b>5,142,978</b>    |
| <b>Deficit accumulated during the exploration stage</b>                     | <b>(5,393,754)</b> | <b>(4,384,019)</b>  |
| <b>Total Stockholders Equity</b>  | <b>106,775</b>     | <b>783,603</b>      |
| <b>Total Liabilities and Stockholders Equity</b>                            | <b>\$ 481,187</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 OPERATIONS**  
**(Expressed in U.S. Dollars)**

|  | YEAR ENDED        |                   | CUMULATIVE PERIOD<br>FROM INCEPTION<br>NOVEMBER 24, 2004<br>TO |
|--|-------------------|-------------------|--|
|  | August 31<br>2012 | August 31<br>2011 | August 31<br>2012  |
| <b>Revenue</b>                                       |                   |                   |  |
| Non-renewal energy - natural gas and oil revenue     | \$ -              | \$ -              | \$ 374,342   |
| Renewable energy - service revenue                   | -                 | 20,512            | 32,119   |
|  | -                 | 20,512            | 406,461  |
| <b>Cost of revenue</b>                               |                   |                   |  |
| <b>Non-renewable energy:</b>                         |                   |                   |  |
| Natural gas and oil operating costs and royalties    | -                 | -                 | 141,197  |
| Depletion  | -                 | -                 | 298,489  |
| Write-down in carrying value of oil and gas property | -                 | -                 | 293,436  |
| <b>Renewable energy</b>                              | <b>310</b>        | <b>14,771</b>     | <b>48,050</b>  |
|  | <b>310</b>        | <b>14,771</b>     | <b>781,172</b>   |
| <b>Gross Profit</b>                                  | <b>(310)</b>      | <b>5,741</b>      | <b>(374,711)</b>   |
| <b>Expenses</b>                                      |                   |                   |  |
| Accounting and audit                                 | 44,488            | 46,378            | 329,333  |
| Sales & Marketing                                    | -                 | 846               | 846  |
| Advertising & Promotions                             | 12,052            | 40,627            | 75,057   |
| Bank charges and interest expense                    | 5,120             | 23,635            | 59,360   |
| Consulting   | 299,519           | 511,598           | 1,593,770  |
| Mineral exploration costs                            | 175,103           | 14,094            | 507,489  |
| Fees and dues  | 31,594            | 31,866            | 125,796  |
| Insurance  | 21,543            | 15,045            | 60,115   |
| Investor relations                                   | 87,759            | 10,050            | 123,814  |
| Legal and professional                               | 19,084            | 48,179            | 220,989  |
| Office and miscellaneous                             | 17,880            | 7,210             | 64,535   |
| Rent   | 16,047            | 14,960            | 83,140   |
| Telephone  | 5,460             | 3,783             | 17,580   |
| Training & Conferences                               | 5,238             | -                 | 15,486   |
| Travel   | 41,681            | 29,383            | 107,343  |
| <b>Total expenses</b>                                | <b>782,568</b>    | <b>797,654</b>    | <b>3,384,653</b>   |
| <b>(Loss) for the period before other items</b>      | <b>(782,878)</b>  | <b>(791,913)</b>  | <b>(3,759,364)</b>   |

**Other income (expense)**

|   |                       |                     |                       |
|---|-----------------------|---------------------|-----------------------|
| Interest income   | -                     | -                   | <b>9,433</b>          |
| Impairment on long term investments   | (197,910)             | -                   | <b>(197,910)</b>      |
| Others  | (2,958)               | -                   | <b>22,775</b>         |
| Equity interest pick up   | (4,824)               | (1,555)             | <b>(16,894)</b>       |
| Gain on owned securities  | (312,168)             | 32,836              | <b>(279,332)</b>      |
| Gain on disposition of oil and gas interests                                    | -                     | -                   | <b>522,976</b>        |
| Revaluation of warrants liability   | 291,003               | 595,227             | <b>886,230</b>        |
| Write down of oil and gas properties  | -                     | -                   | <b>(3,344,372)</b>    |
| <b>Income (loss) before income taxes</b>  | <b>(1,009,735)</b>    | <b>(165,405)</b>    | <b>(6,156,458)</b>    |
| Income tax recovery - deferred  | -                     | -                   | <b>762,704</b>        |
| <b>Net loss and comprehensive loss for the period</b>                           | <b>\$ (1,009,735)</b> | <b>\$ (165,405)</b> | <b>\$ (5,393,754)</b> |
| <b>Basic and diluted income (loss) per share</b>                                | <b>\$ (0.04)</b>      | <b>\$ (0.01)</b>    |                       |
| <b>Weighted average number of common shares outstanding - basic and diluted</b> | <b>25,688,882</b>     | <b>19,893,489</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 August 31, 2012**  
**(Expressed in U.S. Dollars)**

|  | COMMON STOCK |        | ADDITIONAL<br>PAID-IN<br>CAPITAL | STOCK<br>TO BE<br>ISSUED | DEFICIT<br>ACCUMULATED<br>DURING<br>EXPLORATION<br>STAGE | TOTAL<br>STOCKHOLDERS<br>EQUITY |
|--|--------------|--------|----------------------------------|--------------------------|--|---------------------------------|
|  | SHARES       | AMOUNT |                                  |                          |  |                                 |
| 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,  | 6,905,000 | 6,905 | 2,893,195 | -    | -           | 2,900,100 |

2007

|   |      |      |         |      |              |              |
|---|------|------|---------|------|--------------|--------------|
| Imputed interest from non-interest bearing loan       | -    | -    | 7,139   | -    | -            | 7,139        |
| Stock-based compensation on 1,785,000 options granted | -    | -    | 104,257 | -    | -            | 104,257      |
| Comprehensive income (loss):                          |      |      |         |      |              |              |
| (Loss) for the year                                   | \$ - | \$ - | \$ -    | \$ - | \$ (372,535) | \$ (372,535) |

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|   |               |           |              |      |                |              |
|---|---------------|-----------|--------------|------|----------------|--------------|
| Balance, August 31, 2008  | 14,652,740    | 14,653    | 4,269,177    | -    | \$ (1,347,706) | \$ 2,936,124 |
| Imputed interest for non-interest bearing loan                        | -             | -         | 4,410        | -    | -              | 4,410        |
| Stock-based compensation  | -             | -         | 35,780       | -    | -              | 35,780       |
| Comprehensive income (loss):  |               |           |              |      |                |              |
| (Loss) for the year   | -             | -         | -            | -    | 84,233         | 84,233       |
| Balance, August 31, 2009  | \$ 14,652,740 | \$ 14,653 | \$ 4,309,367 | \$ - | \$ (1,263,473) | \$ 3,060,547 |
| Imputed interest for non-interest bearing loan                        |               |           | 2,442        |      |                | 2,442        |
| Stock-based compensation  |               |           | 78,858       |      |                | 78,858       |
| Stock issued for acquisition at \$0.20 per share on February 28, 2010 | 500,000       | 500       | 124,500      |      |                | 125,000      |
| Units issued for cash at \$0.15 per unit on May 31, 2010              | 557,500       | 557       | 83,068       |      |                | 83,625       |
| Gain on settlement of the amount due to related parties               |               |           | 34,542       |      |                | 34,542       |
| Comprehensive income (loss):  |               |           |              |      |                |              |
| (Loss) for the year   | -             | -         | -            | -    | (2,955,141)    | (2,955,141)  |
| Balance, August 31, 2010  | 15,710,240    | 15,710    | 4,632,777    | -    | (4,218,614)    | 429,873      |
| Debt settlement on November 22, 2010                                  | 62,500        | 63        | 9,313        |      |                | 9,376        |
| Debt settlement on November 19, 2010                                  | 100,000       | 100       | 14,900       |      |                | 15,000       |
| Stock-based compensation  |               |           | 254,443      |      |                | 254,443      |
| Share Subscriptions on March 3, 2011                                  | 8,729,000     | 8,729     | 885,264      | -    |                | 893,993      |
| Share Issuance costs  |               |           | (96,490)     |      |                | (96,490)     |
| Warrants issued on March 3, 2011                                      |               |           | (848,459)    |      |                | (848,459)    |
| Common Shares cancelled on January 1, 2011                            | (1,000,000)   | (1,000)   | 1,000        |      |                | -            |

