

Enertopia Corp.  
Form 10-K  
November 25, 2015

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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, 2015**

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: **604-602-1675**

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

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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 [X]

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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, 2015 was \$3,906,638 based on a \$0.06 closing price for the Common Stock on February 28, 2015. 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.

**71,508,460 common shares as of November 19, 2015**

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 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", "our Company", "the Company", 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 2010, we were primarily engaged in the acquisition and exploration of natural resource properties. Beginning in April 2010, we began our entry into the renewable energy sector by purchasing an interest in a solar thermal design and installation company. In late summer 2013, we began our entry into medicinal marijuana business. During our 2014 fiscal year end our activities in the clean energy sector were discontinued. Our activities in the natural resources sector have also been discontinued. During fiscal 2015 our activities in the Medicinal Marijuana sector were also discontinued.

The Company is actively pursuing business opportunities in the alternative health and wellness sector. In February, 2015 we announced the launch of a new product line, V-Love™ personal lubricant for women. We are now engaged in the manufacture, and sale of V-Love™, which is available for purchase online and at select retailers in Canada. The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1675. 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.

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## Summary of Recent Business

On October 16, 2014 we entered into a termination and settlement agreement, dated effective October 14, 2014, with World of Marihuana Productions Ltd. ( "WOM" ) and Mathew Chadwick (WOM's representative and our former director), pursuant to which we relinquished our 31% interest in the joint venture and exchanged mutual releases with WOM and Mr. Chadwick. Mr. Chadwick resigned from our board of directors and as an officer of our company, and WOM returned for cancellation 15,127,287 of our common shares that had been issued to it. Given the foregoing, all relationships between the parties, including but not limited to the joint venture, have been terminated. No production license under the MMPR had been awarded or was forthcoming at the time of termination.

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

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

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

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

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

On February 9, 2015, Enertopia announced the launch of a new product line V-Love™ for women's sexual pleasure. V-Love™ is a brand new water based, silky smooth fragrance free personal lubricant and intimate gel especially designed for women.

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

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In May, 2015, V-Love™ was available to the retail market for purchase in stores and at various events.

On June 11, 2015, we entered into a mutual Termination Agreement with The Green Canvas Ltd. pursuant to which we terminated our relationship and relinquished our 49% interest in the joint venture to establish a medical marijuana production facility near Regina, Saskatchewan. In consideration of the termination, The Green Canvas returned for cancellation 6,400,000 shares of our common stock previously issued to GCL.

On June 11, 2015, we entered into a Letter of Intent dated June 10, 2015 with Shaxon Enterprises Ltd. to sell our 51% interest in our Burlington Joint Venture with Lexaria Corp., including our interest in MMPR application number 10QMM0610 for the proposed Burlington, Ontario production facility. The sale would be completed by the sale of our wholly owned subsidiary, Thor Pharma Corp.

Subsequent to the LOI with Shaxon Enterprises Ltd., the Burlington Joint Venture between Enertopia and Lexaria which was entered into on May 28, 2014 was terminated due to the pending sale of the project. As a result of the termination, 500,000 restricted and escrowed common shares of Lexaria issued to our Company at a deemed price of \$0.40 will be returned to treasury and cancelled. The Enertopia and Lexaria Master Joint Venture Agreement entered into on March 5, 2014 is still effective and governs the relationship between the parties.

On June 26, 2015, we signed a Definitive agreement to sell our wholly owned subsidiary, Thor Pharma Corp along with the MMPR application number 10MMPR0610. The Burlington MMPR license application will continue in the application process under new ownership. Pursuant to the agreement, we received a non-refundable \$10,000 deposit and are entitled to receive up to \$1,500,000 in milestone payments upon the Burlington facility becoming licensed under the MMPR. These monies would be split equally with Lexaria Corp. Notwithstanding the foregoing, we can neither guarantee nor provide a meaningful time estimate regarding the potential grant of a production license for the Burlington facility.

On June 29, 2015, we that announced V-Love™ became available at London Drugs Limited stores. V-Love™ is currently available at London Drugs stores across Western Canada in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba.

On July 7, 2015 we announced that V-Love™ became available for purchase online in Canada at Amazon.ca.

On July 30, 2015 we announced the launch of V-Love.co, our product website for V-Love™.

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***Chronological Overview of our Business over the Last Five Years***

Upon our inception on November 24, 2004 we were engaged in the acquisition and exploration of natural resource properties. 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.

Our management determined 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 for our Company to enter the natural gas and oil exploration sector. 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.

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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.

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 "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. Mr. Snyder's appointment was made in connection with the transition of our operations away from natural resources into the renewable energy sector.

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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 was changed to **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. ("GSWPS"). 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 the non-renewable energy sector to the renewable energy sector. 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 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 was comprised of 56 located mining claims covering a total of 1,150 acres located in New Mexico, USA. The Optionors held 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 assigned the Indirect Agreements to the Company. In order to earn the interest in the Copper Hills property, the Company was 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).

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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. Per the terms of the Subscription Agreement, our company granted to the Subscribers a participation right to participate in future offerings of our securities as to their pro rata shares for a period of 12 months from the closing of the private placement. We paid broker commissions of \$48,930 in cash and issued 489,300 brokers warrants. Each full warrant entitled the holder to purchase one additional common share in the capital of our company 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 a related party in the amount of \$46,000, whereby \$25,000 was settled by issuing common shares of 100,000, and \$21,000 was forgiven for Nil consideration. In connection with the debt settlement, we recorded \$100 in share capital and \$45,900 in additional paid in capital for the gain on the settlement of the debt.

On May 31, 2011, the Company settled the amount due to related parties into two promissory notes of \$80,320 (CAD\$84,655) and \$90,000. Both promissory notes were unsecured, non-interest bearing and due on May 31, 2012 at an imputed interest rate of 12% per annum upon the settlement. On April 27, 2011, we entered into 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.

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On June 22, 2011, Chang Lee LLP (“Chang Lee”) resigned as our independent registered public accounting firm because Chang Lee was merged with another company: MNP LLP (“MNP”). Most of the professional staff of Chang Lee continued with MNP either as employees or partners of MNP and continued 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 were located in Arizona, and covered approximately 6,220 acres controlled by Altar Resources directly and indirectly through federal mining claims and state mineral exploration leases. The Company was 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 had made aggregate cash payments of \$84,980 and issued 100,000 shares at price of \$0.10 per share to Altar Resources, and expensed the exploration costs of \$31,423 in relation to the property.

On January 6, 2012, the Company entered into a share purchase agreement with a third party. The Company agreed to sell to the Purchaser 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, the purchaser had an option, at its 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 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 was unsecured, due on May 9, 2012 and subject to an interest rate of 10% per annum. This loan was repaid in full in 2014.

On March 19, 2012, the Company’s Board appointed Dr. John Thomas as Director and Mr. Tony Gilman and Dr. Stefan Kruse as Advisors of the Company. The Company concurrently granted an additional 450,000 stock options to Directors and Advisors of the Company. The exercise price of the stock options was \$0.15, of which 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.

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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. Each warrant was 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 was 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 was 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 with the President of the Company, Robert McAllister. The Company sold to Mr. McAllister 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, was 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 was exercisable into one further share at a price of US\$0.10 per warrant share for the period of twelve months following closing; or at a price of US\$0.20 per warrant share for the period of twelve months and one day to thirty-six months following closing. The Company's President participated in the private placement for \$4,000.00 dollars. The Company issued 16,000 brokers warrants in connection with the private placement for broker commissions.

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

On October 24, 2012, the Company issued 100,000 common shares to Altar Resources at the price of \$0.06. per share (\$6,000 in the aggregate) pursuant to its option agreement for Mildred Peak property

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

As at August 31, 2012, we had acquired a 9.82% (August 31, 2011 8.14%) ownership interest in Global Solar Water Power Systems Inc. ( GSWPS ) pursuant to our February 28, 2010 Asset and Share Purchase Agreement with Mr. Mark Snyder. The aggregate purchase cost was \$145,500 and an issuance of 500,000 shares of the Company at \$0.25 per share for a combined value of \$270,500. In November 2012, we obtained a valuation report from RWE Growth Partners Inc. regarding our investment in GSWPS. As a result of the report, the Company's long-term investment in GSWPS was written down to \$68,500 during fiscal 2012

On March 1, 2013, we settled accrued consulting fees of \$42,000 payable to Mr. Mark Snyder by transferring 1.68% of our ownership interest in GSWPS back to Mr. Snyder, thereby reducing the our interest in GSWPS from 9.82% to 8.14% . During the year ended August 31, 2013, based on our management's assessment of GSWPS's current operations, we wrote down our long-term investment in GSWPS to \$1.

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

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

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

On September 17, 2013 we entered into an AMI Participation Agreement with Downhole Energy LLC to participate in 100% gross interest and 75% net revenue interest for drilling, completion and production of up to 100 oil wells on certain oil and gas leases covering 2,924 in the historic field located in Forest and Venango counties, Pennsylvania. On execution of this agreement we issued 100,000 of our common shares to Downhole Energy LLC. The Company decided not to continue with the agreement and wrote off the asset.

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

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

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

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

On November 18, 2013, we entered into an investor relations contract with Coal Harbour Communications Inc. The initial term of this agreement began on the date of execution of the agreement and continue for **two months**. Thereafter the agreement continues on a month-by-month basis subject to cancelation by 30 days written notice. In consideration for the services the Company paid the designees of Coal Harbour Communications a one-time payment of two hundred thousand shares (200,000) of our restricted common stock. We also agree to pay to Coal Harbour Communications a monthly fee of \$5,000 payable on the 1st day of each monthly period starting 60 days from the signing of the agreement and \$500 per month to cover expenses incurred on our Company’s behalf. Any expenses above \$500 per month must be pre-approved.

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

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

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

On January 1, 2014, we entered into a Social Media/Web Marketing Agreement with Stuart Gray. The initial term of the agreement began on the date of execution and continued for three months. In consideration for the services we paid Stuart Gray a monthly fee of \$5,000. As additional compensation we issued 200,000 stock options to Mr. Gray. The exercise price of the stock options is \$0.075, with 100,000 stock options vested immediately, 50,000 stock options vested 30 days after the grant, and 50,000 stock options vested 60 days after the grant, expiring January 1, 2019.

On January 13, 2014, we entered into a corporate development agreement with Don Shaxon for an initial term of twelve months. Thereafter the agreement continued on a month-by-month basis subject to cancellation by 30 days written notice. In consideration for the services we paid to Mr. Shaxon a signing stock bonus of 250,000 of our common shares, a one-time cash bonus of \$40,000, and a monthly fee of \$3,500 plus \$500 in monthly expenses. Upon execution of the Agreement we also granted 250,000 stock options to Mr. Shaxon with an exercise price of \$0.16, vesting immediately and expiring January 13, 2019.

On January 16, 2014 we entered into a Joint Venture Agreement with WOM to acquire up to a 51% ownership interest in a prospective medical marijuana production facility to be located at WOM's establishment in Mission, British Columbia. WOM was to hold a 49% interest in the joint venture and was responsible to acquire a medical marijuana production licence from Health Canada. The Joint Venture Agreement superseded the Letter of Intent between our company and WOM dated November 1, 2013 (the "LOI"). As at March 11, 2014 our Company had earned a 31% interest in the World of Marijuana Joint Venture by paying and advancing \$375,000 and issuing 16,000,000 million shares of our common stock. The \$375,000 was intended to fund the joint venture through completion of facility upgrades and completion of the licensing process. Pursuant to the terms of the Joint Venture Agreement, our company could purchase up to a 51% interest in the joint venture in consideration of an additional 4,000,000 shares and \$1,000,000 in the aggregate. On January 31, 2014, we accepted and received gross proceeds of CAD\$40,500 (US\$37,500), for the exercise of 350,000 stock options; 100,000 at \$0.075 each, 150,000 stock options at \$0.10 each, and 100,000 stock options at \$0.15 each; into 350,000 common shares of our Company.

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

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

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

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

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

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

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

On February 28, 2014, we entered into a Joint Venture Agreement with The Green Canvas Ltd. ("GCL") pursuant to which we could acquire up to a 75% interest in the business of GCL, being the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana for medical purposes. We paid \$100,000 to the GCL upon execution of the agreement. Subsequently, we issued to GCL an aggregate of 10,000,000 of our common shares at a price of \$0.235 per share; and paid to GCL the aggregate sum of \$500,000, to earn a 49% interest in GCL's business by February 28, 2015. With the exception of \$113,400 payable to Wolverton Securities, the full amount of the \$500,000 was to be used by GCL to upgrade the GCL's existing medical marijuana production facility to meet the standards introduced by the Marihuana for Medical Purposes Regulations ("MMPR") administered by Health Canada.

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

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

On March 11, 2014, Robert Chadwick and Clayton Newbury joined the Company as advisors and were each paid a \$1,000 honorarium. Robert Chadwick was issued a one-time 100,000 common shares of our Company. On March 11, 2014, we granted 100,000 stock options to Robert Chadwick with an exercise price of \$0.68 per share expiring March 11, 2019. 50,000 of the stock options vested immediately, and 50,000 vested on September 11, 2014. We also granted 100,000 options to Clayton Newbury on the same terms. Robert Chadwick and Clayton Newbury stepped down as advisors on October 17, 2014.

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

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

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

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

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

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

On March 26, 2014, our Board appointed Dr. Robert Melamede as an Advisor to the Board of Directors. We paid to Dr. Melamede, an honorarium of \$2,500 for the first year of participation on our Advisory Board and issued 250,000 shares of our common stock. On March 26, 2014 we granted to Dr. Melamede 500,000 stock options with an exercise price of \$0.70 and expiring March 26, 2019. 250,000 of the stock options vested immediately and the remaining 250,000 stock options vested on September 26, 2014, Dr. Melamede stepped down as an advisor on June 16, 2015.

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

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

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

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

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

On April 8, 2014, we granted 50,000 fully vested stock options to a consultant of our Company, Taven White. The stock options are exercisable at \$0.50 per share and expire on April 8, 2019.

On April 10, 2014, we entered into a Letter of Intent ("LOI") with Lexaria Corp regarding the establishment of a joint venture to establish a medical marijuana production facility in Burlington, Ontario under the MMPR regulations. Pursuant to the LOI Lexaria issued 500,000 of its common shares to our company to be held in escrow subject to receipt of an MMPR production license by our joint venture. Lexaria also contributed \$55,000 to acquire a 49% interest in the joint venture and the responsibility to pay 55% of all joint venture expenses. We contributed \$45,000 for a 51% interest and the responsibility to pay 45% of all expenses. We were to be responsible for management of the joint venture for as long as we maintained majority ownership.

Also effective April 10, 2014 the Burlington Joint Venture entered into a letter of intent with Mr. Jeff Paikin on behalf of 1475714 ONTARIO INC. to secured a future lease for a 30,000 ft<sup>2</sup> medical marijuana production space in Burlington, Ontario. We also acquired a right of first refusal for another 45,000 ft<sup>2</sup> to accommodate future growth. We issued 38,297 common shares to Mr. Paikin at a deemed price of \$0.47 to secure our interest in the lease. The production target for the facility based on 30,000 ft<sup>2</sup> (with approximately 50% devoted to production space) was approximately 10,000 kilograms per year production.

