

Enertopia Corp.  
Form 10-Q  
June 28, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

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

For the quarterly period ended May 31, 2010 or

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

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

**000-51866**

Commission File Number

**Enertopia Corporation**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or  
organization)

**20-1970188**

(IRS Employer Identification No.)

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

(Address of principal executive offices)

**V6E 4A4**

(Zip Code)

604-602-1633

(Registrant's telephone number, including area code)

Enertopia Corporation

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  YES  NO

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

Large accelerated filer

Accelerated filer   
Smaller reporting company

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

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

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

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.  YES  NO

**APPLICABLE ONLY TO CORPORATE ISSUERS**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 15,710,240 common shares issued and outstanding as of May 31, 2010

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**PART 1 FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

Our unaudited interim consolidated financial statements for the nine month period ended May 31, 2010 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States generally accepted accounting principles.

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**ENERTOPIA CORP. (formerly Golden Aria Corp.)**  
**(A Development Stage Company)**  
**UNAUDITED INTERIM CONSOLIDATE BALANCE SHEETS**  
**(Expressed in U.S. Dollars)**

	May 31, 2010 Unaudited	August 31, 2009 Audited
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 72,746	\$ 282,948
Owned securities (Note 4)	224,477	-
Accounts receivable	13,786	9,608
Prepaid expenses and deposit	6,206	2,777
<b>Total current assets</b>	<b>317,215</b>	<b>295,333</b>
<b>Non-Current</b>		
Long term investment - Pro Eco & GSWPS (Note 5)	209,617	35,821
	-	-
Assets held for sale (Note 6)	789,835	3,621,617
<b>Total Assets</b>	<b>\$ 1,316,667</b>	<b>\$ 3,952,771</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 12,559	\$ -
Due to related parties (Note 8)	29,115	129,520
<b>Total Current Liabilities</b>	<b>41,674</b>	<b>129,520</b>
Promissory notes - related party (Note 7)	157,471	-
Deferred tax liability	58,846	762,704
	<b>257,991</b>	<b>892,225</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:		
15,710,240 common shares at May 31, 2010 and	15,710	14,653
August 31, 2009: 14,652,740		
<b>Additional paid-in capital</b>	<b>4,591,175</b>	<b>4,309,367</b>
<b>Deficit accumulated during the exploration stage</b>	<b>(3,548,209)</b>	<b>(1,263,473)</b>
<b>Total Stockholders' Equity</b>	<b>1,058,676</b>	<b>3,060,547</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,316,667</b>	<b>\$ 3,952,771</b>

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



**ENERTOPIA CORP. (formerly Golden Aria Corp.)**  
**(A Development Stage Company)**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**NOVEMBER 24, 2004 (inception) TO May 31, 2010**  
**(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	-	\$ -	\$ -	\$ -	\$ -	\$ -
November 24, 2004 (Inception)						
Issuance of common stock for cash at \$0.02 per share on March 22, 2005	5,467,500	5,468	103,882	-	-	109,350
Issuance of common stock for cash at \$0.30 per share on April 6, 2005	1,112,500	1,112	332,638	-	-	333,750
Stock to be issued	125,000	-	37,375	125	-	37,500
Comprehensive income (loss):						
(Loss) for the period	-	-	-	-	(167,683)	(167,683)
Balance, August 31, 2005	6,705,000	6,580	473,895	125	(167,683)	312,917
Stock issued on September 29, 2005	-	125	-	(125)	-	-
Comprehensive income (loss):						
(Loss) for the year	-	-	-	-	(200,091)	(200,091)
Balance, August 31, 2006	6,705,000	6,705	473,895	-	(367,774)	112,826
Units issued for cash at \$0.50 per unit to related parties on March 6, 2007 (included stock based compensation of \$116,959)		92,740	93	163,236		163,329