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|   |               |           |              |      |             |             |
|---|---------------|-----------|--------------|------|-------------|-------------|
| 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)          |      |             | -           |
| <b>Comprehensive income (loss):</b>             |               |           |              |      |             |             |
| (Loss) for the year                             |               |           |              |      | (165,405)   | (165,405)   |
| Balance, August 31, 2011                        | \$ 24,643,865 | \$ 24,644 | \$ 5,142,978 | \$ - | (4,384,019) | \$ 783,603  |
| Stock-based compensation                        |               |           | 66,953       |      |             | 66,953      |
| Shares issued Altar on October 11, 2011         | 100,000       | 100       | 9,900        |      |             | 10,000      |
| Shares issued Wildhorse on March 30, 2012       | 150,000       | 150       | 14,850       |      |             | 15,000      |
| Shares issued Tom Ihrke on April 10, 2012       | 93,750        | 94        | 9,281        |      |             | 9,375       |
| Shares subscription for cash on April 13, 2012  | 2,080,000     | 2,080     | 191,499      |      |             | 193,579     |
| Shares subscription for cash on July 27, 2012   | 600,000       | 600       | 29,400       |      |             | 30,000      |
| Shares subscription for cash on August 24, 2012 | 160,000       | 160       | 7,840        |      |             | 8,000       |
| <b>Comprehensive income (loss):</b>             |               |           |              |      |             |             |
| (Loss) for the year                             |               |           |              |      | (1,009,735) | (1,009,735) |
| Balance, August 31, 2012                        | \$ 27,827,615 | \$ 27,828 | \$ 5,472,701 | \$ - | (5,393,754) | \$ 106,775  |

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)**

|   | YEAR ENDED         |                   | CUMULATIVE<br>PERIOD FROM<br>INCEPTION<br>November 24, 2004<br>TO |
|---|--------------------|-------------------|---|
|   | August 31,<br>2012 | August 31<br>2011 | August 31,<br>2012  |
| <b>Cash flows used in operating activities</b>                                |                    |                   |   |
| Net Income (loss)   | \$ (1,009,735)     | \$ (165,405)      | \$ (5,393,754)  |
| <b>Changes to reconcile net loss to net cash used in operating activities</b> |                    |                   |   |
| Consulting -  |                    |                   |   |
| Stock based compensation  | 66,953             | 281,638           | 657,250   |
| 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  | (291,003)          | (595,227)         | (886,230)   |
| Gain on owned securities  | 312,168            | (32,836)          | 279,332   |
| Equity pick-up  | 4,824              | 1,555             | 16,894  |
| Impairment on long term investments   | 197,910            |                   | 197,910   |
| Imputed interest  | -                  | 17,928            | 17,396  |
| Accrued loan interest   | -                  | -                 | 17,928  |
| Income tax recovery   | -                  | -                 | (762,704)   |
| Other non-cash activities   | 2,958              | -                 | 30,153  |
| <b>Change in non-cash working capital items:</b>                              |                    |                   |   |
| Accounts receivable   | (22,439)           | (20,340)          | (48,975)  |
|   | 33,534             | (40,074)          | 13,553  |

|   |                  |                   |           |                    |
|---|------------------|-------------------|-----------|--------------------|
| Prepaid expenses and deposit                            |                  |                   |           |                    |
| Deferred charges  | 29,038           | (29,038)          |           | -                  |
| Accounts payable and accrued liabilities                | 111,888          | (2,472)           |           | 108,531            |
| Due to related parties                                  | 72,000           | 46,899            |           | 163,137            |
| <b>Net cash (used in) operating activities</b>          | <b>(491,904)</b> | <b>(537,372)</b>  |           | <b>(2,138,758)</b> |
| <b>Cash flows from (used in) investing activities</b>   |                  |                   |           |                    |
| Proceeds from sale of marketable securities             | 56,241           | -                 |           | 56,241             |
| 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                 | (104,798)        | (87,045)          |           | (191,843)          |
| Investment in GSWPS                                     | -                | (42,000)          |           | (103,500)          |
| 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>(48,557)</b>  | <b>(29,045)</b>   |           | <b>93,291</b>      |
| <b>Cash flows from financing activities</b>             |                  |                   |           |                    |
| Promissory notes - related party                        | 50,045           | (50,000)          |           | 50,045             |
| Net proceeds from subscriptions received                | 240,956          | 845,063           |           | 2,009,114          |
| <b>Net cash from financing activities</b>               | <b>291,001</b>   | <b>795,063</b>    |           | <b>2,059,159</b>   |
| <b>Increase (Decrease) in cash and cash equivalents</b> | <b>(249,460)</b> | <b>228,646</b>    |           | <b>13,692</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>\$ 13,692</b> | <b>\$ 263,152</b> | <b>\$</b> | <b>\$ 13,692</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**  
**August 31, 2012**  
**(Expressed in U.S. Dollars)**

**1. ORGANIZATION**

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 consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Company incurred a net loss of \$1,009,735 for the year ended August 31, 2012 [net loss \$165,405 for the year ended August 31, 2011] and as at August 31, 2012 has incurred cumulative losses of \$5,393,754 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) Revenue Recognition**

The Company recognizes its renewal energy service revenue when services are performed and payments are received or rights to receive consideration are obtained, evidence of an arrangement exists, and collection of consideration is reasonably assured.

#### **c) Cash and Cash Equivalents**

Cash equivalents comprise certain highly liquid instruments with a maturity of three months or less when purchased. As of August 31, 2012 and 2011, cash and cash equivalents consist of cash only.

#### **d) Investments in Companies Accounted for Using the Equity Method**

Investments in equity method investees are accounted for using the equity method based upon the level of ownership and/or the Company's ability to exercise significant influence over the operating and financial policies of the investee. Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investees' net income or losses after the date of investment. When net losses from an investment accounted for under the equity method exceed its carrying amount, the investment balance is reduced to zero. The Company resumes accounting for the investment under the equity method if the entity subsequently reports net income and the Company's share of that net income exceeds the share of the net losses not recognized during the period the equity method was suspended. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred. When an investment accounted for using the equity method issues its own shares, the subsequent reduction in the Company's proportionate interest in the investee is reflected in income as a deemed dilution gain or loss on disposition. The Company evaluates its investments in companies accounted for the equity or cost method for impairment when there is evidence or indicators that a decrease in value may be other than temporary.

#### **e) Mineral Property Rights Acquisition and Exploration and Development Expenditures**

Mineral property acquisition costs are initially capitalized as tangible assets when purchased. The Company assesses the carrying costs for impairment when indicators of impairment exist. If proven and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over the estimated total recoverable proven and probable reserves.

Mineral property exploration and development costs are expensed as incurred until the establishment of economically viable reserves.

**f) Stock-Based Compensation**

The Company followed Accounting Standards Codification ( ASC ) 718, *Compensation Stock Compensation* , to account for its stock options and similar equity instruments issued. Accordingly, compensation costs attributable to stock options or similar equity instruments granted are measured at the fair value at the grant date, and expensed over the expected vesting period. ASC 718 requires excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid.

**g) Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

**h) Loss Per Share**

Loss per share is computed using the weighted average number of shares outstanding during the period. The Company has adopted ASC 220 *Earnings Per Share* . Diluted loss per share is equivalent to basic loss per share because the potential exercise of the equity-based financial instruments was anti-dilutive.

**i) Foreign Currency Translations**

The Company s operations are located in the United States of America and Canada, and it has offices in Canada. The Company maintains its accounting records in U.S. Dollars, as follows:

At the transaction date, each asset, liability, revenue and expense that was acquired or incurred in a foreign currency is translated into U.S. dollars by the using of the exchange rate in effect at that date. At the period end, monetary assets and liabilities are translated at the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in operations.