On April 14, 2014, the Company appointed Mr. Jeff Paikin to its Advisory Board for a period of not less than one year, but to be determined by certain performance thresholds described in the letter. Upon signing of the letter of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the letter, Mr. Paikin can be eligible to receive up to a total of 472,500 common shares of the Company. Consulting agreement amended on June 18, 2014, Mr. Paikin can be eligible to receive up to a total of 1,350,000 common shares of the Company. Based on the milestones listed in the amended contract, the Company issued Mr. Paikin 135,000 common shares at a deemed price of \$0.14 on July 14, 2014.

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

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

On April 24, 2014 our Company entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. We issued 90,000 common shares to the consultant at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Kent can be eligible to receive up to a total of 472,500 common shares of our Company. On June 18, 2014, the consulting agreement was amended so that Mr. Kent can be eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, we issued to Mr. Kent 135,000 common shares at a deemed price of \$0.14 on July 14, 2014. This agreement was terminated on February 4, 2015.

On April 24, 2014 we entered into a one year consulting contract with Don Shaxon as Ontario Operations Manager for a monthly fee of CAD\$3,375 plus GST. Upon signing of the contract we issued to Mr. Shaxon 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Shaxon can be eligible to receive up to a total of 472,500 common shares of our Company. We amended the consulting agreement on June 18, 2014, following which Mr. Shaxon became eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, we issued to Mr. Shaxon 135,000 common shares at a deemed price of \$0.14 on July 14, 2014. The agreement was terminated on June 16, 2015.

On April 24, 2014 we entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, for the services of Greg Boone as Human Resources Manager. Upon signing of the contract we issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Boone or his company can be eligible to receive up to a total of 472,500 common shares of our Company. We amended the agreement on June 18, 2014, further to which Mr. Boone became eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, the Company issued Mr. Boone 135,000 common shares at a deemed price of \$0.14 on July 14, 2014. This agreement was terminated on February 4, 2015.

On April 24, 2014 we entered into a one year consulting contract with Jason Springett as Master Grower for Ontario Operations for a monthly fee of \$3,375 plus GST. Upon signing of the contract we issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Springett was eligible to receive up to a total of 472,500 common shares of the Company. We amended the agreement on June 18, 2014 further to which Mr. Springett became eligible to receive up to a total of 1,350,000 common shares of our Company. Based on achievement of the milestones listed in the amended contract, we issued Mr. Springett 135,000 common shares at a deemed price of \$0.14 on July 14, 2014. This agreement was terminated on June 16, 2015.

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

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

On May 3, 2014 we entered into a one year consulting contract with B. Mullan and Associates for the services of Brian Mullan as Security Consultant. Upon signing of the contract we issued to the consultant 45,000 common shares at a deemed price of \$0.28. Subject to achievement of the milestones listed in the contract, Mr. Mullan or his company are be eligible to receive up to a total of 225,000 common shares of our Company. Subsequently, we issued an additional 45,000 common shares to the consultant at a deemed price of \$0.14 on July 14, 2014. This agreement was terminated on February 4, 2015.

On May 28, 2014, our LOI with Lexaria was replaced by a definitive joint venture agreement (the “Burlington Joint Venture”) to establish a medical marijuana production facility under the MMPR at our planned Burlington, Ontario location. We received municipal zoning approval for the proposed site in July, 2014. Design and construction of the proposed facility was anticipated to cost approximately \$3,000,000, and we would be responsible for \$1,350,000 of this cost. Unable to estimate when a production license might be granted by Health Canada, the joint venture sought assurances from Health Canada prior to commencement of construction. In the event that Health Canada did not grant a production license by May 27, 2015, the Burlington Joint Venture was to terminate.

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

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

On June 9, 2014, Pursuant to our 12 month marketing agreement with Agoracom dated February 27, 2014, we made a second quarter payment to Agoracom of \$12,500 plus GST paid by the issuance of 72,917 common shares of the Company at a market price of \$0.18 per share.

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## Edgar Filing: Enertopia Corp. - Form 10-K

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

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

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

On August 1, 2014, through our wholly owned subsidiary Thor Pharma Corp. we signed an extension to the letter of intent with 1475714 ONTARIO INC. and Lexaria Canpharm Corp. (a subsidiary of Lexaria) to secure a 5 year lease on the Burlington, Ontario facility for our Burlington Joint Venture. In consideration of the extension, on August 5, 2014, we issued 118,416 of our common shares of to the lessor at a deemed price of \$0.19 per share.

On September 16, 2014, our joint venture with the Green Canvas Ltd. made an application to Health Canada under the Marihuana for Medical Purposes Regulations (MMPR) to obtain a medical marijuana production license for a proposed facility located near Regina, Saskatchewan. Pursuant to the joint venture agreement, if a Heath Canada production license was not received by the first anniversary date of the agreement (February 28, 2015) our company would have no further obligations under the joint venture. If a license was obtained by February 28, 2015, we would be responsible to pay to the GCL \$250,000 and 3,000,000 common shares in consideration of an additional 2% interest in the joint venture.

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

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

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

The joint venture agreement shall terminate.

On September 18, 2014 we announced that we had provided notice to WOM alleging default under the terms of the joint venture agreement for, among other things, WOM's failure to provide an accounting and financial information for the use of proceeds paid into the joint venture. On October 16, 2014 we entered into a termination and settlement agreement, dated effective October 14, 2014, with WOM and Mathew Chadwick (WOM's representative and our former director), pursuant to which we relinquished our 31% interest in the joint venture and exchanged mutual releases with WOM and Mr. Chadwick. Mr. Chadwick resigned from our board of directors and as an officer of our company, and WOM returned for cancellation 15,127,287 of our common shares that had been issued to it. Given the foregoing, all relationships between the parties, including but not limited to the joint venture, have been terminated. No production license under the MMRP had been awarded or was forthcoming at the time of termination.

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On November 30, 2014, the Burlington Joint Venture had announced that its application to Health Canada's for the Burlington facility had advanced to from preliminary to enhanced screening.

On December 12, 2014, the Burlington Joint Venture was extended to June 12, 2015.

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

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

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

On February 9, 2015, Enertopia announced the launch of a new product line V-Love™ for women's sexual pleasure. V-Love™ is a brand new water based, silky smooth fragrance free personal lubricant and intimate gel especially designed for women.

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

In May, 2015, V-Love™ was available to the retail market for purchase in stores and at various events.

On June 11, 2015, we entered into a Letter of Intent dated June 10, 2015 with Shaxon Enterprises Ltd. to sell our 51% interest in the Burlington Joint Venture, including our interest in MPR application number 10QMM0610 for the proposed Burlington, Ontario production facility. The sale would be completed by the sale of our wholly owned subsidiary, Thor Pharma Corp.

Subsequent to the LOI with Shaxon Enterprises Ltd., the Burlington Joint Venture between Enertopia and Lexaria which was entered into on May 28, 2014 was terminated due to the pending sale of the project. As a result of the termination, 500,000 restricted and escrowed common shares of Lexaria issued to our Company at a deemed price of \$0.40 will be returned to treasury and cancelled. The Enertopia and Lexaria Master Joint Venture Agreement entered into on March 5, 2014 is still effective and governs the relationship between the parties.

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On June 11, 2015, With no foreseeable prospect of receiving a production license from Health Canada for our proposed medical marijuana facility located near Regina, Saskatchewan, we entered into a mutual Termination Agreement with The Green Canvas Ltd. pursuant to which we terminated our joint venture relationship and relinquished our 49% interest in the joint venture in consideration of the return to our Company for cancellation of 6,400,000 shares of our common stock previously issued to GCL.

On June 26, 2015, we signed a Definitive agreement to sell our wholly owned subsidiary, Thor Pharma Corp along with the MMPR application number 10MMPR0610. The Burlington MMPR license application will continue in the application process under new ownership. Pursuant to the agreement, we received a non-refundable \$10,000 deposit and are entitled to receive up to \$1,500,000 in milestone payments upon the Burlington facility becoming licensed under the MMPR. These monies would be split equally with Lexaria Corp. Notwithstanding the foregoing, we can neither guarantee nor provide a meaningful time estimate regarding the grant of a production license for the Burlington facility.

On June 29, 2015, we that announced V-Love™ became available at London Drugs Limited stores. V-Love™ is currently available at London Drugs stores across Western Canada in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba.

On July 7, 2015 we announced that V-Love™ became available for purchase online in Canada at Amazon.ca.

On July 30, 2015 we announced the launch of V-Love.co, our product website for V-Love™.

### ***Our Current Business***

We are a development stage company pursuing business opportunities in diverse sectors, including: alternative health and wellness.

### **Alternative Health and Wellness Products**

#### **V-Love™ Sexual Enhancement Gel**

On February 9, 2015, we announced the launch of a new product line V-Love™ for women's sexual pleasure. V-Love™ a brand new water based, silky smooth fragrance free personal lubricant and intimate gel especially designed for women. V-Love™ is a personal lubricant and sexual desire gel to embrace the essence of what a female is...sexy, confident, playful, loving, and unique. V-Love™ is carefully designed to enhance/enrich each and every intimate experience to be the most pleasurable and fulfilling it can be.

V-Love™ realizes that every woman is unique. While some women desire lubricants to enhance pleasure from toys, other women may not produce natural lubrication as they once used to, or may experience medical conditions which impact their personal comfort and desire for sexual intimacy.

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V-Love™ appreciates the uniqueness of every woman. Some women use/utilize lubricants to enhance pleasure from toys, while others may experience reduced natural moisture which may impact their personal comfort and desire for sexual intimacy. V-Love™ can help replenishes/restores/replaces vaginal/personal moisture, as women may experience vaginal dryness due to hormonal changes at varying stages of life, such as after bearing children or during menopause. Dryness may also result from medical conditions or from using medications.

For all these reasons, V-Love™ personal lubricant and sexual desire gel is carefully formulated to replenish moisture and enhance/increase your sexual pleasure by lubricating. Safe, gentle, long-lasting, fragrance free, natural, and worry-free, so every private and partnered encounter is your ultimate pleasure.

The Company used the feedback and life experience of women in its formulation of V-Love™. V-Love™ was developed and designed to offer a unique personal lubricant and sexual desire gel that could be used safely and effectively by women who desired added lubrication. V-Love™ is designed to be used with, toys and foreplay, for increasing sexual experience by lubricating so women feel confident with intimacy with their partners or for their own personal pleasure.

The V-Love™ gel finished its production run in April, 2015. In May 2015, V-Love™ first became available for retail sale at Loblaws City Market store in North Vancouver, British Columbia. Enertopia owns 100% of the product and its formulation. Enertopia engaged a GMP compliant facility reputed to produce high quality cosmetic products for many well-known brands. They are a Vancouver based manufacturer with over 150 years of experience. They manufactured and formulated the final ingredients for V-Love™ and handled all the production.

The Company held an initial launch on February 13, 2015 by showcasing samples of V-Love™ at the Vancouver Health and Wellness Show and providing educational information on the gel. In May, 2015, V-Love™ was available to the retail market for purchase in stores and at various events.

During the month of July, 2015 V-Love™ became available for retail purchase at all London Drugs Limited stores across Western Canada and online through Amazon.ca.

The sexual health market worldwide is estimated at \$20 billion dollars. The lubrication market is estimated at over \$1 billion dollars and products for sexual dysfunction in men are over \$4 billion dollars. The Company's V-Love™ product is made from food safe products, currently all products are sourced in Canada and all final product is processed by the manufacturing company in a GMP compliant facility.

The Company is currently producing sexual health informational material for men and women that is being overseen by a medical professional. The Company continues to attend conferences and festivals to educate the community about sexual health and V-Love™. The Company continues to provide educational seminars and looking at other retail stores for V-Love™ to be sold across Canada in the coming months.

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## Summary

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

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

### *Current Medical Marijuana Operations*

On June 7, 2013 the Government of Canada implemented new legislation, the Marijuana for Medical Purposes Regulations (MMPR), concerning the production and sale of medical marijuana. The regulations create conditions for a commercial industry that is responsible for the production and distribution of marijuana by authorized healthcare practitioners for medical purposes. The MMPR permitted the licensing of commercial growers beginning April 1, 2014, while eliminating existing regulations permitting the production of medical marijuana on a personal-use basis. Commercial growers are now able to submit applications to Health Canada for the production of medical marijuana and, if licensed, supply patients who qualify for the product at a price that would be established by market forces and at the discretion of producers. To date, 26 producers have become licensed under the MMPR.

Since June 12, 2015 the Company has had no direct involvement or ownership interest in any active or prospective operations or permit applications under the MMPR.

On June 26, 2015, we signed a Definitive agreement to sell our wholly owned subsidiary, Thor Pharma Corp along with the MMPR application (no. 10MMPR0610) for our proposed production facility located in Burlington, Ontario. The Burlington MMPR license application will continue in the application process under new ownership. Pursuant to the agreement, we received a non-refundable \$10,000 deposit and are entitled to receive up to \$1,500,000 in milestone payments upon the Burlington facility becoming licensed under the MMPR. These monies would be split equally with our joint venture partner, Lexaria Corp. Notwithstanding the foregoing, we can neither guarantee nor provide a meaningful time estimate regarding the potential grant of a production license for the Burlington facility.

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### **Investments**

We currently hold the following investment interests:

#### **Equity Investment in Pro Eco Energy, Inc.**

On April 21, 2008, we announced that we had made a \$45,000 investment to acquire 8.25% of the equity of Pro Eco Energy USA Ltd., a clean tech energy company involved in designing, developing and installing solar energy solutions for commercial and residential customers. During fiscal year 2014, we entered into an agreement to sell our 8.25% ownership in Pro Eco Energy for \$40,000 to Western Standard Energy Corp. (now Dominovas Energy) The purchase price was to be payable as follows: a) \$10,000 on December 02, 2013; b) \$10,000 on or before December 31, 2013; c) \$10,000 on or before January 31, 2014; d) \$10,000 on or before February 28, 2014. As at August 31, 2015, we had collected \$10,000 of the \$40,000 purchase price. As at August 31, 2015, we have received back 600,000 of the 900,000 Pro Eco Energy shares from Western Standard Energy Corp. and the accounts receivable has been settled upon the return of the shares.

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

On July 30, 2001, the Government of Canada implemented the Marihuana Medical Access Regulations (MMAR) pursuant to subsection 55(1) of the *Controlled Drugs and Substances Act*, which defines the circumstances and the manner in which marijuana can be used in Canada for medical purposes. The MMAR and regulations thereunder granted access to marijuana for Canadians suffering from symptoms (pain, muscle spasms, nausea, and weight loss) related to multiple sclerosis, cancer, HIV, spinal cord injury, epilepsy, arthritis or other debilitating symptoms as determined by a medical doctor. The MMAR was administered by Health Canada, the federal agency responsible for national public health. Under the MMAR, licensed patients were permitted to grow their own marijuana or to designate someone grow it for them. Growers under the MMAR were not regulated by Health Canada beyond the allocation of a personal-use production license.