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Stock issued for property on April 18, 2007	250,000	250	274,750	-	-	275,000
Units issued for cash at \$0.50 per unit on April 19, 2007	100,000	100	49,900	-	-	50,000
Units issued for cash at \$0.50 per unit on August 31, 2007	600,000	600	299,400	-	-	300,000
Imputed interest from non-interest bearing loan	-	-	3,405	-	-	3,405
Comprehensive income (loss):						
(Loss) for the year	-	-	-	-	(607,397)	(607,397)
Balance, August 31, 2007	7,747,740	\$ 7,748	\$ 1,264,586	\$ -	\$ (975,171)	\$ 297,163
Units issued for acquisition at \$0.42 per unit on November 30, 2007	6,905,000	6,905	2,893,195	-	-	2,900,100
Imputed interest from non-interest bearing loan	-	-	7,139	-	-	7,139
Stock-based compensation on 1,785,000 options granted	-	-	104,257	-	-	104,257
Comprehensive income (loss):						
(Loss) for the year	-	-	-	-	(372,535)	(372,535)
Balance, August 31, 2008	14,652,740	\$ 14,653	\$ 4,269,177	\$ -	\$ (1,347,706)	\$ 2,936,124
Imputed interest for non-interest bearing loan	-	-	4,410	-	-	4,410
Stock-based compensation	-	-	35,780	-	-	35,780
Comprehensive income (loss):						
(Loss) for the year	-	-	-	-	84,233	84,233
Balance, August 31, 2009	14,652,740	\$ 14,653	\$ 4,309,367	\$ -	\$ (1,263,473)	\$ 3,060,547
Imputed interest for non-interest bearing loan			2,442			2,442
Stock-based compensation			58,946			58,946
Stock issued for acquisition at \$0.20 per share on February 28, 2010	500,000	500	124,500			125,000
Units issued for cash at \$0.15 per unit on May 31, 2010	557,500	557	83,068			83,625
Gain on settlement of the amount due to \$ related parties			12,852			12,852
Comprehensive income (loss):						
(Loss) for the period	-	-	-	-	(2,284,736)	(2,284,736)
Balance, May 31, 2010	15,710,240	15,710	4,591,175	-	(3,548,209)	1,058,676

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

**ENERTOPIA CORP. (formerly Golden Aria Corp.)**  
**(A Development Stage Company)**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Expressed in U.S. Dollars)**

	<b>THREE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>		<b>CUMULATIVE PERIOD FROM INCEPTION NOVEMBER 24, 2004 TO</b>
	<b>May 31, 2010</b>	<b>May 31, 2009</b>	<b>May 31, 2010</b>	<b>May 31, 2009</b>	<b>May 31, 2010</b>
<b>Revenue</b>					
Non-renewal energy - natural gas and oil revenue	\$ -	\$ 17,211	\$ 254	\$ 72,850	\$ 374,342
Renewal energy - service revenue	<b>11,607</b>		<b>11,607</b>	-	<b>11,607</b>
	<b>11,607</b>	17,211	<b>11,861</b>	72,850	<b>385,950</b>
<b>Cost of revenue</b>					
<b>Non-renewal energy:</b>					
Natural gas and oil operating costs and royalties	-	7,772	-	43,984	141,197
Depletion	-	13,880	-	80,801	298,489
Write-down in carrying value of oil and gas property	-	-	-	31,786	293,436
<b>Renewal energy</b>	<b>10,546</b>	-	<b>10,546</b>	-	<b>10,546</b>
	<b>10,546</b>	21,652	<b>10,546</b>	156,571	<b>743,668</b>
<b>Gross Profit</b>	<b>1,062</b>	(4,441)	<b>1,316</b>	(83,721)	<b>(357,718)</b>
<b>Expenses</b>					
Accounting and audit	<b>3,977</b>	4,011	<b>27,590</b>	29,142	<b>221,436</b>
Advertising & Promotions	<b>6,140</b>	-	<b>7,321</b>	1,357	<b>21,680</b>
Bank charges and interest expense	<b>1,304</b>	2,055	<b>3,754</b>	7,520	<b>26,153</b>
Consulting	<b>60,053</b>	44,016	<b>207,294</b>	109,101	<b>715,130</b>
Exploration costs and option payment		-		-	<b>318,292</b>
Fees and dues	<b>7,843</b>	2,768	<b>16,858</b>	10,863	<b>42,421</b>
Insurance	<b>2,095</b>	2,067	<b>6,228</b>	3,331	<b>21,432</b>