**j) Financial Instruments**

ASC 820 *Fair Value Measurements and Disclosures* requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and

Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The Company's financial instruments consist primarily of cash and cash equivalents, owned securities, accounts receivable, accounts payable, promissory notes due to related parties, due to related parties, and warrants liability. With the exception of owned securities, non-current portion of promissory notes and warrants liability, the carrying amounts of these financial instruments approximate their fair values due to their short maturities. The fair values of the non-current portion of promissory notes are estimated using quoted market prices or are based on the discounted value of future cash flows. The fair value of owned securities are measured based on quoted prices in active markets. The fair value of the warrants liability is determined by using the Black-Scholes option pricing model.

The Company's operations are in Canada, which results in exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**k) Income Taxes**

The Company has adopted ASC 740, *Income Taxes*, which requires the Company to recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns using the liability method. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

**l) Long-Lived Assets Impairment**

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.

**m) Asset Retirement Obligations**

The Company accounts for asset retirement obligations in accordance with the provisions of ASC 410, *Asset Retirement and Environmental Obligations*. ASC 410 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The management of the Company had estimated the asset retirement obligation to be immaterial and therefore was not reflected on the financial statements as of August 31, 2012 and 2011.

**n) Comprehensive Income**

The Company has adopted ASC 220, *Comprehensive Income*, which establishes standards for reporting and display of comprehensive income, its components and accumulated balances. The Company is disclosing this information on its Statement of Stockholders' Equity. Comprehensive income comprises equity except those transactions resulting from investments by owners and distributions to owners.

**o) Concentration of credit risk**

The Company places its cash and cash equivalent with high credit quality financial institution. As of August 31, 2012, the Company had \$0 in a bank beyond insured limit (August 31, 2011: approximately \$175,000).

**p) 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.

**4. OWNED SECURITIES**

Owned securities originally included, 375,000 common shares and 375,000 warrants of Cheetah Oil & Gas Ltd. and 499,893 common shares and 499,893 warrants of Lexaria Corp, obtained through the disposal of the Company's oil and gas properties in Mississippi in 2010. The warrants of Cheetah Oil & Gas Ltd. and Lexaria Corp. expired on May 31, 2012. The Company classified the securities owned as held-for-trade and recorded at fair value. The Chairman of the Company is a Director and Officer of Lexaria Corp.

On January 6, 2012, the Company entered into a share purchase agreement (the "Agreement") with a third party ("Purchaser"). The Company has agreed to sell to Purchaser, and Purchaser has agreed to purchase from the Company, 250,000 units of Lexaria Corp. at a purchase price of \$0.15 per unit, for a total of \$37,500, by the effective closing date of January 6, 2012. In addition, pursuant to the terms of the Agreement, Purchaser will have an option, at his sole discretion, to pay \$0.25 per unit or approximately \$62,500 to purchase the remaining 249,893 units on or before March 2, 2012. The Purchaser did not exercise the option to purchase the remaining 249,893 units.

On July 30, 2012, the Company entered into a share purchase agreement (the Agreement) with the President of the Company, Robert McAllister. The Company agreed to sell Mr. Robert McAllister, and Robert McAllister has agreed to purchase from the Company, 249,893 shares of Lexaria Corp. at a purchase price of \$0.075 per share, for a total of \$18,741. The difference of the purchase price of \$0.075 per share and the stock market price of \$0.11 per share, in the amount of \$8,746, has been recorded as stock based compensation.

As at August 31, 2012, owned securities consists of 375,000 common shares of Cheetah Oil & Gas Ltd.

The fair values of the common shares of Cheetah Oil & Gas Ltd. were \$0.02 per share.

## 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 year ended August 31, 2012, the Company recorded an equity loss of \$4,824 (August 31, 2011 equity loss of \$2,304), which resulted in a net investment of \$32,197 (August 31, 2011 - \$37,021).

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

On August 31, 2012, the Company has purchased 9.82% (August 31, 2011 8.14%) investment in Global Solar Water Power Systems Inc. ( GSWPS ). This was made by a cash/accrued contribution of \$145,500 and an issuance of 500,000 shares of the Company at \$0.25 per share for a combined value of \$270,500. GSWPS is owned by an executive officer of the Company.

During the year ended August 31, 2012, the Company increased the investment in GSWPS by \$42,000. As at August 31, 2012, based on the management's assessment of GSWPS's current operations, the management determined that there was an other than temporary decline in the fair value of the Company's long-term investment in GSWPS and \$197,910 has been written off which resulted in a net investment of \$68,500 (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. As at August 31, 2012, the Company issued 500,000 shares at price of \$0.15 per share and 150,000 shares at price of \$0.10 per share to the Optionors and made aggregate cash payment of \$106,863 (August 31, 2011-\$72,045); the Company has expensed the exploration costs of \$143,680 (August 31, 2011-\$14,094).

On July 19, 2011, the Company entered into a letter of intent and paid US\$15,000 deposit to Altar Resources. Subsequent to August 31, 2011, on October 11, 2011, the Company signed a Mineral Purchase Option Agreement with Altar Resources with respect to an option to earn 100% interest, subject to a 2.5% NSR in a property known as Mildred Peak. The mining claims are in Arizona covering approximately 7,148 acres from Altar Resources which holds the mining claims directly and indirectly through federal mining claims and state mineral exploration leases; or, represented that it would hold such claims in good standing at the time of closing a definitive agreement. The Company is required to make aggregate cash payments of \$881,000 over a five year period and issue an aggregate of 1,000,000 shares of its common stock over a four year period. As at August 31, 2012, Enertopia made aggregate cash payments of \$84,980 (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 \$31,423 (August 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 year ended August 31, 2012, the Company was party to the following related party transactions:

- Paid /accrued \$60,000 (August 31, 2011: \$60,000) to the President of the Company in consulting fees.
- Paid/accrued \$60,000 (August 31, 2011: \$60,000) of consulting fees to a company controlled by a Director/CEO of the Company.
- Paid \$65,543 (August 31, 2011: \$59,643) in consulting fees to a company controlled by the CFO of the Company.
- Paid /accrued \$12,000 (August 31, 2011: \$12,000) in consulting fee to the CTO of the Company.
-

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Paid / accrued \$9,375 (August 31, 2011: \$37,500) in consulting fee to the Senior VP, Business Development.

- Included in accounts payable, \$27,991 was payable to the President and a company controlled by a Director/CEO of the Company.
- See Notes 5, 7,9 and 11.

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

## 9. COMMON STOCK

On November 19, 2010, the Company issued 100,000 common shares to Mercury Media pursuant to the Media Relations Agreement (See Note 11 (g)) for services at \$0.15 per common share.

On November 22, 2010, the Company issued 62,500 common shares in connection with the settlement of debt of \$9,376 at a price of \$0.15 per common share pursuant to a consulting agreement (See Note 11 (h)).

On January 1, 2011, 1,000,000 common shares were cancelled by the Company.

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, US\$893,993. Each unit consisted of one common share in the capital of the Company and one non-transferable share purchase warrant (Subscribers' Warrants), each full warrant entitling the holder to purchase one additional common share in the capital of the 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, the Company grants to the Subscribers a participation right to participate in future offerings of the Company's securities as to their pro rata shares for a period of 12 months from the closing of the Private Placement (the Participation Right). The Company paid broker commissions of \$48,930 in cash and issued 489,300 brokers warrants (Broker's Warrants). Each full warrant entitling the holder to purchase one additional common share in the capital of the Company until March 3, 2013, subject to accelerated expiry as set out in the warrant certificate, at a purchase price of CAD\$0.20. The fair value of the Broker's Warrants is calculated as \$47,560 by using Black-Scholes model (see Note 10 warrants).

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.