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

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

Currently, the MMPR only permits the sale of dried marijuana; the production of concentrated or edible forms (oils, resins, teas or infusions) is not permitted. On March 21, 2014, the Court of Appeal of the Province of British Columbia ruled in the case of *R v. Owen Edward Smith* that the MMPR's restriction on the production of edible marijuana products for medicinal purposes is unconstitutional. On June 11, 2015, Supreme Court of Canada affirmed the lower court's decision. As a result of the Supreme Court of Canada decision, individuals authorized to possess marijuana under the MMPR and those falling under the terms of a court injunction (for example, Allard injunction, described below) may now possess marijuana derivatives for their own use. In order to eliminate uncertainty around a legal source of supply of marijuana, Health Canada has taken the immediate step of issuing a section 56 exemption under the Controlled Drugs and Substances Act (CDSA), allowing licensed producers to produce and sell cannabis oil and fresh marijuana buds and leaves in addition to dried marijuana (however plant material that can be used to propagate marijuana will not be permitted to be sold by licensed producers to clients). The role of healthcare

practitioners in authorizing marijuana for medical purposes does not change.

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

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

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

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

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***Our Previously Planned Production Facilities***

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

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

***Production Facility Staffing Requirements***

We anticipated that each of the planned facilities would require personnel acting in the following capacities:

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

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

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

#### **Allard Case**

On March 21, 2014, an injunction was granted by the Federal Court of Canada to four appellants, including Neil Allard, who are appealing the regulations which came in to effect on April 1, 2014. The injunction provides that Authorizations to Possess [ATPs] medical marijuana granted under the MMAR that were valid on March 21, 2014 and associated Personal Use Production Licenses and Designated Production Licenses valid on September 30, 2013 remain valid under the terms of those authorizations, with the exception that the amount of marijuana that can be possessed under the ATP is now limited to 150 grams. The impact of the order is that approximately 37,500 licensees under the MMAR will be permitted to continue production and consumption of marijuana under the MMAR. The court order has no effect on the implementation of the MMPR going forward and no new licenses will be granted under the MMAR. On March 31, 2014, the Federal Government announced its intention to appeal the March 21, 2014 order. On December 15, 2014, the appeal by the Federal Government was denied by the courts. The Supreme Court of Canada heard the case in February and March, 2015 and has reserved judgment. The court is expected to release its decision in the fall of 2015 or winter of 2016.

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

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

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

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

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

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

### **Quality Control and Technical Specification for Medical Marijuana**

To date, dried marijuana has not been authorized as a therapeutic product in Canada or in any other country. In addition, no international standards currently exist specifically for the quality of dried marijuana. Dried marijuana produced by a licensed producer (LP), while exempt from the application of the Food and Drug Regulations via the Marijuana Exemption (Food and Drugs Act) Regulations (other than in the context of marijuana to be used in a clinical trial), is subject to provisions in the Food and Drugs Act (Canada) (FDA). The FDA provisions include a general prohibition (paragraph 8(a) and (b)) against the sale of a drug that was manufactured, prepared, preserved, packaged or stored under unsanitary conditions; or is adulterated. Similar requirements are provided in Division 4 of the MMPR, which includes Good Production Practice(s) (GPP) requirements relating to storage of dried marijuana, storage premises, equipment, the sanitation program, standard operating procedures, recall of product, and quality assurance personnel. Division 5 of the MMPR provides packaging, labeling and shipping guidelines, which prescribe the same product identification and safety requirements as those for other pharmaceuticals (designation of origin, producer, weight, active ingredient percentage, childproof packaging, warning labels, etc.) Additionally, the MMPR provide compliance and enforcement measures, allowing for refusal, suspension or revocation of a producer's license on the basis of risks to public health, safety or security.

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

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### **Marketing and Advertising Restrictions**

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

### **Client Registration, Ordering and Distribution Restrictions:**

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

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

Our company was seeking opportunities in the Medical Marijuana Industry in Canada that is supported by the Canadian Federal Government and administered by Health Canada in accordance with the MMPR. In our operations we have followed the strict guidelines that have been outlined with respect to security, quality control and safety of the product at all times under the current federal MMPR program.

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

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

### ***Competition***

There is strong competition relating to all aspects of the medical marijuana and alternative health and wellness sectors. We actively compete for capital, skilled personnel, market share, and in all other aspects of our operations with a substantial number of other organizations. These organizations include small development stage companies like our own, and large, established companies, many of which have greater technical and financial resources than our company. In the alternative health and wellness product sector, our current product, V-Love™, competes for shelf space and sales with the products of both niche producers and large multinational producers of cosmetics and pharmaceuticals. Any future products we may produce will face similar competition.

In the medical marijuana sector, any future projects which we may undertake under the MMPR regulation will face considerable competition for financing and for a potentially limited supply of municipal authorizations and production permits. For example, according to Health Canada, as at March 31, 2015, it had received 1,284 formal production license applications under the MMPR since its call for applications in 2013. Of those, 252 have been refused; 324 applications are in progress; 40 have been withdrawn; and 643 were incomplete and have been returned. Only 26 production permits have been granted to date. If we obtain a production license under the MMPR, we will face considerable competition for sales amongst a limited pool of potential consumers.

### ***Compliance with Government Regulation***

Our current and prospective operations are subject to diverse government regulations in a number of areas including but not limited to ingredients, manufacturing standards, labour standards, product safety and quality, marketing, packaging, labeling, storage, distribution, advertising, imports and exports, social and environmental responsibility and health and safety. Non-compliance with regulations may results in significant financial losses arising from criminal or civil action, regulator-enforced factory closures, product recalls, delayed launches, penalties, and reputational loss, among others. What's more, regulations can change or may become more stringent, which may cause us to incur unforeseen costs or make our business model unsustainable.

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### ***Medical Marihuana***

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

### ***Alternative Health and Wellness Products***

The alternative health and wellness product sector is subject to regulatory oversight by diverse regulators in matters including consumer health and safety, environmental protection, manufacturing standards, packaging, and advertising.

Currently we produce and sell our V-Love™ personal lubricant for women in Canada. In Canada, personal lubricants like V-Love™ that are not for non-medicinal and non-therapeutic use are regulated as cosmetics. All cosmetics sold in Canada must be safe to use, must not pose any health risk, and must otherwise meet the requirements of the federal Food and Drugs Act (Canada) and the Cosmetic Regulations (Canada) which are enforced by Health Canada. Under the Food and Drugs Act, a cosmetic includes "any substance or mixture of substances, manufactured, sold or represented for use in cleansing, improving or altering the complexion, skin, hair or teeth and includes deodorants and perfumes." This includes cosmetics used by professional esthetic services, bulk institutional products (such as hand soap in school rest rooms), as well as "handmade" cosmetics sold at craft sales or home-based businesses.

The Cosmetic Regulations and the Food and Drugs Act require that cosmetics sold in Canada be manufactured, prepared, preserved, packed and stored under sanitary conditions. The manufacturer and importer must notify Health Canada that it is selling the product and provide a list of the product's ingredients. Additionally, cosmetics are subject to the requirements of Consumer Packaging and Labeling Act, and any chemicals found in cosmetics may be subject to the Environmental Protection Act (Canada) regarding the disposal of contaminants.

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In order to meet these safety and quality requirements of the Food and Drugs Act and the Cosmetics Regulation, Health Canada encourages all cosmetic manufacturers to adhere to Good Manufacturing Practices (GMPs). GMPs are manufacturing guidelines which are used to ensure product quality control and an effective approach to risk management. These guidelines set out standards for product manufacturing, testing, storage, handling and distribution, to ensure that each step of manufacturing is acceptable for quality and safety of the product.

Health Canada, along with its partners in the International Cooperation on Cosmetic Regulation (United States, European Union and Japan), endorse the use of the International Standards Organization (ISO) Guidelines on Good Manufacturing Practices for Cosmetics, ISO Standard 22716. Our V-Love™ personal lubricant for women is manufactured in accordance with these standards.

We also comply with the Canadian Guidelines for the Nonprescription and Cosmetic Industry Regarding Non-therapeutic Advertising and Labelling Claims administered by Advertising Standards Canada and Health Canada.

In the United States, personal lubricants such as V-Love™ are classified as Class II medical devices, putting them in the same category as items like condoms, acupuncture needles, and powered wheelchairs. In order for class II medical devices to be sold in the United States, producers must obtain a premarket notification or 510(k) clearance, a process that requires a comprehensive round of safety testing. As at the date of this Annual Report we have not made any arrangements to obtain 510(k) clearance for the sale of V-Love™ into the United States. We estimate that obtaining 510(k) clearance would require between \$100,000 and \$200,000 and approximately 24 months.

### *Employees*

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

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

On October 9, 2009, the Company entered into a consulting agreement with BKB Management Ltd, a corporation organized under the laws of the Province of British Columbia. BKB Management controlled by the chief financial officer of the Company, Bal Bhullar. A fee of CAD\$4,675 including GST was paid per month. We may terminate this agreement without prior notice based on a number of conditions. BKB Management Ltd. may terminate the agreement at any time by giving 30 days written notice of his intention to do so. Effective April 1, 2011, the fee is CAD\$5,500 plus GST. Effective March 1, 2014, the Company entered into a new Management Consulting Agreement replacing the original agreement with a consulting fee of CAD\$7,500 plus GST per month. On February 6, 2015, Ms. Bhullar was appointed as a director by the Board.

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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.

#### *Research and Development*

We have incurred \$8,459 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**

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

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

Although our planned medical marijuana business is federally sanctioned in Canada and not contrary to the public policy or laws of our state of incorporation, neither state law nor Canadian federal law provides protection against federal prosecution in the United States, which remains at the discretion of the Department of Justice. Although, in light of the COLE Memorandum, we do not anticipate that we will be targeted for prosecution by the Department of Justice, if the Department of Justice uses its discretion to prosecute our company for a violation of the Controlled Substances Act, the resulting civil or criminal consequences will have a material adverse effect on our business, and may cause our business to fail.

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*Delay or failure in obtaining a medical marijuana production license from Health Canada may cause us to abandon material components of our business plan.*

To date, none of our company's medical marijuana joint ventures has been granted a permit by Health Canada for the production of medical marihuana. According to Health Canada, as at March 31, 2015, it had received 1,284 formal production license applications under the MMPR since its call for applications in 2013. Of those, 252 have been refused; 324 applications are in progress; 40 have been withdrawn; 935 license applications have been rejected or withdrawn; and 643 were incomplete and have been returned. Due to the slow progress, uncertain timing, and apparent backlog of production license application reviews by Health Canada, we have been unable to determine with any accuracy when any of our past applications would be processed. Our inability to timely obtain a license from Health Canada has materially and adversely affect our company's operations and caused us to modify and diversify our business plan, including the abandonment or sale of our interests in our medical marihuana ventures. As at the date of this Annual Report, pursuant to our agreement with Shaxon Enterprises Ltd., we maintain a financial interest in the prospective medical marihuana production facility located in Burlington, Ontario, which is also subject to approval by Health Canada. Continued delays on the part of Health Canada in processing any application in which we hold an interest may result in additional financial losses, and may cause our business to fail.

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

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

*Uncertain product demand in the medical marijuana and alternative health and wellness sectors may cause our business plan to be unprofitable or fail.*

Demand for medical marijuana and alternative health and wellness products is dependent on a number of social, political and economic factors that are beyond the control of our company. While we believe that demand for medical marijuana and alternative health and wellness products will continue to grow in Canada and elsewhere, we cannot guarantee sufficient market demand to support our current or future products or business. In the event that the markets for medical marijuana or health and wellness products stagnate or contract, our business may fail.

*We may not acquire market share or achieve profits due to competition in the medical marijuana industry and the alternative health and wellness industry.*

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

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

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

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

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

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

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

Our operations are in the start-up or stage only, and are unproven. We may not be successful in implementing our business plan to become profitable. There may be less demand for our services than we anticipate. There is no assurance that our business will succeed and you may lose your entire investment.

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

The willingness of businesses to spend time and money on energy efficiency may be dependent upon general economic conditions; and any material downturn may reduce the likelihood of businesses incurring costs toward what some businesses may consider a discretionary expense item. The willingness of consumers to buy our products may be dependent upon general economic conditions and any material downturn may reduce the potential profitability of the medical marijuana or the alternative health and wellness product sectors.

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

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

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

Demand for our services may be adversely affected if consumers lose confidence in the quality of our services or the industry's practices. Adverse publicity may discourage businesses from buying our services and could have a material adverse effect on our financial condition and results of operations. Risk of significant reputational impact as a result of systemic product quality issues resulting in undermining of consumer confidence in our brand, particularly in the growing alternative health and wellness portfolio. Various factors may adversely impact our reputation, including product quality inconsistencies or contamination resulting in product recalls. Reputational risks may also arise from our third parties' labour standards, health, safety and environmental standards, raw material sourcing, and ethical standards. We may also be the victim of product tampering or counterfeiting or grey imports. Any litigation, disputes on tax matters and pay structures may subject us to negative attention in the press, which can damage reputation.

*Unethical business practices may compromise the growth and development of our business.*

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

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

We currently have no long-term agreements with any customers. Many of our sales may be on a "onetime" basis. Accordingly, we will require new customers on a continuous basis to sustain our operations. Risk of material impact on Group growth and profit of consumer led slowdown in key developing markets, exacerbated by increasing currency volatility. A variety of factors may adversely affect our results of operations and financial condition during periods of economic uncertainty or instability, social or labour unrest or political upheaval in the markets in which we operate. Such periods may also lead to government actions, such as imposition of martial law, trade restrictions, foreign ownership restrictions, capital, price or currency controls, nationalization or expropriation of property or other resources, or changes in legal and regulatory requirements and taxation regimes.

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

Consignment contracts require the seller to supply product to a retailer where compensation is contingent on sales. We anticipate a material percentage of our alternate health and wellness products may be sold on a consignment basis. Consignment contracts expose us to some significant risks, including investment risk if our products do not sell, and risks resulting from reduced cash-flow. These risks could lead to losses on contracts which may be substantial and which could adversely affect our results of our operations.

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

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

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

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

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

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

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There is an explanatory paragraph to their audit opinion issued in connection with the financial statements for the year ended August 31, 2015 with respect to their doubt about our ability to continue as a going concern. As discussed in Note 2 to our financial statements for the year ended August 31, 2015, we have incurred a net loss of \$1,149,433 for the year ended August 31, 2015 (net loss \$4,641,005 for the year ended August 31, 2014) and as at August 31, 2014 has incurred cumulative losses of \$11,915,096 that raises substantial doubt about its ability to continue as a going concern. Our management has been able, thus far, to finance the operations through equity financing and cash on hand. There is no assurance that our company will be able to continue to finance our company on this basis

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

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

*We may not be able to obtain all of the licenses necessary to operate our business, which would cause our business to fail.*

Our operations require licenses and permits from various governmental authorities related to the establishment of our planned facilities, to the production, storage and distribution of our products, and to the disposal of waste. 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 health and safety regulation may result in increased or insupportable financial burden on our company.*

We believe that we currently comply with existing laws and regulations affecting our product and 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 products and operations may be subject to unanticipated regulations and rules promulgated from time to time by government, namely those related to consumer health and safety which may render certain production methods, ingredients, products or practices obsolete. The cost of compliance with changes in governmental regulations has potential to reduce the viability or profitability of our products or operations.