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Investor relations	-	<b>12,840</b>	1,360	<b>26,005</b>
Legal an professional	<b>8,844</b>	678	<b>28,250</b>	5,681
Office and miscellaneous	<b>690</b>	19,061	<b>(264)</b>	3,173
Rent	<b>2,299</b>	1,273	<b>5,234</b>	3,979
Telephone	<b>895</b>	399	<b>2,340</b>	2,257
Training & Conferences	<b>1,456</b>	-	<b>4,249</b>	-
Travel	<b>4,896</b>	319	<b>11,289</b>	9,719
<b>Total expenses</b>	<b>100,493</b>	76,647	<b>332,983</b>	187,483
<b>(Loss) for the period before other items</b>	<b>(99,431)</b>	(81,088)	<b>(331,668)</b>	(271,204)
<b>Other income (expense)</b>				
Interest income	-	-	-	105
Other income	-	-	-	25,261
Equity interest pick up	<b>(98)</b>	(616)	<b>(2,390)</b>	(1,055)
Gain on disposition of oil and gas interests	<b>119,490</b>	-	<b>119,490</b>	-
Write down of oil and gas properties	<b>(2,774,026)</b>	-	<b>(2,774,026)</b>	-
<b>Income (loss) before income taxes</b>	<b>(2,754,065)</b>	(81,704)	<b>(2,988,594)</b>	(246,893)
Income tax recovery - deferred	<b>703,858</b>	-	<b>703,858</b>	<b>703,858</b>
<b>Net Income (loss) for the period</b>	<b>\$ (2,050,207)</b>	<b>\$ (81,704)</b>	<b>\$ (2,284,736)</b>	<b>\$ (246,893)</b>
<b>Basic and diluted income (loss) per share</b>	<b>\$ (0.14)</b>	<b>\$ (0.01)</b>	<b>\$ (0.15)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>15,158,866</b>	14,652,740	<b>14,823,907</b>	14,652,740

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

**ENERTOPIA CORP. (formerly Golden Aria Corp.)**  
**(A Development Stage Company)**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in U.S. Dollars)**

	<b>NINE MONTHS ENDED</b>		<b>CUMULATIVE PERIOD FROM INCEPTION November 24, 2004 TO May 31, 2010</b>
	<b>May 31, 2010</b>	<b>May 31, 2009</b>	
<b>Cash flows used in operating activities</b>			
<b>Net Income (loss)</b>	<b>\$ (2,284,736)</b>	<b>\$ (246,893)</b>	<b>\$ (3,548,209)</b>
<b>Changes to reconcile net loss to net cash used in operating activities</b>			
Consulting - Stock based compensation	<b>58,946</b>	7,723	<b>315,942</b>
Depletion	-	80,801	<b>298,489</b>
Write down in carrying value of oil and gas properties	-	31,786	<b>293,437</b>
Stock issued for mineral resource and oil and gas property	-	-	<b>37,500</b>
Write down of oil and gas properties	<b>2,774,026</b>	-	<b>2,774,026</b>
Gain on disposition of property	<b>(119,490)</b>	-	<b>(523,869)</b>
Equity pick-up	<b>2,390</b>	1,055	<b>11,569</b>
Imputed interest	<b>2,442</b>	3,299	<b>17,396</b>
Income tax recovery	<b>(703,858)</b>	-	<b>(703,858)</b>
Others	<b>(187)</b>	-	<b>(187)</b>
<b>Change in non-cash working capital items:</b>			
Accounts receivable	<b>(2,083)</b>	12,586	<b>(983)</b>
Prepaid expenses and deposit	<b>(3,429)</b>	(4,836)	<b>18,078</b>
Accounts payable and accrued liabilities	<b>12,559</b>	41,440	<b>(15,361)</b>
Due to related parties	<b>69,918</b>	(17,596)	<b>(3,618)</b>
<b>Net cash (used in) operating activities</b>	<b>(193,502)</b>	<b>(90,635)</b>	<b>(1,029,648)</b>
<b>Cash flows from (used in) investing activities</b>			
Oil and gas properties acquisition and divestment	<b>(2,231)</b>	(43,934)	<b>(300,180)</b>
Proceeds from sale of oil and gas interests	-	-	<b>421,545</b>
Mineral resource properties acquisition	-	-	<b>(1)</b>
Investment in GSWPS	<b>(51,000)</b>	-	<b>(51,000)</b>