On July 27, 2012, the Company closed the first tranche of an offering memorandum placement of 600,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$30,000 or US\$30,000. Each Warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant share for a period that is twelve months and one day to thirty-six months following closing. The Company's President and CEO participated in the private placement for \$10,000.00 and \$5,000.00 dollars respectively. The Company issued 60,000 brokers warrants in connection with the private placement.

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

As at August 31, 2012, the Company had 27,827,615 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.

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 (cancelled during the year ended August 31, 2012).

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 a consultant of the Company with an exercise price of \$0.15, which vested immediately and expire on April 10, 2017.

For the year ended August 31, 2012, the Company recorded \$32,581 (August 31, 2011 - \$254,443) stock based compensation expenses which has been included in consulting fees.

A summary of the changes in stock options for the years ended August 31, 2012 and 2011 are presented below:

|                          | Options Outstanding |                                 |
|--------------------------|---------------------|---------------------------------|
|                          | Number of Shares    | Weighted Average Exercise Price |
| Balance, August 31, 2011 | 3,260,000           | \$ 0.15                         |
| Granted                  | 965,000             | \$ 0.15                         |
| Cancelled                | (40,000)            | \$ 0.10                         |
| Balance, August 31, 2012 | 4,185,000           | \$ 0.15                         |

|                          | Options Outstanding |                                 |
|--------------------------|---------------------|---------------------------------|
|                          | Number of Shares    | Weighted Average Exercise Price |
| Balance, August 31, 2010 | 1,790,000           | \$ 0.14                         |
| Granted                  | 1,110,000           | \$ 0.15                         |
| Granted                  | 150,000             | \$ 0.15                         |
| Granted                  | 150,000             | \$ 0.18                         |
| Granted                  | 300,000             | \$ 0.15                         |
| Cancelled                | (240,000)           | \$ 0.20                         |
| Balance, August 31, 2011 | 3,260,000           | \$ 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 August 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%                        |
| Weighted average fair value of the options | \$0.06                       |

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|  | Year ended August 31, 2011 |
|--|----------------------------|
| Expected volatility                        | 142.56 160.89%             |
| Risk-free interest rate                    | 1.49-2.71%                 |
| Expected life                              | 2.00-5.00 years            |
| Dividend yield                             | 0.00%                      |
| Weighted average fair value of the options | \$0.18                     |

The Company has the following options outstanding and exercisable.

| August 31, 2012 | Options outstanding |                            |                | Options exercisable          |                |
|-----------------|---------------------|----------------------------|----------------|------------------------------|----------------|
|                 | Number of shares    | Remaining contractual life | Exercise Price | Number of shares exercisable | Exercise Price |
| Exercise prices |                     |                            |                |                              |                |
| \$0.10          | 500,000             | 2.14 years                 | \$0.10         | 500,000                      | \$0.10         |
| \$0.10          | 650,000             | 2.33 years                 | \$0.10         | 650,000                      | \$0.10         |
| \$0.15          | 910,000             | 3.46 years                 | \$0.15         | 910,000                      | \$0.15         |
| \$0.15          | 150,000             | 3.53 years                 | \$0.15         | 150,000                      | \$0.15         |
| \$0.15          | 200,000             | 4.09 years                 | \$0.15         | 100,000                      | \$0.15         |
| \$0.15          | 450,000             | 4.55 years                 | \$0.15         | 225,000                      | \$0.15         |
| \$0.15          | 250,000             | 4.57 years                 | \$0.15         | 125,000                      | \$0.15         |
| \$0.15          | 25,000              | 4.61 years                 | \$0.15         | 25,000                       | \$0.15         |
| \$0.18          | 150,000             | 3.54 years                 | \$0.18         | 150,000                      | \$0.18         |
| \$0.20          | 350,000             | 0.29 years                 | \$0.20         | 350,000                      | \$0.20         |
| \$0.20          | 150,000             | 2.98 years                 | \$0.20         | 150,000                      | \$0.20         |
| \$0.20          | 100,000             | 3.19 years                 | \$0.20         | 100,000                      | \$0.20         |
| \$0.25          | 300,000             | 3.76 years                 | \$0.15         | 300,000                      | \$0.15         |
|                 | 4,185,000           | 3.10 years                 | \$0.15         | 3,775,000                    | \$0.15         |

| August 31 2011  | Options outstanding |   |                                 | Options exercisable          |                                 |
|-----------------|---------------------|---|---------------------------------|------------------------------|---------------------------------|
| Exercise prices | Number of shares    | Weighted average remaining contractual life | Weighted Average Exercise Price | Number of shares exercisable | Weighted Average Exercise Price |
| \$0.10          | 500,000             | 3.14 years                                  | \$0.10                          | 500,000                      | \$0.10                          |
| \$0.10          | 650,000             | 3.33 years                                  | \$0.10                          | 650,000                      | \$0.10                          |
| \$0.15          | 910,000             | 4.46 years                                  | \$0.15                          | 910,000                      | \$0.15                          |
| \$0.15          | 150,000             | 4.53 years                                  | \$0.15                          | 150,000                      | \$0.15                          |
| \$0.18          | 150,000             | 4.54 years                                  | \$0.18                          | 150,000                      | \$0.18                          |
| \$0.25          | 300,000             | 4.76 years                                  | \$0.15                          | 150,000                      | \$0.15                          |
| \$0.20          | 350,000             | 1.29 years                                  | \$0.20                          | 350,000                      | \$0.20                          |
| \$0.20          | 150,000             | 3.98 years                                  | \$0.20                          | 150,000                      | \$0.20                          |
| \$0.20          | 100,000             | 4.19 years                                  | \$0.20                          | 100,000                      | \$0.20                          |
|                 | 3,260,000           | 3.70 years                                  | \$0.15                          | 3,110,000                    | \$0.15                          |

### Warrants

8,729,000 Subscribers Warrants and 489,300 Broker s 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 Subscribers Warrants and Broker s Warrants are not considered indexed to the Company s common shares and they cannot be classified within equity. Therefore the Subscribers Warrants and the Broker s 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 August 31, 2012 to \$87,939 (August 31, 2011 - \$300,792) using the Black-Scholes option pricing model with the following assumptions:

|  | Period ended<br>August 31, 2012 |
|--|---------------------------------|
| Exercise price (CDN dollars per warrant)       | \$ 0.20                         |
| Expected volatility                            | 131.72%                         |
| Risk-free interest rate                        | 1.15%                           |
| Expected life                                  | .50 years                       |
| Dividend yield                                 | 0.00%                           |
| Estimated fair value per warrant (CDN dollars) | \$ 0.0095                       |

## 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 received CAD\$15,000 and 250,000 stock options at an exercise price of \$0.15.
- (k) See Note 6.

## 12. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the statutory income tax rates to the amounts recognized in the consolidated statements of operations for the years ended August 31, 2012 and 2011:

|                                | 2012           | 2011         |
|--------------------------------|----------------|--------------|
| Income (Loss) Before Taxes     | \$ (1,009,735) | \$ (165,405) |
| Statutory tax rate             | 34%            | 34%          |
| Expected income tax (recovery) | (343,310)      | (56,238)     |
| Non-deductible items           | (98,941)       | 87,039       |
| Change in estimates            | (768,796)      | (213,541)    |
| Change in valuation allowance  | 1,211,047      | 182,740      |
| Income tax expense (recovery)  | \$ -           | \$ -         |

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at August 31, 2012, 2011, and 2010 are comprised of the following:

|                                   | 2012         | 2011       | 2010       |
|-----------------------------------|--------------|------------|------------|
| Non capital loss carryforwards    | \$ 1,775,838 | \$ 831,480 | \$ 648,830 |
| Marketable Securities             | 104,864      | (92,114)   | (80,950)   |
| Financial Instrument              | -            | (10,177)   | 3,575      |
| Mineral Properties                | 59,535       | -          | -          |
|                                   | 1,940,237    | 729,189    | 571,455    |
| Valuation Allowance               | 1,940,237    | 729,189    | 571,455    |
| Deferred Tax Assets (Liabilities) | \$ -         | \$ -       | \$ -       |

The Company has net operating loss carryforwards of approximately \$5,223,052 which may be carried forward to apply against future taxable income for US tax purposes, subject to the final determination by the taxation authority, expiring in the following years:

| Expiry | Enertopia | Target  | Consolidated |
|--------|-----------|---------|--------------|
| 2025   | 87,722    | -       | 87,722       |
| 2026   | -         | -       | -            |
| 2027   | 615,341   | -       | 615,341      |
| 2028   | 350,002   | -       | 350,002      |
| 2029   | 109,502   | -       | 109,502      |
| 2030   | 3,073,726 | -       | 3,073,726    |
| 2031   | -         | 169,545 | 169,545      |
| 2032   | 812,941   | 4,272   | 817,214      |
| Total  | 5,049,234 | 173,817 | 5,223,052    |

The potential tax benefits of net operating and capital losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating or capital losses carried forward in future years.