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

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

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

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

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

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

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

Investors seeking dividend income or liquidity should not invest in our shares.

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

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

### **Other Risks**

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

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

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

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-2-07 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

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

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

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

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

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

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

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

*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.

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*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 Bylaws. 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 such as a black swan event.

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An absolute worst case scenario with sufficient potential impact to risk the future of the company as an independent business operating in its chosen markets. Significant reputational impact as a result of a major issue resulting in multiple fatalities, possibly compounded by apparently negligent management behavior; extreme adverse press coverage and viral social media linking the Company name to consumer brands, leads to a catastrophic share price fall, very significant loss of consumer confidence and inability to retain and recruit quality people. 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 CAD\$1,230 per month. Our main telephone number is (604) 602-1675. We have a second office located in Kelowna, British Columbia, which is leased for CAD\$826 per month. Our current locations provide adequate office space for our purposes at this stage of our development.

### **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.

The license application for the WOM joint venture was submitted in October 2013. To date the WOM joint venture has been financed by our Company in the amount of \$375,000. The \$375,000 budget is intended to fund the joint venture through completion of facility upgrades and completion of the licensing process. On September 18, 2014 we announced that we have provided notice to WOM alleging default under the terms of the joint venture agreement for, among other things, their failure to provide financial information in regards to the funding, expenses and operation of the joint venture. WOM has provided notice in response disputing their default, and we are currently in correspondence with WOMs attorney. Subsequent to year end, On October 16, 2014 we entered into a termination and settlement agreement, dated effective October 14, 2014, with WOM and Mathew Chadwick (the “Settlement Agreement”), pursuant to which the parties have entered into mutual releases, Mr. Chadwick has resigned from our board of directors and as an officer of the Company, and WOM has returned back to the treasury of the Company 15,127,287 common shares that had been issued to it. Given the foregoing, all relationships between the parties, including but not limited to the WOM Agreement in regards to the Joint Venture business, have been terminated.

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**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 and the OTCQB quotation service under the symbol ENRT. Our CUSIP number is 29277Q1047. Since August 13, 2010, our common shares have also been listed on the Canadian Securities Exchange (formerly known as the Canadian National Stock Exchange) under the symbol "TOP".

The following quotations 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 on the OTCQB quotation service and Over-the-Counter Bulletin Board for the periods indicated below are as follows:

| <b>Quarter Ended<sup>(1)</sup></b> | <b>High</b> | <b>Low</b> |
|------------------------------------|-------------|------------|
| August 2015                        | \$0.03      | \$0.02     |
| May 2015                           | \$0.06      | \$0.03     |
| February 2015                      | \$0.07      | \$0.05     |
| November 2014                      | \$0.12      | \$0.07     |
| August 2014                        | \$0.22      | \$0.10     |
| May 2014                           | \$1.08      | \$0.15     |
| February 2014                      | \$0.45      | \$0.05     |
| November 2013                      | \$0.08      | \$0.02     |
| August 2013                        | \$0.03      | \$0.02     |

<sup>(1)</sup> The quotations above were obtained from Yahoo Finance, reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

On November 7, 2015, the last closing price for one share of our common stock as reported by the OTC Bulletin Board was \$0.02. This closing price reflects an inter-dealer price, without retail mark-up, mark-down or commission, and may not represent an actual transaction.

The high and low bid prices (given in Canadian Dollars) of our common stock on the Canadian Securities Exchange for the periods indicated below are as follows:

| <b>Quarter Ended<sup>(1)</sup></b> | <b>High</b> | <b>Low</b> |
|------------------------------------|-------------|------------|
| August 2015                        | \$0.03      | \$0.04     |
| May 2015                           | \$0.09      | \$0.04     |
| February 2015                      | \$0.095     | \$0.05     |
| November 2014                      | \$0.14      | \$0.055    |
| August 2014                        | \$0.24      | \$0.11     |
| May 2014                           | \$1.20      | \$0.16     |
| February 2014                      | \$0.49      | \$0.05     |
| November 2013                      | \$0.08      | \$0.02     |
| August 2013                        | \$0.05      | \$0.01     |

<sup>(1)</sup> The quotations above were obtained from TD Waterhouse Investor Services, reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

As of October 5, 2015, there were 114 holders of record of our common stock. As of October 5, 2015, 71,508,460 common shares were issued and outstanding.

Our common shares are issued in registered form. Computershare, 2nd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9 (Telephone: 604-661-9400; Facsimile: 604-661-9549) 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 April 24, 2014 the Company entered into a one year consulting contract with 2342878 Ontario Inc. wholly owned company by Chris Hornung as Assistant Operations Manager. Upon signing of the contract of acceptance the Company issued 90,000 common shares at a deemed price of \$0.34. Based on the milestones listed in the contract, Mr. Hornung or his company can be eligible to receive up to a total of 472,500 common shares of the Company. In July, the Company accepted Mr. Hornung's resignation. The 90,000 common shares of the Company that were issued have been returned back to treasury on September 24, 2014.



On September 18, 2014 we announced that we had provided notice to our joint venture partner World of Marihuana Productions Inc. (“WOM”) alleging default by WOM under the terms of our joint venture agreement for among other things, WOM’s failure to provide financial information in regards to the funding, expenses and operation of the Joint Venture..

On October 16, 2014 we entered into a termination and settlement agreement, dated effective October 14, 2014, with WOM and Mathew Chadwick pursuant to which the parties have entered into mutual releases, Mr. Chadwick has resigned from our board of directors and as an officer of our company, and WOM has returned for cancellation 15,127,287 of our common shares issued to it pursuant to our joint venture agreement. Given the foregoing, all relationships and agreement between our Company, WOM, and Mr. Chadwick have been terminated.

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

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

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

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

On June 11, 2015, The Green Canvas Limited is to return 6,400,000 restricted common shares of Enertopia held in escrow are to be returned to treasury and cancelled.

#### *Equity Compensation Plan Information*

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

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### 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.

### **2014 Stock Option Plan**

On July 15, 2014, the shareholders approved and adopted at the Annual General Meeting the Company's 2014 Stock Option Plan. The purpose of these 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.

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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 17,400,000 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 except for those disclosed in the regulatory filings and in the notes to the financial statements.

| <b>Equity Compensation Plan Information</b>            |  |  |  |
|--|--|--|--|
| <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    | 2,255,000  | \$0.30   | 2,465,348  |
| 2014 Stock Option Plan approved by security holders    | 1,700,000  | Nil  | 15,570,000   |
| <b>Total</b>   | <b>3,955,000</b>   | <b>\$0.30</b>  | <b>18,165,348</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, 2015.

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

**Plan of Operation**

During the next twelve month period (beginning September 1, 2015), we intend to:

- continue sales and marketing efforts for V-Love with radio, digital media marketing, ecommerce, electronic and print media campaigns;
- identify and secure sources of equity and/or debt financing for additional provisional patent work and applications;
- identify and secure sources of equity and/or debt financing for additional line of products in the health and wellness sector;
- identify and secure sources of equity and/or debt financing for research and development in the health and wellness sector

We anticipate that we will incur the following operating expenses during this period:

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| <b>Estimated Funding Required During the 12 Months beginning September 1, 2015</b> |                     |
|--|---------------------|
| <b>Expense</b>   | <b>Amount (\$)</b>  |
| Research and Development of additional products                                    | 100,000             |
| Potential Patent and Trademark Applications for V-Love                             | 150,000             |
| Marketing and Sales  | 250,000             |
| Management Consulting Fees   | 450,000             |
| Professional fees  | 150,000             |
| Rent   | 35,000              |
| Other general administrative expenses  | 100,000             |
| <b>Total</b>   | <b>\$ 1,235,000</b> |

As at the date of this annual report, we do not have sufficient cash on hand to finance our entire potential and estimated \$1,235,000 cash obligation to the proposed spending for the 12 months beginning September 1, 2015. Based on our current cash position of \$84,157, we anticipate that we will require \$1.1 million in additional cash to execute our business plan. In the event that we are unable raise sufficient cash we intend to reduce our planned expenditures to accommodate our means with a view toward prioritizing revenue generating activity and fulfilling our public reporting obligations. As at the date of this registration statement we have no financing arrangements in place.

#### ***Results of Operations for our Years Ended August 31, 2015 and 2014***

Our net loss and comprehensive loss for our year ended August 31, 2015, for our year ended August 31, 2014 and the changes between those periods for the respective items are summarized as follows:

|   | <b>Year Ended<br/>August 31,<br/>2015</b> | <b>Year Ended<br/>August 31,<br/>2014</b> | <b>Change Between<br/>Year Ended<br/>August 31, 2015<br/>and Year Ended<br/>August 31, 2014</b> |
|---|---|---|---|
|   | <b>\$</b>                                 | <b>\$</b>                                 | <b>\$</b>   |
| Revenue                                 | \$ 8,632                                  | \$ Nil                                    | \$ 8,632  |
| Cost of Goods Sold                      | 3,796                                     | Nil                                       | 3,796   |
| Other (income) expenses                 | (94,947)                                  | 2,281,986                                 | (2,376,933)   |
| General and administrative              | 1,249,216                                 | 2,359,019                                 | (1,109,803)   |
| Interest expense                        | 2,108                                     | 4,745                                     | (2,637)   |
| Exploration Costs                       | Nil                                       | Nil                                       | Nil   |
| Impairment of long- term<br>investments | 6,270                                     | 469,048                                   | (462,778)   |
| Consulting fees                         | 752,319                                   | 1,780,886                                 | (1,028,047)   |
| Professional Fees                       | 90,612                                    | 122,747                                   | (32,135)  |
| Net Income (loss)                       | (1,149,433)                               | (4,641,005)                               | 3,491,572   |

***Other Income and Revenue***

The increase in revenue for year ended August 31, 2015, relates to the sales for the new product V-Love that entered the retail market in May 2015. The increase in other income for our year ended August 31, 2015, relates to the cancellation of The Green Canvas Joint Venture with common shares of the Company being returned back to treasury and cancelled. In addition, the Company has cancelled the Burlington Joint Venture and have returned 500,000 common shares back to Lexaria. The other income costs have decreased by \$2,376,933 for the year ended August 31, 2015 compared to August 31, 2014. The high other income expenses for our year ended August 31, 2014, relates to the issuance of Lexaria common shares to the Company that have gone down in fair market value, The Green Canvas Joint Venture expenses on the medical marijuana license applications, the write off of the WTI deal and the write down of the World of Marihuana Joint Venture termination on October 14, 2014.

***General and Administrative***

Our general and administrative expenses were lower by \$1,109,803 for our year ended August 31, 2015 compared to August 31, 2014. The decrease in costs were largely due non-renewal of consulting contracts. In addition the Company decreased costs of \$35,265 for investor relations, \$33,653 for fees, \$394 for training and conference, \$16,582 for travel and \$90,612 in professional fees for the year ended August 31, 2015. These decreased costs are due to the Company's termination of the joint ventures in the Medical Marijuana business sector.

***Professional Fees***

There was a decrease in legal fees for our year ended August 31, 2015 by \$40,823 compared to the prior year due to financings, registration statements and additional legal advice required for the medical marijuana business.

***Interest Expense***

There was a slight decrease in interest expense for our year ended August 31, 2015 by \$2,637 compared to the prior year.

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**Exploration Costs**

There were no exploration costs for our year ended August 31, 2015 compared to prior year.

**Impairment of Long-Term Investment**

For the year ended August 31, 2015, the Burlington joint venture was terminated on June 11, 2015. For the year ended August 31, 2014, there was a write off of the WTI deal and from the termination of the World of Marijuana joint venture on October 14, 2015.

**Consulting Fees**

There was a decrease in consulting fees for the year ended August 31, 2015 compared to August 31, 2014 by \$1,028,547. This was largely due to non-renewal of consulting agreements and the termination of various joint ventures. For the year ended August 31, 2014 there were new consulting agreements and stock based compensation required for the entrance in the medical marijuana business. The increased costs are associated with the medical marijuana business sector. The Company has entered into various joint venture agreements, advisor and consulting agreements which has increased the costs in 2014.

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

|                                   | At<br>August 31,<br>2015 | At<br>August 31,<br>2014 |
|-----------------------------------|--------------------------|--------------------------|
| Current assets                    | \$ 343,927               | \$ 1,488,227             |
| Current liabilities               | 325,037                  | 579,826                  |
| Working capital surplus/(deficit) | \$ 18,890                | \$ 908,401               |

**Cash Flows**

|   | August 31,<br>2015 | Year Ended<br>August 31<br>2014 |
|---|--------------------|---------------------------------|
| Cash flows (used in) operating activities   | \$ (905,202)       | (2,201,179)                     |
| Cash flows (used in) investing activities   | 3,000              | 3,734                           |
| Cash flows from financing activities        | 98,237             | 3,084,226                       |
| Net increase (decrease) in cash during year | \$ ( 803,965)      | 886,781                         |

**Operating Activities**

Net cash used in operating activities was \$905,202 for our year ended August 31, 2015 compared with cash used in operating activities of \$2,201,179 in 2014. The decrease in net cash used in operating activities is due to our Company decrease in accounts payable, prepaid expenses and joint venture agreement terminations compared to August 31, 2014.

### ***Investing Activities***

Net cash provided from investing activities was \$3,000 for our year ended August 31, 2015 compared to net cash used in investing activities of \$3,734 in the same period in 2014.

### ***Financing Activities***

Net cash provided by financing activities was \$98,237 for our year ended August 31, 2015 compared to \$3,028,324 in the same period in 2014. This decrease is primarily due to a smaller financing compared to the prior year end.

### **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 \$1,149,433 for the year ended August 31, 2015 [2014 net loss of \$4,641,005] and at August 31, 2015 had a deficit accumulated during the exploration stage of \$11,915,096 [2014 \$10,765,663]. We generated revenue of \$8,632 for the year ended August 31, 2015 [2014 - \$nil]. We have working capital surplus of \$18,890 as at August 31, 2015 [2014 working capital surplus \$908,401]. 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 and the financing environment is exceptionally difficult.

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.