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Investment in Pro Eco	-	-	(45,000)
Investment in Cheetah and Lexaria	(45,000)	-	(45,000)
Cash provided in connection with business acquisition	-	-	201,028
<b>Net cash from (used in) investing activities</b>	<b>(98,231)</b>	<b>(43,934)</b>	<b>181,392</b>

**Cash flows from financing activities**

Notes Payable-related party	-	45,800	-
Proceeds from issuance of common stock	81,531	-	921,001
<b>Net cash from financing activities</b>	<b>81,531</b>	<b>45,800</b>	<b>921,001</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(210,202)</b>	<b>(88,769)</b>	<b>72,746</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>282,948</b>	<b>124,394</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 72,746</b>	<b>\$ 35,625</b>	<b>\$ 72,746</b>
Supplemental information of cash flows			
Interest paid in cash	\$ -	\$ -	\$ -
Income taxes paid in cash	\$ -	\$ -	\$ -

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

**ENERTOPIA CORP. (formerly Golden Aria Corp.)**  
**(A Development Stage Company)**  
**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**May 31, 2010**  
**(unaudited)**  
**(Expressed in U.S. Dollars)**

**1. BASIS OF PRESENTATION**

The unaudited interim consolidated financial statements for the quarter ended May 31, 2010 included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited interim consolidated financial statements should be read in conjunction with the August 31, 2009 audited annual consolidated financial statements and notes thereto.

Effective September 25, 2009, we effected a one (1) for two (2) share consolidation of our authorized and issued and outstanding common stock. The unaudited interim consolidated financial statements have been restated to reflect the share consolidation.

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

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

During the quarter ended May 31, 2010, the Company shifted its strategic plan from its non-renewal energy operations to its planned renewal energy operations.

**2. GOING CONCERN UNCERTAINTY**

The accompanying unaudited interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Company incurred a net loss of \$2,284,736 for the nine months ended May 31, 2010 [net loss for the nine months ended May 31, 2009 was \$246,893] and as at May 31, 2010 has incurred cumulative losses of \$3,548,209 that raises substantial doubt about its ability to continue as a going concern. Management has been able, thus far, to finance the operations through equity financing and cash on hand. There is no assurance that the Company will be able to continue to finance the Company on this basis.

In view of these conditions, the ability of the Company to continue as a going concern is in substantial doubt and dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing as may be required, to receive the continued support of the Company's shareholders, and ultimately to obtain successful operations. These unaudited interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying unaudited interim consolidated financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Consolidation**

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

**b) Revenue Recognition**

The revenue from renewal energy consulting service is recognized when the service is performed and the collection of consideration is reasonably assured.

**c) New Accounting Pronouncements**

In June 2009, the FASB issued FASB No. 166(ASC 860), Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140 ( SFAS 166 ). SFAS 166(ASC 860) requires additional disclosures about the transfer and derecognition of financial assets and eliminates the concept of qualifying special-purpose entities under SFAS 140(ASC 860). SFAS 166(ASC 860) is effective for fiscal years beginning after November 15, 2009. The adoption of this statement is not expected to have material impact on the Company's financial statements.