### 13. 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:

| Year ended August 31, 2012        | Renewable energy | Mining exploration<br>and development | Corporate | Consolidated |
|-----------------------------------|------------------|---------------------------------------|-----------|--------------|
| Revenues                          | \$ -             | \$ -                                  | \$ -      | \$ -         |
| Net income (loss) from operations | (203,044)        | (179,375)                             | (627,316) | (1,009,735)  |
| Total assets                      | \$ 100,697       | \$ 293,255                            | \$ 87,235 | \$ 481,187   |

| Year ended August 31, 2011        | Renewable energy | Mining exploration<br>and development | Corporate  | Consolidated |
|-----------------------------------|------------------|---------------------------------------|------------|--------------|
| Revenues                          | \$ 20,512        | \$ -                                  | \$ -       | \$ 20,512    |
| Net income (loss) from operations | (135,147)        | (169,545)                             | 139,287    | (165,405)    |
| Total assets                      | \$ 298,509       | \$ 196,181                            | \$ 678,394 | \$ 1,173,084 |

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

#### **14. COMPARATIVE FIGURES**

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

#### **15. SUBSEQUENT EVENTS**

- a. On September 28, 2012, the Company closed the third tranche of a private placement of 995,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$49,750 or US\$49,750. Each warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant share for a period that is twelve months and one day to thirty-six months following closing. The Company will issue 79,500 shares with 79,500 warrants attached having the same terms as above and 79,500 broker warrants in connection with the private placement.
- b. On November 15, 2012, the Company closed the fourth tranche of a private placement of 1,013,000 units at a price of CAD\$0.05 per unit for gross proceeds of CAD\$50,650 or US\$50,650. Each warrant will be exercisable into one further share at a price of US\$0.10 per warrant share for a period of twelve months following closing; or at a price of US\$0.20 per warrant share for a period that is twelve months and one day to thirty-six months following closing. The Company issued 38,000 shares and 101,300 units and 101,300 brokers warrants with the same terms as above in connection with the private placement.
- c. Subsequent to August 31, 2012, the Company issued 100,000 common shares of the Company to Altar Resources at a deemed price of \$0.06 and anniversary cash payment of \$40,500 as per the terms of the Option Agreement.
- d. On October 30, 2012, the Company signed a Loan Agreement with CAB Financial Services Ltd, the company controlled by a Director/ CEO of the Company, to classify outstanding balance of consulting service fee as a loan in amount of \$140,000. The loan is unsecured and non-interest bearing which was due on October 30, 2013.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

There were no disagreements related to accounting principles or practices, financial statement disclosure, internal controls or auditing scope or procedure during the two fiscal years and interim periods, including the interim period up through the date the relationship ended.

**Item 9A. Controls and Procedures**

***Management's Report on Disclosure 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 and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer) to allow for timely decisions regarding required disclosure.

As of August 31, 2012, the end of our fiscal year covered by this report, we carried out an evaluation, under the supervision and with the participation of our president and chief executive officer (also our principal executive officer) and our 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 and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

***Management's Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. Our management assessed the effectiveness of our internal control over financial reporting as of August 31, 2012. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ) in *Internal Control-Integrated Framework*. Our management has concluded that, as of August 31, 2012, our internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US generally accepted accounting principles. Our management reviewed the results of their assessment with our Board of Directors.

This annual report does not include an attestation report of our Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit our Company to provide only management's report in this annual 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 year ended August 31, 2012 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

**Item 9B. Other Information**

None.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

All directors of our company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

| <b>Name</b>       | <b>Position Held with our Company</b>          | <b>Age</b> | <b>Date First Elected Or Appointed</b> |
|-------------------|--|------------|--|
| Robert McAllister | President and Director                         | 52         | November 2007                          |
|                   |  |            | April 14, 2008                         |
| John Thomas       | Director                                       | 65         | March 19, 2012                         |
| Donald Findlay    | Director                                       | 61         | June 2, 2011                           |
| Greg Dawson       | Director                                       | 53         | June 2, 2011                           |
| Chris Bunka       | Chairman, Director and Chief Executive Officer | 51         | November 2004                          |
| Bal Bhullar       | Chief Financial Officer                        | 43         | October 9, 2009                        |
| Mark Snyder       | Chief Technical Officer                        | 58         | October 9, 2009                        |

**Business Experience**

The following is a brief account of the education and business experience of each director and executive officer during at least the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which he was employed.

**Robert McAllister, President, Director**

Mr. McAllister was appointed as president in November 2007 and director in April 2008.

Mr. McAllister has devoted approximately 90% of his professional time to the business and intends to continue to devote this amount of time in the future, or more as required.

Mr. McAllister has been a corporate consultant since 2004. He has also provided and written business and investment articles from 1996 to 2006 in various North American publications. Mr. McAllister is a resource investment entrepreneur with over 20 years experience in resource sector evaluations and commodity cycle analysis.

***John Thomas, Director***

Dr. John Thomas is a professional engineer, and holds a PhD in chemical engineering. He also received a diploma in accounting and finance from the U.K. Association of Certified Accountants. He has 38 years of experience in the mining industry, including both base metal and precious metal projects in several countries. His experience covers a wide range of activities in the mining industry from process development, management of feasibility studies, engineering and management of construction, and operation of mines.

***Donald Findlay, Director***

Don Findlay has worked in the resource exploration business since 1980. He has worked in different capacities from consultant to the positions of Senior Exploration Geologist and Exploration Manager. Mr. Findlay completed his MSc in geology in 1978 with his thesis on copper molybdenum porphyry deposits.

***Greg Dawson, Director***

Greg Dawson has worked in the resource exploration business for over 25 years with Teck Exploration Ltd. and more recently as President of Redtail Metals Corp a TSXV company. From 2004 to 2010 Mr. Dawson was VP of exploration of Copper Ridge Resources, and was also responsible for the evaluation of acquisition opportunities, with emphasis on world class copper gold porphyry deposits and precious metal enriched VMS deposits.

***Chris Bunka, Chief Executive Officer, Chairman and Director***

Mr. Chris Bunka has served as one of our directors since November 2004. Mr. Bunka has devoted approximately 25% of his professional time to the business and intends to continue to devote this amount of time in the future, or more as required.

Since 1988, Mr. Bunka has been the CEO of CAB Financial Services Ltd., a private holding company located in Kelowna, Canada. He is a venture capitalist, corporate consultant, and former business and investment commentator.

From 1999 to 2002, Mr. Bunka was the President and CEO of Secure Enterprise Solutions (symbol SETP-OTC) (formerly Newsgurus.com, symbol NGUR-OTC). The company subsequently changed its name to Edgetech Services and traded on the OTC with the symbol EDGH. Newsgurus.com was a web-based media company. Secure Enterprise Solutions moved into Internet-based computer security products and services and was subsequently purchased by Edgetech Services. Mr Bunka is also Chairman and CEO of Lexaria Corp, (symbol LXRP-OTC and LXX-CNSX) an oil & gas exploration and production company. Mr. Bunka is a director of Defiance Capital Corp. (symbol DEF-TSXV), a Canadian resource company.