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## 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

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

FASB ASU 2014-10. In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915). The amendments in ASU 2014-10 remove all incremental financial reporting requirements from U.S. GAAP for development stage entities, including the removal of Topic 915, Development Stage Entities, from the FASB Accounting Standards Codification. In addition, the ASU: (a) adds an example disclosure in Topic 275, Risks and Uncertainties, to illustrate one way that an entity that has not begun planned principal operations could provide information about the risks and uncertainties related to the company's current activities; and (b) removes an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity. The presentation and disclosure requirements in Topic 915 will no longer be required for the first annual reporting period beginning after December 15, 2014. The withdrawal of the presentation and disclosure requirements of Topic 915 is effective for annual reporting periods beginning after December 15, 2015. The revised consolidation standards are effective for annual reporting periods beginning after December 15, 2016. Early adoption is permitted for any annual reporting period or interim period for which an entity's financial statements have not yet been issued or made available for issuance. The Company has early adopted ASU 2014-10 and impacts of its adoption have been reflected throughout the Company's financial statements, with the significant effect being the elimination of disclosures of certain cumulative amounts incurred during the period from inception to the period end reporting date.

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

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

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

#### **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**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

**Enertopia Corp.**

We have audited the balance sheets of Enertopia Corp. (the Company) (formerly Golden Aria Corp.) as at August 31, 2015 and 2014 and the related statements of stockholders' equity, operations and cash flow for the years then ended. 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Company as at August 31, 2015 and 2014 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements referred to above have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the 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 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada  
November 19, 2015

Chartered Professional Accountants

**Enertopia Corp.**  
**BALANCE SHEETS**  
(Expressed in U.S. Dollars)

|   | <b>August 31<br/>2015</b> | <b>August 31<br/>2014</b> |
|---|---------------------------|---------------------------|
| <b>ASSETS</b>   |                           |                           |
| <b>Current</b>  |                           |                           |
| Cash and cash equivalents                                       | \$ 84,157                 | \$ 888,122                |
| Marketable securities (Note 4)                                  | 181,950                   | 323,750                   |
| Accounts receivable   | 23,653                    | 42,264                    |
| Prepaid expenses and deposit                                    | 15,832                    | 234,091                   |
| Inventory (Note 7)  | 38,335                    | -                         |
| <b>Total current assets</b>                                     | <b>343,927</b>            | <b>1,488,227</b>          |
| <b>Non-Current</b>  |                           |                           |
| Long term investments GSWPS (Note 5)                            | 1                         | 1                         |
| Other long term investments (Note 5)                            | 22,182                    | -                         |
| Medical Marijuana Assets (Note 6)                               | -                         | 774,271                   |
| <b>Total Assets</b>   | <b>\$ 366,110</b>         | <b>\$ 2,262,499</b>       |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                     |                           |                           |
| <b>LIABILITIES</b>  |                           |                           |
| <b>Current</b>  |                           |                           |
| Accounts payable  | \$ 208,749                | \$ 226,916                |
| Deferred Revenues   | 40,000                    | 280,000                   |
| Due to related parties (Note 8)                                 | 76,288                    | 72,910                    |
| <b>Total Current Liabilities</b>                                | <b>325,037</b>            | <b>579,826</b>            |
| <b>STOCKHOLDERS' EQUITY</b>                                     |                           |                           |
| <b>Share capital</b>  |                           |                           |
| Authorized:   |                           |                           |
| 200,000,000 common shares with a par value of \$0.001 per share |                           |                           |
| Issued and outstanding:   |                           |                           |
| 71,508,460 common shares at August 31, 2015 and August          |                           |                           |
| 31,2014: 90,870,747   | <b>71,508</b>             | 90,870                    |
| <b>Additional paid-in capital</b>                               | <b>11,884,661</b>         | 14,070,611                |
| <b>Shares to be returned</b>                                    | -                         | (1,713,145)               |
| <b>Deficit accumulated during the exploration stage</b>         | <b>(11,915,096)</b>       | (10,765,663)              |
| <b>Total Stockholders' Equity</b>                               | <b>41,073</b>             | 1,682,673                 |
| <b>Total Liabilities and Stockholders' Equity</b>               | <b>\$ 366,110</b>         | <b>\$ 2,262,499</b>       |

The accompanying notes are an integral part of these financial statements

**Enertopia Corp.**  
**STATEMENTS OF OPERATIONS**  
(Expressed in U.S. Dollars)

|   | Year Ended            |                       |
|---|-----------------------|-----------------------|
|   | August 31<br>2015     | August 31<br>2014     |
| <b>Revenue</b>  |                       |                       |
| Net Sales   | \$ 8,632              | \$ -                  |
| <b>Cost of Product Sales</b>  |                       |                       |
|   | 3,796                 | -                     |
| <b>Gross Profit</b>   |                       |                       |
|   | 4,836                 | -                     |
| <b>Expenses</b>   |                       |                       |
| Accounting and audit  | 52,757                | 44,069                |
| Sales & Marketing   | 3,514                 | 2,199                 |
| Advertising & Promotions  | 209,494               | 170,777               |
| Bank charges and interest expense   | 2,108                 | 4,745                 |
| Consulting/Stock Based Compensation   | 752,319               | 1,780,866             |
| Fees and dues   | 33,653                | 51,182                |
| Insurance   | 11,565                | 13,939                |
| Investor relations  | 35,265                | 44,184                |
| Legal and professional  | 37,855                | 78,678                |
| Office and miscellaneous  | 9,523                 | 31,979                |
| Research and Development  | 8,459                 | -                     |
| Rent  | 72,284                | 45,147                |
| Telephone   | 3,444                 | 1,759                 |
| Training & Conferences  | 394                   | 32,902                |
| Travel  | 16,582                | 56,593                |
| <b>Total expenses</b>   | <b>1,249,216</b>      | <b>2,359,019</b>      |
| <b>(Loss) for the period before other items</b>                                 | <b>(1,244,380)</b>    | <b>(2,359,019)</b>    |
| <b>Other income (expense)</b>   |                       |                       |
| Other income  | 43,017                | 71,922                |
| Impairment of long term investments   | (6,270)               | (469,048)             |
| MMJ license expenses  | -                     | (1,882,860)           |
| Gain on marketable securities   | 58,200                | -                     |
| Write down of oil and gas properties  | -                     | (2,000)               |
| <b>Net loss and comprehensive loss for the period</b>                           | <b>\$ (1,149,433)</b> | <b>\$ (4,641,005)</b> |
| <b>Basic and diluted income (loss) per share</b>                                | <b>\$ (0.01)</b>      | <b>\$ (0.07)</b>      |
| <b>Weighted average number of common shares outstanding - basic and diluted</b> | <b>77,119,448</b>     | <b>65,894,839</b>     |

The accompanying notes are an integral part of these financial statements



**ENERTOPIA CORP.**  
**STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Expressed in U.S. Dollars)**

|   | COMMON STOCK |           | ADDITIONAL   | STOCK  | DEFICIT     | TOTAL         |
|---|--------------|-----------|--------------|--------|-------------|---------------|
|   | SHARES       | AMOUNT    | PAID-IN      | TO BE  | ACCUMULATED | STOCKHOLDERS' |
|   |              |           | CAPITAL      | ISSUED | DURING      | EQUITY        |
|   |              |           |              |        | EXPLORATION |               |
|   |              |           |              |        | STAGE       |               |
| Balance, August 31, 2013                  | 30,314,415   | \$ 30,314 | \$ 5,622,895 | \$     | (6,124,658) | \$ (471,449)  |
| Shares issued to Downhole Energy          | 100,000      | 100       | 1,900        |        |             | 2,000         |
| Shares issued to Stewart Briggs/Olibri    | 750,000      | 750       | 36,750       |        |             | 37,500        |
| Shares issued for MM Assets               | 10,000,000   | 10,000    | 190,000      |        |             | 200,000       |
| Shares issued for Investor Relations      | 200,000      | 200       | 13,800       |        |             | 14,000        |
| Shares issued for cash for PP on Nov 18   | 2,720,000    | 2,720     | 133,280      |        |             | 136,000       |
| Shares issued for cash for PP on Dec 23   | 2,528,000    | 2,528     | 113,732      |        |             | 116,260       |
| Shares issued per Agreement with DS       | 250,000      | 250       | 37,250       |        |             | 37,500        |
| Shares issued per JV with WOM             | 5,000,000    | 5,000     | 895,000      |        |             | 900,000       |
| Shares issued for cash for PP on Jan 31   | 4,292,000    | 4,292     | 395,292      |        |             | 399,584       |
| Shares issued for warrant conversion      | 1,126,500    | 1,127     | 214,973      |        |             | 216,100       |
| Shares issued for option conversion       | 450,000      | 450       | 43,800       |        |             | 44,250        |
| Shares issued for cash for PP on Feb 13   | 12,946,000   | 12,946    | 1,182,070    |        |             | 1,195,016     |
| Shares issued as per Agreement with Agora | 54,347       | 54        | 12,446       |        |             | 12,500        |

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|  |            |        |           |             |             |
|--|------------|--------|-----------|-------------|-------------|
| Shares issued per JV Agreement with GCL          | 10,000,000 | 10,000 | 2,090,000 |             | 2,100,000   |
| Shares issued per JV Agreement with WOM          | 1,000,000  | 1,000  | 599,000   |             | 600,000     |
| Shares issued for warrant conversion             | 5,827,855  | 5,828  | 909,143   |             | 914,971     |
| Shares issued for option conversion              | 425,000    | 425    | 83,800    |             | 84,225      |
| Shares issued as per agreement with R. Chadwick  | 100,000    | 100    | 59,900    |             | 60,000      |
| Shares issued as per agreement with Dr. Melamede | 250,000    | 250    | 169,750   |             | 170,000     |
| Shares issued as per various Ontario agreements  | 623,297    | 623    | 212,676   |             | 213,299     |
| Shares issued as per Agreement with Agora        | 72,917     | 73     | 13,053    |             | 13,126      |
| Shares issued as per various Ontario agreements  | 720,000    | 720    | 100,080   |             | 100,800     |
| Shares issued as per Agreement with Emerging LLC | 750,000    | 750    | 119,250   |             | 120,000     |
| Shares issued for warrant conversion             | 252,000    | 252    | 24,948    |             | 25,200      |
| Shares issued per LOI Burlington                 | 118,416    | 118    | 22,382    |             | 22,500      |
| Stock Based Compensation                         |            |        | 773,441   |             | 773,441     |
| WOM JV Termination, shares back to Treasury      |            |        |           | (1,682,545) | (1,682,545) |

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|  |               |           |               |               |                |             |
|--|---------------|-----------|---------------|---------------|----------------|-------------|
| Shares returned for contract cancellation C. Hornung |               |           |               | (30,600)      |                | (30,600)    |
| Comprehensive income (loss):                         |               |           |               |               |                |             |
| (Loss) for the year                                  |               |           |               |               | (4,641,005)    | (4,641,005) |
| Balance, August 31, 2014                             | 90,870,747 \$ | 90,871 \$ | 14,070,611 \$ | (1,713,145)\$ | (10,765,663)\$ | 1,682,673   |
| WOM JV Termination, shares back to Treasury          | (15,127,287)  | (15,127)  | (1,667,418)   | 1,682,545     |                | (1,682,545) |
| Shares returned for contract cancellation C. Hornung | (90,000)      | (90)      | (30,510)      | 30,600        |                | (30,600)    |
| Stock based compensation                             |               |           | 177,596       |               |                | 177,596     |
| Shares issued for PP on January 30                   | 1,665,000     | 1,665     | 70,400        |               |                | 72,065      |
| Shares issued for PP on March 12                     | 590,000       | 590       | 25,582        |               |                | 26,172      |
| Shares to be returned for JV termination             | (6,400,000)   | (6,400)   | (761,600)     |               |                | (768,000)   |
| Comprehensive income (loss):                         |               |           |               |               |                |             |
| (Loss) for the year                                  |               |           |               |               | (1,149,433)    | (1,149,433) |
| Balance, August 31, 2015                             | 71,508,460 \$ | 71,508 \$ | 11,884,661 \$ | - \$          | (11,915,096)\$ | 41,073      |

The accompanying notes are an integral part of these financial statements

**ENERTOPIA CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in U.S. Dollars)

|   | <b>August 31</b> | <b>Year Ended</b>  |
|---|------------------|--------------------|
|   | <b>2015</b>      | <b>August 31</b>   |
|   |                  | <b>2014</b>        |
| <b>Cash flows used in operating activities</b>                                |                  |                    |
| Net (loss)  | \$ (1,149,433)   | \$ (4,641,005)     |
| <b>Changes to reconcile net loss to net cash used in operating activities</b> |                  |                    |
| Consulting - stock based compensation   | 177,596          | 773,441            |
| MMJ expenses/(gain)   | -                | 1,332,010          |
| Write down of oil and gas properties  | -                | 2,000              |
| Gain on marketable securities   | (58,200)         | -                  |
| Impairment of long term investments   | 6,270            | 17,454             |
| Other non-cash activities   | 3,226            | 510,013            |
| <b>Change in non-cash working capital items:</b>                              |                  |                    |
| Accounts receivable   | (2,855)          | (9,805)            |
| Prepaid expenses and deposit  | 218,258          | (6,575)            |
| Inventory   | (38,336)         | -                  |
| Deferred charges  | (46,226)         | -                  |
| Accounts payable and accrued liabilities                                      | (21,116)         | (119,935)          |
| Due to related parties  | 5,614            | (58,777)           |
| <b>Net cash (used in) operating activities</b>                                | <b>(905,202)</b> | <b>(2,201,179)</b> |
| <b>Cash flows from (used in) investing activities</b>                         |                  |                    |
| Proceeds from sale of marketable securities                                   | 3,000            | -                  |
| Investment in Pro Eco   | -                | 10,005             |
| Investment in Medical Marijuana Operations                                    | -                | (6,271)            |
| <b>Net cash from investing activities</b>                                     | <b>3,000</b>     | <b>3,734</b>       |
| <b>Cash flows from financing activities</b>                                   |                  |                    |
| Promissory notes - related party  | -                | (47,380)           |
| Net Proceeds from options exercised   | -                | 128,500            |
| Net Proceeds from warrants exercised  | -                | 1,156,246          |
| Net proceeds from subscriptions received                                      | 98,237           | 1,846,860          |
| <b>Net cash from financing activities</b>                                     | <b>98,237</b>    | <b>3,084,226</b>   |
| <b>Increase (Decrease) in cash and cash equivalents</b>                       | <b>(803,965)</b> | <b>886,781</b>     |
| <b>Cash and cash equivalents, beginning of year</b>                           | <b>888,122</b>   | <b>1,341</b>       |
| <b>Cash and cash equivalents, end of year</b>                                 | <b>\$ 84,157</b> | <b>\$ 888,122</b>  |
| <b>Supplemental information of cash flows</b>                                 |                  |                    |
| Interest paid in cash   | \$ -             | \$ -               |
| Income taxes paid in cash   | \$ -             | \$ -               |

The accompanying notes are an integral part of these financial statements



**ENERTOPIA CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2015**  
**(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 resource company engaged in the exploration, development and acquisition of natural resources in the United States and Canada. In the fiscal year 2010, the Company shifted its strategic plan from its non-renewal energy operations to its planned renewal energy operations and natural resource acquisition and development. In late summer of 2013, the Company added another business sector in its entrance alternative health and wellness. The Company has offices in Vancouver and Kelowna, B.C., Canada.