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

**4. SECURITIES OWNED**

Securities owned includes 375,000 common shares and 375,000 warrants of Cheetah Oil & Gas Ltd. and 499,893 common shares and 499,893 warrants of Lexaria Corp. The Company classified the securities owned as held-for-trade and recorded at fair value.

**5. LONG TERM INVESTMENT**

Pro Eco Energy USA Ltd.

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

During the nine months ended May 31, 2010, the Company recorded an equity loss of \$2,293, which resulted in a net investment of \$33,529.

Global Solar Water Power Systems Inc.

On February 28, 2010, the Company has purchased 5.62% investment in Global Solar Water Power Systems Inc. ( GSWPS ). This was made by a cash contribution of \$40,500 and an issuance of 500,000 shares of Enertopia Corp. at \$0.25 for a combined value of \$165,500. GSWPS is owned by an executive officer of the Company. As at May 31, 2010, the Company acquired additional interest for \$10,500 for a combined value of 176,000; therefore, giving the Company a 6.04% investment in GSWPS.

During the nine months ended May 31, 2010, the Company recorded an equity loss of \$98, which resulted in a net investment of \$176,088.

**6. ASSETS HELD FOR SALE**

During the quarter ended May 31, 2010, the Company's oil and gas properties became available for sale as the result of the Company shifted its focus from its non-renewal energy operations to renewal energy plan.

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Pursuant to ASC 360 Accounting for the Impairment or Disposal of long-Lived Assets, the Company has reclassified the remaining oil and gas properties to be sold as assets held for sale and recorded at their recoverable amount.

Followings are the descriptions and movement of the Company's remaining oil and gas properties as at May 31, 2010:

Property	August 31, 2009	Additions	Disposal / write down	May 31, 2010
Canada	\$ 3,561,630	\$ 392	\$ (2,772,187)	\$ 789,835
U. S.	59,987	45,000	(104,987)	-
	\$ 3,621,617	\$ 45,392	\$ (2,877,174)	\$ 789,835

**Coteau Lake, Saskatchewan**

Through the Company's subsidiary, Target, the Company owns certain working interest in Coteau Lake, Saskatchewan.

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

On November 7, 2007, the Company's subsidiary Target entered into a Letter of Intent (the LOI) with Primrose Drilling Ventures Ltd. ( Primrose ), a body corporate, having an office in the city of Calgary, in the Province of Alberta. Pursuant to the LOI, the Target is the interest title holder of Saskatchewan Crown Land parcels 124, 125 and 126.

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

In connection with the management's decision to shift its focus from its non-renewal energy operations to renewal energy plan in the quarter ended May 31, 2010, the Coteau Lake properties have been written down to its estimated recoverable amount of \$677,740.

**Glen Park, Alberta**

On May 14, 2008 the Company was successful in acquiring one land parcel of 160 acres in the Glen Park area of central Alberta, Canada. The Company subsequently created 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 the Company was successful in acquiring two land parcels of 160 acres each in the Glen Park area of central Alberta, Canada. These 320 acres are believed to be prospective for reef development and the potential accumulation of oil deposits. Productive wells in the area have had production rates in excess of 200 bop/d and in some cases with little associated water. We currently have a 100% interest in these two prospects.

In connection with the management's decision to shift its non-renewal energy operations to its renewal energy plan in the quarter ended May 31, 2010, the Glen Park properties have been written down to its estimated recoverable amount of \$112,095.

### **Belmont Lake, Mississippi**

On September 1, 2009, the Company entered into an assignment agreement with Cheetah Oil & Gas Ltd. ( Cheetah ) The assignment agreement dated August 28, 2009, provides for the purchase by the 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, the Company 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.