***Bal Bhullar, Chief Financial Officer***

Ms. Bhullar brings over 20 years of diversified financial and risk management experience in both private and public companies, in the industries of high-tech, film, mining, marine, oil & gas, energy, transport, and spa industries. Among some of the areas of experience, Ms. Bhullar brings expertise in financial & strategic planning, operational & risk management, regulatory compliance reporting, business expansion, startup operations, financial modeling, program development, corporate financing, and corporate governance/internal controls. Previously, Ms. Bhullar has held various positions as President of BC Risk Management Association of BC, and served as Director and CFO of private and public companies. Currently, Ms. Bhullar serves as a Director and CFO for Bare Elegance Medspa, a

former CFO for ISEE3D Inc., and is CFO and a Director of Lexaria Corp.

Ms. Bhullar is a Certified General Accountant and as well holds a CRM designation from Simon Fraser University and a diploma in Financial Management from British Columbia Institute of Technology.

***Mark Snyder, Chief Technical Officer***

In 1985 Mark Snyder developed one of California's first large scale bio energy conversion projects where a significant client was enabled to produce electric power from agricultural waste and heat 20 acres of greenhouses for agriculture. Mark was selected by the Clinton Administration to serve on a White House Council addressing the needs of our National Electrical Infrastructure in anticipation of the Y2K Conversion.

Co-founded *Clean Air USA* and has partnered with Willie Nelson Biodiesel to bring clean alternative fuels to California. Mark helped champion Solar Rights in California. Using the appeal of the Green Ribbon Home and California's Solar Rights Law, Mark has had success in changing the electric metering in parks to net metering, which has opened up the solar power market to millions of Californians that currently reside in master metered dwellings.

**Family Relationships**

There are no family relationships between any of our directors, executive officers and proposed directors or executive officers.

**Involvement in Certain Legal Proceedings**

None of our directors, executive officers, promoters or control persons has been involved in any of the following events during the past five years:

1. A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
2. Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:
  - i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity
  - ii. Engaging in any type of business practice; or
  - iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;
4. Such person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in

any such activity;

5. Such person was found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

6. Such person was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

7. Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

- i. Any Federal or State securities or commodities law or regulation; or
- ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
- iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

8. Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

**Compliance with Section 16(a) of the Securities Exchange Act of 1934**

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who own more than 10% of our common stock to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports that they file.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during fiscal year ended August 31, 2012, all filing requirements applicable to our officers, directors and greater than 10% percent beneficial owners were complied with, with the exception of the following:

| Name | Number of Late Reports | Number of Transactions Not Reported on a Timely Basis | Failure to File Requested Forms |
|------|------------------------|---|---------------------------------|
|------|------------------------|---|---------------------------------|

## **Code of Ethics**

We adopted a Code of Ethics applicable to our senior financial officers and certain other finance executives, which is a "code of ethics" as defined by applicable rules of the SEC. Our Code of Ethics is attached as an exhibit to our Annual Report on Form 10-KSB filed on November 29, 2007. If we make any amendments to our Code of Ethics other than technical, administrative, or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of our Code of Ethics to our chief executive officer, chief financial officer, or certain other finance executives, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies in a Current Report on Form 8-K filed with the SEC.

## **Board and Committee Meetings**

Our board of directors held no formal meetings during the year ended August 31, 2012. All proceedings of the board of directors were conducted by resolutions consented to in writing by all the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the Nevada General Corporate Law and our Bylaws, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

## **Nomination Process**

As of August 31, 2012, we did not effect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. Our board of directors does not have a policy with regards to the consideration of any director candidates recommended by our shareholders. Our board of directors has determined that it is in the best position to evaluate our Company's requirements as well as the qualifications of each candidate when the board considers a nominee for a position on our board of directors. If shareholders wish to recommend candidates directly to our board, they may do so by sending communications to the president of our Company at the address on the cover of this annual report.

## **Audit Committee and Audit Committee Financial Expert**

Currently our audit committee consists of our entire board of directors. We currently do not have nominating, compensation committees or committees performing similar functions. There has not been any defined policy or procedure requirements for shareholders to submit recommendations or nomination for directors.

Our board of directors has determined that it does not have a member of its board of directors (audit committee) that qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K, and is "independent" as the term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

We believe that the members of our board of directors are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. We believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any material revenues to date. In addition, we currently do not have nominating, compensation or audit committees or committees performing similar functions nor do we have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes the functions of such committees can be adequately performed by our board of directors.

## **Item 11. Executive Compensation**

The particulars of the compensation paid to the following persons:



- (a) our principal executive officer;
- (b) each of our two most highly compensated executive officers who were serving as executive officers at the end of the years ended August 31, 2012 and 2011; and
- (c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the years ended August 31, 2012 and 2011,

who we will collectively refer to as the named executive officers of our Company, are set out in the following summary compensation table, except that no disclosure is provided for any named executive officer, other than our principal executive officers, whose total compensation did not exceed \$100,000 for the respective fiscal year:

SUMMARY COMPENSATION TABLE

| Name<br>and Principal<br>Position   | Year | Salary<br>(\$)          | Bonus<br>(\$) | Stock<br>Awards<br>(\$) | Option<br>Awards<br>(#) | Non-Equity                                     | Nonqualified                                 | All                                | Total<br>(\$) |
|---|------|-------------------------|---------------|-------------------------|-------------------------|--|--|------------------------------------|---------------|
|   |      |                         |               |                         |                         | Incentive<br>Plan<br>Compensa-<br>tion<br>(\$) | Deferred<br>Compensation<br>Earnings<br>(\$) | Other<br>Compensa-<br>tion<br>(\$) |               |
| Robert<br>McAllister <sup>(1)</sup><br><i>President and<br/>Director</i>  | 2012 | \$60,000                | Nil           | Nil                     | Nil                     | Nil  | Nil  | Nil                                | \$60,000      |
|   | 2011 | \$60,000                | Nil           | Nil                     | 255,000                 | Nil  | Nil  | Nil                                | \$60,000      |
| Gerald Carlson (2)<br><i>Former Director<br/>and President</i>  | 2012 | Nil                     | Nil           | Nil                     | Nil                     | Nil  | Nil  | Nil                                | Nil           |
|   | 2011 | Nil                     | Nil           | Nil                     | 100,000                 | Nil  | Nil  | Nil                                | Nil           |
| John Thomas<br><i>Director</i>  | 2012 | Nil                     | Nil           | Nil                     | 250,000                 | Nil  | Nil  | Nil                                | Nil           |
|   | 2011 | Nil                     | Nil           | Nil                     | Nil                     | Nil  | Nil  | Nil                                | Nil           |
| Donald Findlay<br><i>Director</i>   | 2012 | Nil                     | Nil           | Nil                     | Nil                     | Nil  | Nil  | Nil                                | Nil           |
|   | 2011 | Nil                     | Nil           | Nil                     | 200,000                 | Nil  | Nil  | Nil                                | 200,000       |
| Greg Dawson<br><i>Director</i>  | 2012 | Nil                     | Nil           | Nil                     | Nil                     | Nil  | Nil  | Nil                                | Nil           |
|   | 2011 | Nil                     | Nil           | Nil                     | 250,000                 | Nil  | Nil  | Nil                                | Nil           |
| Chris Bunka <sup>(3)</sup><br><i>Chief Executive<br/>Officer, Director and<br/>Former Chief<br/>Financial Officer</i> | 2012 | \$60,000 <sup>(3)</sup> | Nil           | Nil                     | Nil                     | Nil  | Nil  | Nil                                | \$60,000      |
|   | 2011 | \$60,000 <sup>(3)</sup> | Nil           | Nil                     | 255,000                 | Nil  | Nil  | Nil                                | \$60,000      |
| Bal Bhullar<br><i>Chief Financial<br/>Officer</i>   | 2012 | \$66,000                | Nil           | Nil                     | Nil                     | Nil  | Nil  | Nil                                | \$66,000      |
|   | 2011 | \$59,643                | Nil           | Nil                     | 300,000                 | Nil  | Nil  | Nil                                | \$59,643      |
| Mark Snyder <sup>(5)</sup><br><i>Chief Technical<br/>Officer</i>  | 2012 | \$12,000                | Nil           | Nil                     | Nil                     | Nil  | Nil  | \$42,000                           | \$54,000      |
|   | 2011 | \$12,000                | Nil           | Nil                     | Nil                     | Nil  | Nil  | \$42,000                           | \$54,000      |

- (1) On November 30, 2007, Mr. McAllister was appointed as our President and on April 14, 2008 he was appointed as a director.
- (2) On November 30, 2007, Mr. Carlson resigned as our President but remained a director of our company. Mr. Carlson resigned as director of our company on February 8, 2012.
- (3) Salary compensation for Chris Bunka is accrued fees.
- (4) 2012 salary compensation and other compensation for Mark Snyder has been accrued.