**2. GOING CONCERN UNCERTAINTY**

The accompanying 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 had a working capital surplus of \$18,890 for the year ended August 31, 2015 [surplus of \$908,401 for year ended August 31, 2014]. The Company incurred a net loss of \$1,149,433 for the year ended August 31, 2015 [net loss \$4,641,005 for the year ended August 31, 2014] and as at August 31, 2015 has incurred cumulative losses of \$11,915,096 that raises substantial doubt about its ability to continue as a going concern. Management has been able, thus far, to finance the operations through equity financing and cash on hand. There is no assurance that the Company will be able to continue to finance the Company on this basis.

In view of these conditions, the ability of the Company to continue as a going concern is in substantial doubt and dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing as may be required, to receive the continued support of the Company's shareholders, and ultimately to obtain successful operations. There are no assurances that we will be able to obtain further funds required for our continued operations. As noted herein, we are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations. There is significant uncertainty as to whether we can obtain additional financing. These 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 financial statements.

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

#### **a) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles.

The Company early adopted Accounting Standards Update No. 2014-10, Development Stage Entities

(Topic 915): Elimination of Certain Financial Reporting Requirements. This standard removes all incremental financial reporting requirements from U.S. generally accepted accounting principles for development stage entities, including the removal of Topic 915 from the FASB Accounting Standards Codification. Upon adoption, the Company no longer reports its operations as a development stage entity and eliminated all inception to date information.

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**b) Revenue Recognition**

The Company recognizes revenue from product sales when persuasive evidence of an arrangement exists, title to product and associated risk of loss has passed to the customer, the price is fixed or determinable, collection from the customer is reasonably assured, the Company has no further performance obligation, and returns can be reasonably estimated.

**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, 2014 and 2013, cash and cash equivalents consist of cash only.

**d) Marketable Securities**

Marketable securities are classified at fair value through profit (loss). They consist of equities which are all traded in the public markets. Marketable securities are recorded at fair value, with changes to fair value recorded in profit or loss.

**e) Inventories and Cost of Sales**

The Company has two major classes of inventory: finished goods and raw materials. In both classes, inventory is valued at the lower of cost or market. Cost is determined on a first-in, first-out basis. Cost of sales includes all expenditures incurred in bringing the goods to the point of sale. Inventory costs and costs of sales include direct costs of the raw material, inbound freight charges, warehousing costs, handling costs (receiving and purchasing) and utilities and processing costs charged by third parties.

**f) 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 investee's net income or losses after the date of investment. When net losses from an investment accounted for under the equity method exceeds 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.

**g) Other long term investments**

Other long term investments for which the Company has not have the ability to exercise significant influence and for which there is not a readily determinable market value are accounted for under the cost method of accounting, such that they are recorded at the lower of cost or estimated net realizable value. Management periodically reviews the cost method investments for instances where fair value is less than the carrying amount and the decline in value is determined to be other than temporary. If the decline in

value is judged to be other than temporary, the carrying amount of the security is written down to fair value and the resulting loss is charged to operations.

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**h) 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.

**i) 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.

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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.

**m) 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.

**n) 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.

**o) 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, 2015 and 2014.

**p) 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.

**q) Concentration of credit risk**

The Company places its cash and cash equivalent with high credit quality financial institution. As of August 31, 2015, the Company had \$65,132 in a bank beyond insured limit (August 31, 2014: \$871,038).

**r) Recently Adopted Accounting Pronouncements**

In June 2014, the FASB issued Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation ( ASU 2014-10 ). The amendments in ASU 2014-10 remove all incremental financial reporting requirements from GAAP for development stage entities, including the removal of Topic 915, Development Stage Entities, from the FASB Accounting Standards Codification. ASU 2014-10 is effective for the first annual period beginning after December 15, 2014. Early adoption is permitted and the Company adopted ASU 2014-10 in the fourth quarter of 2015 which consisted principally of removing inception to date information on the Company's statements of operations, equity and cash flows as well as other inception to date disclosures in the notes to its financial statements.

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s) **New Accounting Pronouncements**

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

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

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

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

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As at August 31, 2015 marketable securities consist of 990,000 common shares of Lexaria Corp. obtained through Definitive Agreements as per Note 6. The Company classified the securities owned as held-for-trade and recorded at fair value.

The fair value of the common shares of Lexaria Corp. was \$0.18 per share as at August 31, 2015.

Enertopia has sold its interest in the Burlington project and therefore this agreement has been terminated as at June 11, 2015. The 500,000 common shares of Lexaria Corp. are being returned back to treasury and cancelled. As at August 31, 2015, the Company reversed out total amount of \$200,000 with respect to 500,000 restricted common shares from marketable securities and deferred revenue. Also see Note 6 (d). Given that the MMPR license was not received within 24 months of the date of this agreement, and shares were cancelled and returned to treasury. Restricted shares are not within the scope of ASC 320-10 and are therefore accounted for at cost less other than temporally impairment if the restriction does not terminated within one year. No other than temporally impairment incurred as at August 31, 2015.

## 5. LONG TERM INVESTMENTS

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

On February 28, 2010, the Company entered into an Asset and Share Purchase Agreement with the Company's former chief technical officer - Mr. Mark Snyder to acquire up to 20% ownership interest of GSWPS.

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

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

During the year ended August 31, 2008, the Company purchased 900,000 shares in Pro Eco Energy USA Ltd. (Pro Eco Energy) for \$45,000. During the year ended August 31, 2014, the Company sold its investment in Pro Eco Energy to Western Standard Energy Corp. for \$40,000. During the year ended August 31, 2015, 600,000 shares of Pro Eco Energy was returned to the Company and the receivable from Western Standard Energy Corp. was settled. As at August 31, 2015 the Company owns 600,000 common shares of Pro Eco Energy, with carrying amount of \$22,182, which represented 6.55% ownership. The Company has no significant influence in Pro Eco Energy.

## 6. MEDICAL MARIJUANA ASSETS

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

on which WOM has received the final and duly issued Licence from Health Canada and has notified Enertopia of such receipt. The execution date (the Execution Date ) is upon signing of this WOM Agreement.

The following are the terms of the WOM Agreement:

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

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- i) 10,000,000 shares of the restricted common stock of Enertopia (the "Shares") to 0984329 B.C. Ltd ("098") at the direction of WOM at the time of execution of the LOI (the "LOI Shares") (Completed);
- ii) Issuance of 5,000,000 Shares to 098 and payment of \$100,000 to WOM upon signing of this WOM Agreement the Execution Date which Shares will be held in escrow (the "Escrow Shares") by Enertopia's solicitors until such time as the Effective Date has occurred. Upon occurrence of the Effective Date, the Escrow Shares will be released from escrow; (Completed)
- iii) Payment to WOM of \$75,000 by January 31, 2014 in exchange for which Enertopia will be granted a 30% Interest in the WOM Business;(Completed)
- iv) Issue 1,000,000 Shares to 098 and pay \$200,000 to WOM on or before the date that is six months from the Execution Date in exchange for which Enertopia shall be granted a further 1% Interest in the WOM Business; (Completed)
- v) Issue 1,000,000 Shares to 098 and pay \$200,000 to WOM on or before the one year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 2% Interest in the WOM Business;
- vi) Issue 1,000,000 Shares to 098 and \$200,000 to WOM on or before the second year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 6% Interest in the WOM Business;
- vii) Issue 1,000,000 Shares to 098 and \$300,000 to WOM on or before the third year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 6% Interest in the WOM Business;
- viii) Issue 1,000,000 Shares to 098 and \$300,000 to WOM on or before the fourth year anniversary of the Execution Date in exchange for which Enertopia shall be granted a further 6% interest in the WOM Business for a total of 51% Interest to be held by Enertopia at such time;
- ix) Following the Effective Date and subject to any required stock exchange approvals, Enertopia shall appoint Mathew Chadwick, the current sole director of WOM (the "Appointee"), to the board of directors of Enertopia. The Appointee will hold office until the next annual meeting of the shareholders of Enertopia unless his office is earlier vacated in accordance with applicable corporate law. Enertopia shall include the Appointee as one of the management nominees put forth by Enertopia at each shareholder meeting at which the election of directors is an item of business, provided however, that the Appointee shall only be entitled to serve as a director of Enertopia as long as this Agreement is in good standing, full force and effect;
- x) WOM shall not, at any time following the Effective Date and during the course this Agreement remains in effect, issue, split, reverse split, hypothecate or otherwise transact any of its share capital, under any circumstance, without the prior written consent of Enertopia; and
- xi) WOM shall use the first \$375,000 paid by Enertopia pursuant to the term of the WOM Agreement hereof to upgrade the Business as may be required pursuant to Health Canada stipulations or as my otherwise required to advance the Business.

The license application for the WOM joint venture was submitted in October 2013. To date the WOM joint venture has been financed by our Company in the amount of \$375,000. The \$375,000 budget is intended to fund the joint venture through completion of facility upgrades and completion of the licensing process. On September 18, 2014 we announced that we have provided notice to WOM alleging default under the terms of the joint venture agreement for, among other things, their failure to provide financial information in regards to the funding, expenses and operation of the joint venture. WOM has provided notice in response disputing their default, and we are currently in correspondence with WOMs attorney.

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

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- (b) On February 28, 2014, the Company has entered into a Joint Venture Agreement ("the GCL Agreement") with The Green Canvas Ltd. ("GCL") (collectively, the "Parties") with regard to the acquisition (the "Acquisition") by Enertopia of up a 75% interest in the business of GCL (the "GCL Business"), being the business of legally producing, manufacturing, propagating, importing/exporting, testing, researching and developing, and selling marijuana for medical purposes.

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

- a) Payment of \$100,000 at the time of execution of the LOI (paid);
  - b) Either concurrently with or immediately following the Execution Date, Enertopia shall complete the following in return for which Enertopia will be granted and vested with a 49% Ownership Interest in the Business:
    - (i) issue to GCL an aggregate of 10,000,000 common shares of Enertopia ("Shares"); and (issued)
    - (ii) pay to GCL the aggregate sum of \$500,000, the full amount of which, less the sum of \$113,400 payable to Wolverton Securities as a finder's fee, shall be used by GCL to upgrade the GCL Business as may be necessary pursuant to MMPR requirements or as may otherwise be required to advance the GCL Business.(paid)
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The parties did not form a separate legal entity as part of the GCL Agreement; therefore, the Company accounts for the GCL Agreement as a collaborative arrangement in accordance with applicable accounting guidance. During the fourth quarter of 2015, the Company cancelled 6,400,000 restricted common shares issued to GCL, whereby Enertopia Corp. and the Green Canvas Ltd. mutually agreed to cancel the Joint Venture Agreement and the 6,400,000 restricted common shares of Enertopia Corp. held in escrow have been returned and cancelled. As at August 31, 2015, the Company recorded an additional paid in capital of \$576,000 related to the cancellation of the shares and termination of the GCL agreement.

- (c) On March 5, 2014, the Company and Mr. Robert McAllister has entered into a three year Joint Venture Agreement ("JV") with Lexaria Corp. (collectively, the "Parties"). Whereas the Company and Robert McAllister will source opportunities in the business, and the terms and conditions on which the Parties will form a joint venture to jointly participate in, or offer specific opportunities within the business (the "Joint Venture"), and Robert McAllister will join the Lexaria Corp. advisory board for the term of this Agreement. Lexaria Corp. issued the Company 1,000,000 shares and Robert McAllister 500,000 shares upon signing of the Agreement. Lexaria agrees to additionally pay Enertopia a finder's commission, received at the sole election of Enertopia in either cash or in common restricted shares of Lexaria, within a range of 2% - 5% of the value (less of taxes) of any future business acquisition, joint venture or

transaction that Lexaria accepts and closes for the life of this Agreement. Lexaria as its initial Contribution, hereby pays to McAllister 500,000 common restricted shares as compensation for entering the Joint Venture and for McAllister to initiate and during the term of the Agreement continue to provide to Lexaria opportunities for Lexaria to build its business. Lexaria agrees to additionally award McAllister 500,000 stock options to buy common shares of Lexaria, with terms to be specified and ratified by shareholder and regulatory approvals, as compensation for joining and serving as Chairperson of Lexaria's marijuana business advisory board for the term of this Agreement.

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

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

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

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

Enertopia - 51%

Lexaria - 49%

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

Enertopia - 45%

Lexaria - 55%

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

Enertopia - 51%

Lexaria - 49%

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

Enertopia - 51%

Lexaria - 49%

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

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

On June 26, 2015, the Company and Lexaria entered a Definitive agreement to sell the Joint Venture and the Company's wholly owned subsidiary, Thor Pharma Corp along with the MMPR application number 10MMPR0610. The Burlington MMPR license application will continue in the application process under new ownership. Pursuant to the agreement, the Company and Lexaria received a non-refundable \$10,000 deposit and are entitled to receive up to \$1,500,000 in milestone payments upon the Burlington facility becoming licensed under the MMPR. These monies would be split equally with Lexaria Corp. Notwithstanding the foregoing, we can neither guarantee nor provide a meaningful time estimate regarding the potential grant of a production license for the Burlington facility.

As a result of the sale of the joint venture, 500,000 restricted and escrowed common shares of Lexaria issued to our Company at a deemed price of \$0.40 was returned to treasury and cancelled.

As at August 31, 2015, the Company recorded \$13,326 in expenses relating to the joint venture agreement. As at August 31, 2015 the agreement has been terminated.

## **7. INVENTORY**

During the year ended August 31, 2015, the Company launched a new product line V-Love™. As at August 31, 2015, the Company has inventory of \$37,066 relating to V-Love™ products. Net sales since May 31, 2015 to August 31, 2015 were \$8,632 with \$3,795 in cost of goods sold and \$8,459 in research and development costs.

## **8. RELATED PARTIES TRANSACTION**

For the year ended August 31, 2015, the Company was party to the following related party transactions:

Paid /accrued \$78,000 (August 31, 2014: \$69,000) to the President of the Company in consulting fees.

Paid/accrued \$90,000CAD (August 31, 2013: \$78,000CAD) in consulting fees to a company controlled by the CFO of the Company.

\$76,288 was payable to the President and a company controlled by a CFO of the Company.

Incurred share based compensation expenses of \$137,481 in relation to stock options issued to President, CFO and directors (August 31, 2014: \$nil).

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

## **9. COMMON STOCK**

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

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

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

On June 11, 2015, The Green Canvas Limited is to return 6,400,000 restricted common shares of Enertopia held in escrow are to be returned to treasury and cancelled.

As at August 31, 2015, the Company had 71,508,460 shares issued and outstanding.