In connection with the management's decision to shift its non-renewal energy operations to its renewal energy plan, the Company disposed its related working interest for a consideration of 375,000 restricted shares in the capital of Cheetah and 375,000 share purchase warrants which entitle the Company to acquire 375,000 restricted shares in the capital of Cheetah at a purchase price of US\$0.20 per share for a period of two years.

On August 28, 2009, the Company entered into an assignment agreement with Lexaria Corp. The assignment agreement dated August 28, 2009, provides for the purchase by the 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, the Company 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.

In connection with the management's decision to shift its non-renewal energy operations to its renewal energy plan, the Company disposed its related working interest for a consideration of 499,893 restricted shares in the capital of Lexaria and 499,983 share purchase warrants which entitle the Company to acquire 499,983 restricted shares in the capital of Lexaria at a purchase price of US\$0.20 per share for a period of two years.

In connection with the above divestment of Belmont Lake, the Company recorded a gain of \$119,490 on the disposal of oil and gas interests.

### **7. PROMISSORY NOTES**

During the quarter ended May 31, 2010, the Company settled the amount due to related parties into two promissory notes of CDN\$84,655 and \$90,000. Both promissory notes were unsecured, non-interest bearing and due on May 31, 2012. In connection with the settlement of the amount due to related parties, the Company recorded \$12,852 in additional paid in capital for the gain on settlement of debt.

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

For the nine months ended May 31, 2010, the Company was party to the following related party transactions:



- Paid / accrued \$46,200 (May 31, 2009: \$36,300) to the President of the Company in consulting fees.
- Paid / accrued \$51,316 (May 31, 2009: \$68,983) and \$4,025 (May 31, 2009: \$4,328); of consulting fees and office rent, respectively, to a company controlled by a Director/CEO of the Company.
- Paid \$31,696 (May 31, 2009: \$Nil) in consulting fees to a company controlled by the CFO of the Company.
- Paid \$8,000 (May 31, 2009: \$Nil) in consulting fee to an Officer of the Company.
- Paid / accrued \$8,815 in cost of renewal energy service to an executive officer of the Company and a company controlled by the executive officer.
- See Note 7.

The related party transactions are recorded at the exchange amount established and agreed to between the related parties. Amount due to related parties are unsecured, non-interest bearing and due on demand.

For the nine months ended May 31, 2010, the Company recorded imputed interest of \$2,442 in connection with the amount owed to a related party.

## 9. COMMON STOCK AND WARRANTS

### Common Stock

On March 6, 2007, the Company issued total of 92,740 units at \$0.50 per unit to directors of the Company. Each unit consists of one common share and one share purchase warrant with exercise price of \$0.80 per share, expires on December 1, 2008. Units issued were revalued to their fair market value of common shares and share purchase warrants. The fair value of warrants has been estimated as of the date of issue using the Black-Scholes option pricing model with expected volatility: 104.11%, risk-free interest rate: 3.77%, expected life: 1.75 years and dividend yield: 0.00%. The fair value of each warrant has been estimated at \$0.66 per warrant. The Company recorded a total of \$116,959 for stock based compensation expenses in connection with the revaluation of the units issued.

On April 18, 2007, pursuant to an Assignment Agreement, the Company issued 250,000 shares to a director of the Company at market value \$1.10 per share for a total value of \$275,000.

On April 19, 2007, the Company issued a total of 100,000 units at \$0.50 per unit to an arm's length party. Each unit consists of one common share and one share purchase warrant with exercise price of \$0.80 per share, expires on December 1, 2008.

On August 31, 2007, the Company issued a total of 600,000 units at \$0.50 per unit for total proceeds of \$300,000. Each unit is comprised of one restricted common share and one warrant to purchase one additional share of common stock at a price of \$0.80, exercisable for a period of two years from the closing of this offering.