*Employment/Consulting Agreements*

We 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 resigned as a Director on February 8, 2012.

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 oil & gas exploration and production 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 our 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, we 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 our 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, we 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 our 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 his intention to do so.

On October 9, 2009, we 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 HST 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 consulting services are CAD\$5,500 per month plus HST.

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

On August 23, 2010, we 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.

Other than as set out in this annual report on Form 10-K we have not entered into any employment or consulting agreements with any of our current officers, directors or employees.

### **Grants of Plan-Based Awards Table**

On October 22, 2009, we granted 500,000 stock options to directors and officers of our company with the exercise price of \$0.10 per share, expiring over 5 years.

On December 30, 2009, we granted 650,000 stock options to directors and officers of our company with the exercise price of \$0.10 per share, expiring over 5 years. On March 5, 2010, we granted 100,000 stock options to a consultant of our company with the exercise price of \$0.20, which expire on March 5, 2015.

On August 23, 2010, we granted 150,000 stock options to an executive of our company with the exercise price of \$0.20, which expire on August 23, 2015.

On November 9, 2010, we granted 100,000 stock options to an advisor of our company exercisable at \$0.20 per share, which expire on November 9, 2015.

On November 15, 2010, cancelled 100,000 options pursuant to the termination of the consultant's contract.

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

On March 10, 2011, we granted 150,000 stock options to a director of our company with an exercise price of \$0.15, which expire on March 10, 2016.

On March 16, 2011, we granted 150,000 stock options to an advisor of our company with an exercise price of \$0.18, which expire on March 16, 2016.

On June 2, 2011, we granted 300,000 stock options to directors of our company with an exercise price of \$0.15, which 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. These options have been cancelled due to the termination of contract.

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 a consultant of the Company with an exercise price of \$0.15, which vested immediately and expire on April 10, 2017.



**Outstanding Equity Awards at Fiscal Year End**

The particulars of unexercised options, stock that has not vested and equity incentive plan awards for our named executive officers are set out in the following table:

| <b>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END</b> |   |   |   |                            |                        |   |  |  |  |
|---|---|---|---|----------------------------|------------------------|---|--|--|--|
| <b>OPTION AWARDS</b>                                |   |   |   |                            |                        | <b>STOCK AWARDS</b>   |  |  |  |
| Name  | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
|   |   |   |   |                            |                        |   |  | (a)  | (b)  |
| Robert McAllister                                   | 150,000   |   |   | \$0.20 <sup>(1)</sup>      | 2012/12/14             |   |  |  |  |
|   | 100,000   |   |   | \$0.10                     | 2014/10/22             |   |  |  |  |
|   | 200,000   |   |   | \$0.10                     | 2014/12/30             |   |  |  |  |
|   | 255,000   |   |   | \$0.15                     | 2016/02/14             |   |  |  |  |
| Gerald Carlson                                      | 50,000  |   |   | \$0.20 <sup>(1)</sup>      | 2012/12/14             |   |  |  |  |
|   | 100,000   |   |   | \$0.10                     | 2014/10/22             |   |  |  |  |
|   | 50,000  |   |   | \$0.10                     | 2014/12/30             |   |  |  |  |
|   | 100,000   |   |   | \$0.15                     | 2016/02/14             |   |  |  |  |
| John Thomas   | 250,000   |   |   | \$0.15                     | 2017/03/19             |   |  |  |  |
| Donald Findlay                                      | 150,000   |   |   | \$0.15                     | 2016/03/10             |   |  |  |  |
|   | 50,000  |   |   | \$0.25                     | 2016/06/02             |   |  |  |  |
| Greg Dawson   | 250,000   | 50,000  |   | \$0.25                     | 2016/06/02             |   |  |  |  |
| Chris Bunka   | 150,000   |   |   | \$0.20 <sup>(1)</sup>      | 2012/12/14             |   |  |  |  |
|   | 100,000   |   |   | \$0.10                     | 2014/10/22             |   |  |  |  |
|   | 200,000   |   |   | \$0.10                     | 2014/12/30             |   |  |  |  |
|   | 255,000   |   |   | \$0.15                     | 2016/02/14             |   |  |  |  |
| Bal Bhullar   | 100,000   |   |   | \$0.10                     | 2014/10/22             |   |  |  |  |
|   | 100,000   |   |   | \$0.10                     | 2014/12/30             |   |  |  |  |
|   | 300,000   |   |   | \$0.15                     | 2016/02/14             |   |  |  |  |
| Mark Snyder   | 100,000   |   |   | \$0.10                     | 2014/10/22             |   |  |  |  |
|   | 100,000   |   |   | \$0.10                     | 2014/12/30             |   |  |  |  |

(1) On October 22, 2009, the exercise price was changed from \$0.70 to \$0.20.

**Option Exercises**

During our fiscal year ended August 31, 2012 there were no options exercised by our named officers.



## Compensation of Directors

Except as otherwise disclosed, we do not have any agreements for compensating our directors for their services in their capacity as directors, although such directors are expected in the future to receive stock options to purchase shares of our common stock as awarded by our board of directors.

## Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the board of directors or a committee thereof.

## Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

None of our directors or executive officers or any associate or affiliate of our Company during the last two fiscal years is or has been indebted to our Company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of October 1, 2012, certain information with respect to the beneficial ownership of our common shares by each shareholder known by us to be the beneficial owner of more than 5% of our common shares, as well as by each of our current directors and executive officers as a group. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

|                                      | Amount and Nature of     | Percentage |
|--------------------------------------|--------------------------|------------|
| Name and Address of Beneficial Owner | Beneficial Ownership     | of Class   |
| Chris Bunka                          | 4,438,666 <sup>(1)</sup> | 9.53%      |
| Kelowna, British Columbia, Canada    |                          |            |
| Robert McAllister                    | 4,195,000 <sup>(2)</sup> | 9.01%      |
| Kelowna, British Columbia, Canada    |                          |            |
| Bal Bhullar                          | 501,000 <sup>(3)</sup>   | 1.08%      |
| Vancouver, British Columbia, Canada  |                          |            |
| Mark Snyder                          | 700,000 <sup>(4)</sup>   | 1.5%       |
| California, USA                      |                          |            |
| Donald Findlay                       | 200,000 <sup>(5)</sup>   | 0.43%      |
| Calgary, Alberta, Canada             |                          |            |
| Greg Dawson                          | 250,000 <sup>(6)</sup>   | 0.54%      |
| Vancouver, British Columbia, Canada  |                          |            |
| John Thomas                          | 250,000 <sup>(7)</sup>   | 0.54%      |
| Vancouver, British Columbia, Canada  |                          |            |

|  |            |        |
|--|------------|--------|
| <b>Directors and Executive Officers as a Group (5 people) <sup>(8)</sup></b> | 10,827,458 | 23.26% |
|--|------------|--------|

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- (1) Includes 2,334,333 shares in the name of CAB Financial Services and 100,000 warrants exercisable at \$0.30 held directly and 200,000 shares held in 0743608 BC Ltd for which Chris Bunka is the sole beneficiary. Includes 150,000, 300,000, and 255,000 options which are exercisable at \$0.20, \$0.10, and \$0.15.
- (2) Includes 150,000, 300,000, and 255,000 options which are exercisable at \$0.20, \$0.10, and \$0.15.
- (3) Includes 1,000 warrants exercisable at \$0.30 and 200,000 and 300,000 options which are exercisable at \$0.10 and \$0.15.
- (4) Includes 200,000 options which are exercisable at \$0.10 and 500,000 shares in the name of GSWPS for which Mark Snyder is the majority shareholder.
- (5) Includes 150,000 and 50,000 options which are exercisable at \$0.15 and \$0.25.
- (6) Includes 250,000 options which are exercisable at \$0.25.
- (7) Includes 250,000 options which are exercisable at \$0.25.
- (8) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on October 22, 2011. As of October 1 2012, there were 28,902,115 shares of our company's common stock issued and outstanding.