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

### **Stock Options**

On July 15, 2014, the shareholders approved and adopted at the Annual General Meeting the Company's 2014 Stock Option Plan. On April 14, 2011, the shareholders approved and adopted at the Annual General Meeting to consolidate the Company's 2007 Equity compensation plan and the Company's 2010 Equity Compensation Plan into a new Company 2011 Stock Option Plan. The purpose of these Plans is to advance the interests of the Corporation, through the grant of Options, by providing an incentive mechanism to foster the interest of eligible persons in the success of the Corporation and its affiliates; encouraging eligible persons to remain with the Corporation or its affiliates; and attracting new Directors, Officers, Employees and Consultants.

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

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

For the year ended August 31, 2015, the Company recorded \$177,595 (August 31, 2014 \$673,886) 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, 2015 and 2014 are presented below:

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|                          | Number of Shares | Options Outstanding<br>Weighted Average<br>Exercise Price |
|--------------------------|------------------|---|
| Balance, August 31, 2014 | 3,655,000        | \$ 0.30   |
| Cancelled                | (1,200,000)      | 0.10 0.86   |
| Expired                  | (700,000)        | 0.10  |
| Granted                  | 2,200,000        | 0.10  |
| Balance, August 31, 2015 | 3,955,000        | \$ 0.20   |

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:

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

The Company has the following options outstanding and exercisable.

| August 31, 2015 | Options outstanding |                            |                | Options exercisable          |                |
|-----------------|---------------------|----------------------------|----------------|------------------------------|----------------|
| Exercise prices | Number of shares    | Remaining contractual life | Exercise price | Number of shares exercisable | Exercise Price |
| \$0.10          | 100,000             | 4.22 years                 | \$ 0.10        | 100,000                      | \$ 0.10        |
| \$0.10          | 1,600,000           | 4.18 years                 | \$ 0.10        | 1,600,000                    | \$ 0.10        |
| \$0.50          | 50,000              | 3.60 years                 | \$ 0.50        | 50,000                       | \$ 0.50        |
| \$0.70          | 500,000             | 3.57 years                 | \$ 0.70        | 500,000                      | \$ 0.70        |
| \$0.35          | 50,000              | 3.43 years                 | \$ 0.35        | 50,000                       | \$ 0.35        |
| \$0.16          | 250,000             | 3.37 years                 | \$ 0.16        | 250,000                      | \$ 0.16        |
| \$0.06          | 550,000             | 3.18 years                 | \$ 0.06        | 550,000                      | \$ 0.06        |
| \$0.15          | 555,000             | 0.45 years                 | \$ 0.15        | 555,000                      | \$ 0.15        |
| \$0.15          | 150,000             | 0.52 years                 | \$ 0.15        | 150,000                      | \$ 0.15        |
| \$0.20          | 100,000             | 0.19 years                 | \$ 0.20        | 100,000*                     | \$ 0.20        |
| \$0.25          | 50,000              | 0.75 years                 | \$ 0.25        | 50,000                       | \$ 0.25        |
|                 | 3,955,000           | 3.09 years                 | \$ 0.20        | 3,955,000                    | \$ 0.20        |

\* These options expired without exercising subsequent to yearend.

| August 31, 2014 | Options outstanding |                            |                | Options exercisable          |                |
|-----------------|---------------------|----------------------------|----------------|------------------------------|----------------|
| Exercise prices | Number of shares    | Remaining contractual life | Exercise price | Number of shares exercisable | Exercise Price |
| \$0.50          | 50,000              | 4.60 years                 | \$ 0.50        | 50,000                       | \$ 0.50        |
| \$0.72          | 100,000             | 4.59 years                 | \$ 0.72        | 100,000                      | \$ 0.72        |
| \$0.86          | 200,000             | 4.58 years                 | \$ 0.86        | 200,000                      | \$ 0.86        |
| \$0.70          | 500,000             | 4.57 years                 | \$ 0.70        | 250,000                      | \$ 0.70        |
| \$0.68          | 200,000             | 4.53 years                 | \$ 0.68        | 100,000                      | \$ 0.68        |
| \$0.35          | 50,000              | 4.43 years                 | \$ 0.35        | 50,000                       | \$ 0.35        |
| \$0.16          | 250,000             | 4.37 years                 | \$ 0.16        | 250,000                      | \$ 0.16        |
| \$0.075         | 50,000              | 4.34 years                 | \$ 0.075       | 50,000                       | \$ 0.075       |

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|        |           |            |    |      |           |    |      |
|--------|-----------|------------|----|------|-----------|----|------|
| \$0.06 | 550,000   | 4.18 years | \$ | 0.06 | 550,000   | \$ | 0.06 |
| \$0.10 | 300,000   | 0.14 years | \$ | 0.10 | 300,000   | \$ | 0.10 |
| \$0.10 | 400,000   | 0.33 years | \$ | 0.10 | 400,000   | \$ | 0.10 |
| \$0.15 | 555,000   | 1.45 years | \$ | 0.15 | 555,000   | \$ | 0.15 |
| \$0.15 | 150,000   | 1.52 years | \$ | 0.15 | 150,000   | \$ | 0.15 |
| \$0.15 | 150,000   | 2.55 years | \$ | 0.15 | 150,000   | \$ | 0.15 |
| \$0.20 | 100,000   | 1.19 years | \$ | 0.20 | 100,000   | \$ | 0.20 |
| \$0.25 | 50,000    | 1.75 years | \$ | 0.25 | 50,000    | \$ | 0.25 |
|        | 3,655,000 | 2.85 years | \$ | 0.30 | 3,305,000 | \$ | 0.30 |

## Warrants

As at August 31, 2015, the Company has 15,435,085 warrants issued and outstanding. A summary of warrants as at August 31, 2015 and 2014 is as follows:

|                          | Number of warrant | Warrant Outstanding<br>Weighted Average<br>Exercise Price |
|--------------------------|-------------------|---|
| Balance, August 31, 2014 | 13,606,245        | \$ 0.14   |
| Granted                  | 2,424,840         | 0.10  |
| Expired                  | (596,000)         | 0.20  |
| Balance, August 31, 2015 | 15,435,085        | \$ 0.14   |

| Number<br>Outstanding <sup>1</sup> | Exercise<br>Price                        | Expiry<br>Date                     |
|------------------------------------|--|------------------------------------|
| 278,275                            | \$ 0.20                                  | September 28,<br>2015 <sup>2</sup> |
| 430,670                            | \$ 0.20                                  | November 15,<br>2015 <sup>2</sup>  |
| 1,468,000                          | \$ 0.10                                  | November 26,<br>2016               |
| 1,438,800                          | \$ 0.10                                  | December 23,<br>2016               |
| 2,167,160                          | \$ 0.15                                  | January 31,<br>2016                |
| 7,227,340                          | \$ 0.15                                  | February 13,<br>2016               |
| 1,787,640                          | \$ 0.10 and \$0.15<br>\$ after 24 months | January 30,<br>2018                |
| 637,200                            | \$ 0.10 and \$0.15<br>\$ after 24 months | March 12, 2018                     |
| 15,435,085                         |  |                                    |

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

2. These warrants expired without exercising subsequent to yearend.

## 11. COMMITMENTS

- (a) The Company has a consulting agreement with the President of the Company for corporate administration and consulting services for \$5,000 per month plus HST/GST on a continuing basis. Effective March 1, 2014, the Company entered into a new consulting contract with the consulting services at \$6,500 per month plus GST.
- (b) On October 9, 2009, the Company entered into consulting agreement with BKB Management Ltd., a corporation organized under the laws of the Province of British Columbia. BKB Management Ltd. is a consulting company controlled by the chief financial officer of the Company. BKB Management provides management consulting services for CAD\$4,500 per month plus HST/GST. Effective April 1, 2011, the consulting services are CAD\$5,500 per month plus HST/GST. Effective March 1, 2014, the Company

entered into a new consulting agreement with the consulting services at CAD\$7,500 per month plus GST.

- (c) On January 13, 2014, the Company entered into a corporate development agreement with Don Shaxon. The initial term of this agreement shall begin on the date of execution of this agreement and continue for twelve months. Thereafter the agreement will continue on a month-by-month basis pending cancellation by written notification with 30 days notice. In consideration for the services the Company will pay the Provider Don Shaxon a signing stock bonus of 250,000 common shares of the Company, one-time cash bonus of \$40,000 90 days after the commencement of the contract, and a monthly fee of \$3,500 plus \$500 in monthly expenses. Upon execution of the Agreement, the Company also granted 250,000 stock options to Don Shaxon with respect to the corporate development agreement dated January 13, 2014. The exercise price of the stock options is \$0.16, 250,000 stock options vested immediately, expiring January 13, 2019. On May 5, 2014, the Company signed an Addendum with Don Shaxon. The monthly compensation increased to \$7,500 including expenses. This agreement was terminated on March 31, 2015.
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- (d) On February 27, 2014, the Company signed a \$50,000 12 month marketing agreement with Agoracom payable in common shares of the Company on a quarterly basis. The first quarter payment of \$12,500 has been paid by issuing 54,347 common shares of the Company at a market price of \$0.23 per share. On June 9, 2014, the Company made its second quarterly payment by issuing 72,917 common shares of the Company at a market price of \$0.18 per share. This agreement is now completed.
- (e) On April 24, 2014, the Company entered into a one year consulting contract with Clark Kent as Media Coordinator for a monthly fee of CAD\$2,250 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares. Based on the milestones listed in the contract, Mr. Kent can be eligible to receive up to a total of 472,500 common shares of the Company. This agreement was terminated on February 4, 2015.
- (f) On April 24, 2014, the Company entered into a one year consulting contract with Don Shaxon as Ontario Operations Manager for a monthly fee of CAD\$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares. Based on the milestones listed in the contract, Mr. Shaxon can be eligible to receive up to a total of 472,500 common shares of the Company. Subsequent to quarter end, this agreement was not renewed.
- (g) On April 24, 2014, the Company entered into a one year consulting contract with 490072 Ontario Ltd. operating as HEC Group, wholly owned company by Greg Boone as Human Resources Manager. Upon signing of the contract of acceptance the Company issued 90,000 common shares. Based on the milestones listed in the contract, Mr. Boone or his company can be eligible to receive up to a total of 472,500 common shares of the Company. This agreement was terminated on February 4, 2015.
- (h) On April 24, 2014, the Company entered into a one year consulting contract with Jason Springett as Master Grower for Ontario Operations for a monthly fee of \$3,375 plus GST. Upon signing of the contract of acceptance the Company issued 90,000 common shares. Based on the milestones listed in the contract, Mr. Springett can be eligible to receive up to a total of 472,500 common shares of the Company. Upon expiry, the agreement was not renewed.
- (i) On July 1, 2014, the Company has entered into a one year services agreement with TDM Financial for \$120,000 payable in common shares of the Company. TDM Financial will provide marketing solutions and strategies to the Company. Upon the signing of the contract with TDM Financial, the Company issued 750,000 common stock of the Company at a deemed price of \$0.16 for the term of the agreement. This agreement has been completed.
- (j) On August 1, 2014, the Company signed an extension to the Letter of intent executed on April 10, 2014 on behalf of a corporation to be incorporated by Lexaria Corp. and Enertopia Corporation (Lessee) and Mr. Jeff Paikin of 1475714 Ontario Inc. (Lessor) sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located at Burlington, Ontario (the "Building"). On August 5, 2014, as per the terms of the extension, 118,416 common shares of the Company were issued at a deemed price of \$0.19 per share. On December 12, 2014, the Company signed an extension on an amended Preliminary Lease Agreement and Extension of LOI, that was first executed on April 10, 2014 on behalf of Lexaria CanPharm Corp. - a wholly owned subsidiary of Lexaria, and Enertopia Corporation (Lessee) and Mr. Jeff Paikin of 1475714 Ontario Inc. (Lessor) sets out the Lessee's and Lessor's shared intent to enter into a lease agreement (the "Lease") for warehouse space (the "Leased Premises") in the building located at Burlington, Ontario (the "Building") with Enertopia's monthly portion being \$6,992. As of August 31, 2015, the lease letter of intent was not renewed.



- (k) On August 1, 2014, the Company entered into a three month Investor Relations and Marketing Agreement with Neil Blake with a monthly fee of CAD\$2,500. The agreement is extended on a month-to-month basis to CAD\$1,000 per month effective July 1, 2015.
- (l) On September 18, 2014, the Company entered into a contract with the Company's joint venture partner Lexaria Corp., and Maureen McGrath pursuant to which Ms. McGrath will lead the National Medical Marijuana Awareness and Outreach Strategy, a public awareness program jointly administered by Lexaria and our company. This agreement has been completed.
- (m) On February 9, 2015, the Company entered into a one year contract with Maureen McGrath/McGrath Group as Lead Medical Strategist, with a monthly fee of CAD\$3,000 plus GST.

|                                | 2015           | 2014           |
|--------------------------------|----------------|----------------|
| Income (Loss) Before Taxes     | \$ (1,149,433) | \$ (4,641,006) |
| Statutory tax rate             | 34%            | 34%            |
| Expected income tax (recovery) | (390,807)      | (1,577,942)    |
| Non-deductible items           | 60,383         | 1,360          |
| Change in estimates            | 7,314          | 260,756        |
| Change in enacted tax rate     | -              | 222,795        |
| Change in valuation allowance  | 323,110        | 1,093,031      |
| Income tax expense (recovery)  | \$ -           | \$ -           |

Deferred taxes reflect the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at August 31, 2015 and 2014 are comprised of the following:

|                                   | 2015         | 2014         |
|-----------------------------------|--------------|--------------|
| Net operating loss carry forwards | \$ 3,704,394 | \$ 3,240,330 |
| Marketable securities             | (19,788)     | -            |
| Short Term Loan                   | (17,000)     | (17,000)     |
| Capital loss carry forwards       | 8,313        | -            |
|                                   | 3,675,919    | 3,223,330    |
| Valuation Allowance               | 3,675,919    | 3,223,330    |
| Deferred Tax Assets (Liabilities) | \$ -         | \$ -         |

The Company has net operating loss carry forwards of approximately \$10,319,275 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  |
|--------|------------|
| 2025   | 83,396     |
| 2026   | -          |
| 2027   | 615,341    |
| 2028   | 350,002    |
| 2029   | 113,828    |
| 2030   | 3,073,726  |
| 2031   | -          |
| 2032   | 611,284    |
| 2033   | 379,241    |
| 2034   | 4,641,005  |
| 2035   | 1,027,452  |
| Total  | 10,895,275 |

### 13. COMPARATIVE FIGURES

Certain 2014 comparative figures have been reclassified to conform with the financial statements presentation adopted for 2015.

### 14. SUBSEQUENT EVENTS

On October 23, 2015, 1,850,000 were granted to directors, executives and consultants of the Company with an exercise price of \$0.05, vesting immediately and expiring October 23, 2020.

## **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, 2015, 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 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, 2015. 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, 2015, 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.

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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, 2015 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.