On October 15, 2007, the Company entered into a share exchange agreement with Target Energy ( Target ), a private Nevada corporation, and the former shareholders of Target. The closing of the transactions contemplated in the share exchange agreement and the acquisition of all of the issued and outstanding common stock in the capital of Target occurred on November 30, 2007. The Company issued 6,905,000 shares of its common stock to the shareholders of Target and in so doing acquired 100% of all issued Target shares from those shareholders who had owned 13,810,000 shares of Target.

On February 22, 2010, the Company had increased its authorized share capital from 37,500,000 common shares to 200,000,000 common shares.

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On February 28, 2010, the Company entered into a stock purchase agreement with Mr. Mark Snyder to acquire up to 20% of ownership in Global Solar Water Power Systems Inc. ( GSWPS ), a private US corporation that is solely owned by an Officer of the Company. The Company issued 500,000 common stocks at a fair value of \$0.25 per share to Mr. Mark Snyder in exchange to acquire a percentage minority ownership in GSWPS. As at May 31, 2010, the Company acquired additional interest for \$10,500 for a combined value of \$176,000; therefore, giving the Company a 6.04% investment in GSWPS.

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

### Warrants

As at May 31, 2010, the Company had 557,500 warrants with an exercise price of \$0.30 per share and expires May 31, 2012.

## 8. STOCK OPTIONS

On December 14, 2007, the Company granted 892,500 stock options to directors, Officers, and consultants of the Company with exercise prices of \$0.70 per share, expiring over 5 years.

On October 22, 2009, the Company re-priced the stock options to directors, officers and consultants with the exercise price of \$0.20.

The vesting dates of 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, the Company granted 500,000 stock options to directors and officers of the Company with the exercise price of \$0.10 per share, expiring over 5 years. These options were vested immediately.

On December 30, 2009 the Company adopted the 2010 Equity Incentive Plan that was ultimately approved at the Annual General Meeting that occurred on February 5, 2010.

On December 30, 2009, the Company granted 650,000 stock options to directors and officers of the Company with the exercise price of \$0.10 per share, expiring over 5 years. These options were vested immediately.

On March 5, 2010, the Company granted 100,000 stock options to a consultant of the Company with the exercise price of \$0.20, which are vested 50% on March 5, 2010 and 50% on August 31, 2010 and expires on March 5, 2015.

On May 14, 2010 the Company dismissed certain directors and consultants which 125,625 unvested stock options were cancelled on May 14, 2010 and 376,875 vested stock options expire on August 14, 2010.

For the nine months ended May 31, 2010, the Company recorded \$58,946 (May 31, 2009 \$7,723) for stock based compensation expenses which has been included in consulting fees.

A summary of the changes in stock options for the period ended May 31, 2010 is presented below:

Options Outstanding			
	Number of Shares		Weighted Average Exercise Price
Balance, August 31, 2009	892,500	\$	0.20
Granted	1,250,000	\$	0.11
Cancelled	(125,625)	\$	0.20
Balance, May 31, 2010	2,016,875	\$	0.14

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

Period ended May 31, 2010	
Expected volatility	119.38%
Risk-free interest rate	2.55%
Expected life	5.00 years
Dividend yield	0.00%

A summary of weighted average fair value of stock options granted during the period ended May 31, 2010 is as follows:

	Weighted Average Exercise Price	Weighted Average Fair Value
Exercise price is more than the market price at grant date:	\$ 0.10	\$ 0.13
Exercise price is less than the market price at grant date:	\$ 0.20	\$ 0.27

The Company has the following options outstanding and exercisable.