#### *Changes in Control*

We are unaware of any contract or other arrangement the operation of which may at a subsequent date result in a change in control of our company.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Except as disclosed herein, no director, executive officer, shareholder holding at least 5% of shares of our common stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction since the year ended August 31, 2011, in which the amount involved in the transaction exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at the year-end for the last two completed fiscal years.

For the year ended August 31, 2012, our company was party to the following related party transactions:

- Paid /accrued \$60,000 (August 31, 2011: \$60,000) to the President of the Company in consulting fees.
- Paid/accrued \$60,000 (August 31, 2011: \$60,000) of consulting fees to a company controlled by a Director/CEO of the Company.
- Paid \$66,000 (August 31, 2011: \$59,643) in consulting fees to a company controlled by the CFO of the Company.

- Paid /accrued \$12,000 (August 31, 2011: \$12,000) in consulting fee to the CTO of the Company.

- Paid / accrued \$9,375 (August 31, 2011: \$37,500) in consulting fee to the Senior VP, Business Development.
- 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.

#### *Director Independence*

We currently act with five (5) directors, consisting of Christopher Bunka, Robert McAllister, Gerald Carlson, Donald Findlay and Greg Dawson. We have determined that Greg Dawson, Donald Findlay, and Gerald Carlson are an independent director as defined in NASDAQ Marketplace Rule 4200(a)(15).

Currently our audit committee consists of three board of directors. We currently do not have nominating, compensation committees or committees performing similar functions. There has not been any defined policy or procedure requirements for shareholders to submit recommendations or nomination for directors.

Our board of directors has determined that it does not have a member of its audit committee who qualifies as an audit committee financial expert as defined in as defined in Item 407(d)(5)(ii) of Regulation S-K.

From inception to present date, we believe that the members of our audit committee and the board of directors have been and are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting.

We do not have a standing compensation or nominating committee, but our entire board of directors act in such capacity. We believe that our directors are capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. Our directors do not believe that it is necessary to have an audit committee because we believe that the functions of an audit committee can be adequately performed by the board of directors. In addition, we believe that retaining additional independent directors who would qualify as an audit committee financial expert would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development.

#### **Item 14. Principal Accounting Fees and Services**

The aggregate fees billed for the most recently completed fiscal year ended August 31, 2012 and for fiscal year ended August 31, 2011 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

|                    | <b>Year Ended</b>      |                        |
|--------------------|------------------------|------------------------|
|                    | <b>August 31, 2012</b> | <b>August 31, 2011</b> |
| Audit Fees         | 24,502                 | 20,729                 |
| Audit Related Fees | 19,986                 | 9,295                  |
| Tax Fees           | Nil                    | Nil                    |
| All Other Fees     | Nil                    | Nil                    |
| <b>Total</b>       | <b>44,488</b>          | <b>30,024</b>          |

*Audit Fees.* Audit fees consist of fees billed for professional services rendered for the audits of our financial statements, reviews of our interim financial statements included in quarterly reports, services performed in connection with filings with the Securities and Exchange Commission and related comfort letters and other services that are normally provided by MNP LLP for fiscal year ended August 31, 2012.

*Audit related Fees.* There were \$24,502 audit related fees paid to MNP LLP for the fiscal year ended August 31, 2011 and \$20,729 for the fiscal year ended August 31, 2011.

*Tax Fees.* Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions. For the fiscal years ended August 31, 2012 and August 31, 2011, we did not use MNP LLP for non-audit professional services or preparation of corporate tax returns.

We do not use MNP LLP, for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements or generates information that is significant to our financial statements, are provided internally or by other service providers. We do not engage MNP LLP to provide compliance outsourcing services.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before our independent auditors are engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee (which consists of our entire board of directors); or
- entered into pursuant to pre-approval policies and procedures established by the board of directors, provided the policies and procedures are detailed as to the particular service, the board of directors is informed of each service, and such policies and procedures do not include delegation of the board of directors' responsibilities to management.

Our board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the board of directors either before or after the respective services were rendered.

Our board of directors has considered the nature and amount of fees billed by our independent auditors and believes that the provision of services for activities unrelated to the audit is compatible with maintaining our independent auditors' independence.

## **PART IV**

### **Item 15. Exhibits, Financial Statement Schedules**

(a) Financial Statements

- (1) Financial statements for our Company are listed in the index under Item 8 of this document
- (2) All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

Exhibit No. Description

|              |   |
|--------------|---|
| 3.1          | Articles of Incorporation dated November 24, 2004 (incorporated by reference on our Registration Statement on Form SB-2 filed January 9, 2006)  |
| 3.2          | Bylaws (incorporated by reference on our Registration Statement on Form SB-2/A filed March 6, 2006)   |
| 10.1         | Mining Lease between Nevada North Resources (U.S.A.), Inc. and Miranda U.S.A. Inc. (incorporated by reference on our Registration Statement on Form SB-2 filed January 9, 2006)               |
| 10.2         | Exploration Agreement with Options for Joint Venture between our company and Miranda U.S.A. Inc. (incorporated by reference on our Registration Statement on Form SB-2 filed January 9, 2006) |
| 10.3         | Amended Exploration Agreement between our company and Miranda U.S.A. Inc. (incorporated by reference on our Registration Statement on Form SB-2 filed January 9, 2006)                        |
| 10.4         | Consulting Agreement between our company and KGE Management Ltd. (incorporated by reference on our Registration Statement on Form SB-2 filed January 9, 2006)                                 |
| 10.5         | Assignment Agreement with 0743608 B.C. Ltd. (incorporated by reference on our Current Report on Form 8-K filed March 19, 2007)  |
| 10.6         | Consulting Agreement with Mr. Robert McAllister dated December 1, 2008  |
| 14.1         | Code of Ethics (incorporated by reference by from our annual report on Form 10-KSB filed on November 29, 2007).   |
| <u>23.1*</u> | <u>Consent of MNP LLP</u>   |
| <u>31.1*</u> | <u>Certification pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended (Chief Executive Officer).</u>                             |
| <u>31.2*</u> | <u>Certification pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended (Chief Financial Officer).</u>                             |
| <u>32.1*</u> | <u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).</u>                                      |
| <u>32.2*</u> | <u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).</u>                                      |

\* Filed herewith.

**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 and Director  
Principal Executive Officer  
Date: November 28, 2012.

By: /s/ Bal Bhullar  
Bal Bhullar  
Chief Financial Officer  
Principal Financial Officer and Principal Accounting Officer  
Date: November 28, 2012.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Robert McAllister  
Robert McAllister  
President and Director  
Principal Executive Officer  
Date: November 28, 2012.

By: /s/ Bal Bhullar  
Bal Bhullar  
Chief Financial Officer  
Principal Financial Officer and Principal Accounting Officer  
Date: November 28, 2012.

By: /s/ Chris Bunka  
Chris Bunka  
Chairman, Director and Chief Executive Officer  
Date: November 28, 2012.