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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                | 55         | November 2007<br>April 14, 2008              |
| John Thomas       | Director                              | 68         | March 19, 2012, Resigned<br>February 6, 2015 |
| Donald Findlay    | Director                              | 69         | June 2, 2011<br>Resigned October 23, 2015    |
| Mathew Chadwick   | Director                              | 38         | March 10, 2014<br>Resigned October 16, 2014  |
| Kevin Brown       | Director                              | 53         | October 23, 2015                             |
| Bal Bhullar       | Chief Financial Officer and Director  | 46         | October 9, 2009, February<br>6, 2015         |

*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, Past 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 39 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.

***Kevin Brown, Director***

With an investment and business background, Mr. Kevin Brown leads his organization: Character Counts Coaching and Consulting. Mr. Brown works with business owners and executives in creating unity and strategy and overcoming the roadblocks towards achieving short and long term goals. Currently, Mr. Brown is an asset to many organizations, being directly involved in mediation, negotiations, and consulting leaders and their teams in developing strategy and execution.

***Donald Findlay, Director resigned October 23, 2015***

Mr. 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.

***Mathew Chadwick, Past Director***

Mr. Chadwick was a founding partner of World of Marihuana Productions Ltd. He has worked in the horticulture field for over 20 years gaining valuable hands on experience and has been the key contributor to the success of several facilities. Mr. Chadwick's compassionate nature, thirst for knowledge and focus on bringing awareness to the public body for the need of pain management alternatives has proved to be an asset to the growth of the sector.

Mr. Chadwick has consulted in cultivation, and managed large-scale production of medical marijuana. A participant of the MMAR program since 2004, he has researched growing techniques such as; drip irrigation, ebb and flow, flood and drain, NFT and DWC systems, soilless and coco mediums. Through research and development he implemented and managed practices using advanced methods to achieve superior quality products and maximum yields. Mr. Chadwick also has a long standing career in real estate sales, over the years earning awards for top 10% producing realtor in Greater Vancouver Real Estate Board. Mr. Chadwick resigned on October 16, 2014

***Bal Bhullar, Chief Financial Officer and Director***

Ms. Bhullar brings over 23 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 health and wellness 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 served as a former Director and CFO for Bare Elegance Medspa, a former CFO for ISEE3D Inc., and is CFO and a Director of Lexaria Corp.

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Ms. Bhullar is a Chartered Professional Accountant, 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.

### **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;
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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, 2015, 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 |
|------|------------------------|---|---------------------------------|
|      |                        |   |                                 |
|      |                        |   |                                 |
|      |                        |   |                                 |

Notes:

- (1) The director / officer was late filing a Form 4, Change of Beneficial Ownership.
- (2) The director / officer was late filing a Form 3, Initial Statement of Beneficial Ownership.

**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, 2015. 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, 2015, we did not affect 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.

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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, 2014 and 2013; 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, 2015 and 2014,

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 and Principal Position                                       | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (#) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
| Robert McAllister <sup>(1)</sup><br><i>President and Director</i> | 2015 | \$78,000    | Nil        | Nil               | Nil               | \$34,370                                    | Nil  | Nil                         | \$112,370  |
|   | 2014 | \$72,450    | Nil        | Nil               | Nil               | \$12,200                                    | Nil  | Nil                         | \$84,750   |
| John Thomas<br><i>Director resigned February 6, 2015</i>          | 2015 | Nil         | Nil        | Nil               | Nil               | Nil   | Nil  | Nil                         | Nil        |
|   | 2014 | \$6,400     | Nil        | Nil               | Nil               | \$2,440                                     | Nil  | Nil                         | \$8,861    |
| Donald Findlay<br><i>Director</i>                                 | 2015 | Nil         | Nil        | Nil               | Nil               | \$34,370                                    | Nil  | Nil                         | \$34,370   |
|   | 2014 | Nil         | Nil        | Nil               | Nil               | \$2,440                                     | Nil  | Nil                         | \$2,440    |
| Greg Dawson<br><i>Director resigned March 10,</i>                 | 2015 | Nil         | Nil        | Nil               | Nil               | Nil   | Nil  | Nil                         | Nil        |
|   | 2014 | Nil         | Nil        | Nil               | Nil               | \$2,440                                     | Nil  | Nil                         | \$2,440    |

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|   |              |                      |            |            |            |                      |            |            |                       |
|---|--------------|----------------------|------------|------------|------------|----------------------|------------|------------|-----------------------|
| 2014  |              |                      |            |            |            |                      |            |            |                       |
| Mathew Chadwick<br><i>Director resigned Oct. 16, 2014</i>                 | 2015<br>2014 | Nil<br>\$125,000     | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil           | Nil<br>Nil | Nil<br>Nil | Nil<br>\$125,000      |
|   |              |                      |            |            |            |                      |            |            |                       |
| Bal Bhullar <sup>(2)</sup><br><i>Chief Financial Officer and Director</i> | 2015<br>2014 | \$75,049<br>\$75,683 | Nil<br>Nil | Nil<br>Nil | Nil<br>Nil | \$34,370<br>\$12,200 | Nil<br>Nil | Nil<br>Nil | \$109,410<br>\$87,989 |
|   |              |                      |            |            |            |                      |            |            |                       |

(1) On November 30, 2007, Mr. McAllister was appointed as our President and on April 14, 2008 he was appointed as a director. Salary for Mr. McAllister was partially accrued for 2015 and partially for 2014.

(2) On February 6, 2015, Ms. Bhullar was appointed as a director. Consulting fees for the CFO were partially accrued for 2015 and partially for 2014.

#### *Employment/Consulting Agreements*

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. Effective March 1, 2014, the Company entered into a new consulting contract with the consulting services at \$6,500 per month plus GST.

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. Effective March 1, 2014, the Company entered into a new consulting agreement with the consulting services at CAD\$7,500 per month plus GST.

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

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On March 10, 2014, the Company's Board has appointed Mr. Matthew Chadwick and the Company entered into a Management Agreement with Matthew Chadwick as Senior Vice President of Marijuana Operations. The initial term of this agreement shall begin on the date of execution of this agreement and continue for six months. In consideration for the services the Company was paid Mr. Matthew Chadwick CAD\$25,000 per month. This agreement was terminated on August 10, 2014. Mr. Chadwick stepped down from the Board of Enertopia on October 14, 2014.

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 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 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 (455,000 options have expired).

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 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. 250,000 stock options were exercised in 2014.

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On November 5, 2013 the Company granted 675,000 stock options to directors, officers, and consultant of the Company with an exercise price of \$0.06 vested immediately, expiring November 5, 2018. 125,000 stock options were exercised.

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

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

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

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

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

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

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

#### **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:

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| OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END |   |   |  |                                      |  |   |  |   |  |
|--|---|---|--|--------------------------------------|--|---|--|---|--|
|  | OPTION AWARDS   |   |  |                                      |  | STOCK AWARDS  |  |   |  |
| Name<br>(a)                                  | Number of Securities Underlying Unexercised Options (#) Exercisable (b) | Number of Securities Underlying Unexercised Options (#) Unexercisable (c) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d) | Option Exercise Price (\$) (e)       | Option Expiration Date (f)                           | Number of Shares or Units of Stock That Have Not Vested (g) | Market Value of Shares or Units of Stock That Have Not Vested (\$) (h) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#) (i) | Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Rights That Have Not Vested (\$) (j) |
| Robert McAllister                            | 250,000<br>255,000<br>500,000   |   |  | \$0.06<br>\$0.15<br>\$0.10           | 2018/11/05<br>2016/02/14<br>2019/11/03               |   |  |   |  |
| Donald Findlay                               | 50,000<br>150,000<br>50,000<br>500,000                                  |   |  | \$0.06<br>\$0.15<br>\$0.25<br>\$0.10 | 2018/11/05<br>2016/03/10<br>2016/06/02<br>2019/11/03 |   |  |   |  |

| OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END |  |  |  |                                   |                               |  |  |  |  |
|--|--|--|--|-----------------------------------|-------------------------------|--|--|--|--|
|  | OPTION AWARDS  |  |  |                                   |                               | STOCK AWARDS   |  |  |  |
| Name<br>(a)                                  | Number of Securities Underlying Unexercised Options Exercisable<br>(b) | Number of Securities Underlying Unexercised Options Unexercisable<br>(c) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)<br>(d) | Option Exercise Price (\$)<br>(e) | Option Expiration Date<br>(f) | Number of Shares or Units of Stock That Have Not Vested<br>(g) | Market Value of Shares or Units of Stock That Have Not Vested<br>(h) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested<br>(i) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested<br>(j) |
| Bal  | 250,000  |  |  | \$0.06                            | 2018/11/05                    |  |  |  |  |
| Bhullar                                      | 300,000  |  |  | \$0.15                            | 2016/02/14                    |  |  |  |  |
|  | 500,000  |  |  | \$0.10                            | 2019/11/03                    |  |  |  |  |

### Option Exercises

During our fiscal year ended August 31, 2015 there were no stock options exercised.

### 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 November 19, 2015, 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

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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.

| <b>Name and Address of Beneficial Owner</b>                   | <b>Amount and Nature of Beneficial Ownership</b> | <b>Percentage of Class<sup>(1)</sup></b> |
|---|--|--|
| Robert McAllister Kelowna, British Columbia, Canada           | 4,415,000 <sup>(2)</sup>                         | 4.87%                                    |
| Bal Bhullar Vancouver, British Columbia, Canada               | 1,351,000 <sup>(3)</sup>                         | 1.49%                                    |
| Donald Findlay Calgary, Alberta, Canada                       | 4,152,000 <sup>(4)</sup>                         | 4.58%                                    |
| <b>Directors and Executive Officers as a Group (5 people)</b> | <b>9,918,000</b>                                 | <b>10.95%</b>                            |
| <b>Total</b>  | <b>9,918,000</b>                                 | <b>10.95%</b>                            |

- (1) 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 November 19, 2015. As of November 19, 2015, there were 71,508,460 shares of our company's common stock issued and outstanding.
- (2) Includes:
1. 500,000 options which are exercisable at \$0.10 into common shares;
  2. 255,000 options which are exercisable at \$0.15 into common shares;
  3. 250,000 options which are exercisable at \$0.06 into common shares; and
  4. 3,410,000 common shares.
- (3) Includes:
1. 500,000 options which are exercisable at \$0.10 into common shares;
  2. 300,000 options which are exercisable at \$0.15 into common shares;
  3. 250,000 options which are exercisable at \$0.06 into common shares;
  4. 100,000 warrants which are exercisable at \$0.15 into common shares; and
  5. 201,000 common shares.
- (4) Includes:
1. 150,000 options which are exercisable at \$0.15 into common shares;
  2. 50,000 options which are exercisable at \$0.25 into common shares;
  3. 50,000 options which are exercisable at \$0.06 into common shares;
  4. 500,000 options which are exercisable at \$0.10 into common shares;
  5. 1,700,000 warrants which are exercisable at \$0.10 common shares; and
  6. 1,702,000 common shares.

*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, 2014, 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, 2015, the Company was party to the following related party transactions:

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Paid /accrued \$78,000 (August 31, 2014: \$69,000) to the President of the Company in consulting fees.  
Paid/accrued \$90,000CAD (August 31, 2013: \$78,000CAD) in consulting fees to a company controlled by the CFO of the Company.

\$76,288 was payable to the President and a company controlled by a CFO of the Company.

Incurred share based compensation expenses of \$137,481 in relation to stock options issued to key management personnel (August 31, 2014: \$nil).

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

#### *Director Independence*

We currently act with three (3) directors, consisting of Robert McAllister, Donald Findlay, and Bal Bhullar. We have determined that Donald Findlay is 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, 2015 and for fiscal year ended August 31, 2014 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:

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|                    | Year Ended      |                 |
|--------------------|-----------------|-----------------|
|                    | August 31, 2015 | August 31, 2014 |
| Audit Fees         | 33,645          | 18,832          |
| Audit Related Fees | 16,505          | 19,377          |
| Tax Fees           | Nil             | Nil             |
| All Other Fees     | Nil             | Nil             |
| Total              | 50,150          | 38,209          |

*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, 2015.

*Audit related Fees.* There were \$33,645 audit related fees paid to MNP LLP for the fiscal year ended August 31, 2015 and \$19,377 for the fiscal year ended August 31, 2014.

*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, 2015 and August 31, 2014, 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.

(b) Exhibits

Exhibit Description  
No.

|      |   |
|------|---|
| 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 to 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 to 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 to 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 to 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 to our Registration Statement on Form SB-2 filed January 9, 2006)                                 |
| 10.5 | Assignment Agreement with 0743608 B.C. Ltd. (incorporated by reference to our Current Report on Form 8-K filed March 19, 2007)  |
| 10.6 | Consulting Agreement with Mr. Robert McAllister dated December 1, 2008 (incorporated by reference to Exhibit 10.6 of our Annual Report on Form 10-K filed December 6, 2013)                   |
| 10.7 | Joint Venture Agreement with The Green Canvas Ltd. dated February 28, 2014 (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed February 28, 2014).             |
| 10.8 | Definitive Joint Venture Agreement dated May 28, 2014 with Lexaria (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed May 29, 2014).                          |
| 10.9 | Form of Stock Option Agreement dated November 18, 2014 ((incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed November 18, 2014)                                 |

10.10 Form of Stock Option Agreement dated November 3, 2014 ((incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed November 4, 2014)

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- 10.11 Termination and Settlement Agreement dated October 14, 2014 with 0786521 B.C. Ltd (formerly World of Marihuana Productions Ltd.) and Mathew Chadwick (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed October 20, 2014)
- 10.12 Form of Subscription Agreement for Private Placement closed on January 30, 2015 (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed January 30, 2015)
- 10.13 Form of Warrant Agreement dated January 30, 2015 (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed January 30, 2015)
- 10.14 Form of Subscription Agreement for Private Placement closed on March 12, 2015 (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed March 12, 2015)
- 10.15 Form of Warrant Agreement dated March 12, 2015 (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed March 12, 2015) Share Purchase Agreement dated June 24, 2015 with Shaxon Enterprises Ltd. (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed June 26, 2015)
- 10.16 Joint Agreement and Mutual Release dated June 11, 2015 with Green Canvas Ltd. and Tim Selenski (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed June 2, 2015)
- 10.17 Joint Venture Extension Agreement dated April 29, 2015 with The Green Canvas Ltd. and Tim Selenski (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed May 1, 2015)
- 14.1 Code of Ethics (incorporated by reference by from our annual report on Form 10-KSB filed on November 29, 2007).
- 31.1\* 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).
- 31.2\* 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).
- 32.1\* 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).
- 32.2\* 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).

\* Filed herewith.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ENERTOPIA CORP.**

By: /s/ Robert McAllister  
Robert McAllister  
President and Director  
Principal Executive Officer  
Date: November 23, 2015.

By: /s/ Bal Bhullar  
Bal Bhullar  
Chief Financial Officer  
Principal Financial Officer and Principal Accounting  
Officer  
Date: November 23, 2015.

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 23, 2015.

By: /s/ Bal Bhullar  
Bal Bhullar  
Chief Financial Officer  
Principal Financial Officer and Principal Accounting  
Officer  
Date: November 23, 2015.

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