May 31, 2010		Options outstanding		Options exercisable	
Range of exercise prices	Number of shares	Weighted average remaining contractual life	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
\$0.10	500,000	4.40 years	\$ 0.10	500,000	\$ 0.10
\$0.10	650,000	4.58 years	\$ 0.10	650,000	\$ 0.10
\$0.20	390,000	2.54 years	\$ 0.20	292,500	\$ 0.20
\$0.20	376,875	0.21 years	\$ 0.20	376,875	\$ 0.20
\$0.20	100,000	4.75 years	\$ 0.20	50,000	\$ 0.20
	2,016,875	3.33 years	\$ 0.14	1,869,375	\$ 0.14

## 9. COMMITMENTS OTHER

- (a) The Company has a month-to-month rental arrangement for office space in Kelowna, British Columbia, Canada for CAD\$735 (including CAD\$35 GST) per month.
- (b)

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The Company has a consulting agreement with CAB Financial Services Ltd.( CAB ), a corporation organized under the laws of the Province of British Columbia. CAB is a consulting company controlled by the chairman of the board and chief executive officer of the Company. CAB Financial Services Ltd. is to provide management consulting services for \$5,000 per month plus GST on a continuing basis.

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- (c) The Company has a consulting agreement with the President of the Company for corporate administration and consulting services for \$5,000 per month plus GST on a continuing basis.
  - (d) On October 9, 2009, the Company entered into consulting agreement with BKB Management Ltd., a corporation organized under the laws of the Province of British Columbia. BKB Management Ltd. is a consulting company controlled by the chief financial officer of the Company. BKB Management provides management consulting services for CAD\$4,500 per month plus GST.
  - (e) On October 9, 2009, the Company entered into a consulting agreement with the chief technical officer of the Company for \$1,000 per month.
  - (f) On February 28, 2010, the Company entered into an Asset and Share Purchase Agreement with the Company's chief technical officer - Mr. Mark Snyder to acquire up to 20% ownership interest of GSWPS. As at May 31, 2010, the Company has acquired 6.04% with the remaining 13.96% ownership payable by issuance of 500,000 common shares of the Company and cash of \$359,500 payable on a minimum monthly basis of \$3,500.
  - (g) On March 12, the Company entered into a Media Relations Agreement (the Agreement) with Mercury Media. The term of the Agreement is for an initial period of 12 (twelve) months with a consideration of 25,000 common restricted shares of stock paid each quarter, effective beginning the date of signing and paid in advance of each quarter. Thus it would be expected that additional payments of 25,000 shares of restricted common stock will be payable on each of June 12, 2010, September 12, 2010, and December 12, 2010 if this Agreement is not terminated prior to its natural term. As at May 31, 2010, the Company has not yet issued the 25,000 common shares and accrued \$4,340 consulting fees for the related fair value of the common shares to be issued. ,
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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### *Forward-Looking Statements*

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

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

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

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

### **Overview**

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

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

The Company is a renewable energy company that is pursuing business opportunities in several cleantech sectors, including: Solar PV (Photovoltaic), Solar Thermal (Hot Water), Energy Retrofits and Recovery, Solar powered Filtered Drinking Water. The Company currently has oil and gas resources properties and the Company intends to dispose of those assets in the near future.

The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1633. We have another office located in Kelowna. Our current locations provide adequate office space for our purposes at this stage of our development.

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

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

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

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

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

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

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

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

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

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

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

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

On April 7, 2010, FINRA confirmed the name change from Golden Aria Corp. to Enertopia Corp., and approved the Company's new symbol as ENRT. On February 5, 2010, the Company's shareholders approved an amendment to the

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Company's articles of incorporation to change its name from Golden Aria Corp. to Enertopia Corp. The name change was effected with the Nevada Secretary of State on February 8, 2010.

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

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## Our Current Business

The Company is a renewable energy company that is pursuing business opportunities in several cleantech sectors, including: Solar PV (Photovoltaic), Solar Thermal (Hot Water), Energy Retrofits and Recovery, Solar powered Filtered Drinking Water. The Company currently has oil and gas resources properties and the Company intends to dispose of those assets in the near future.

We currently hold the following interests:

### The Coteau Lake light oil exploration project, South Eastern Saskatchewan, Canada

Coteau Lake is an exploration property and we have no producing oil or gas wells on this property at this time. Coteau Lake covers 1,280 acres of land. Enertopia's gross and net interest in this project is 50%. There has been historic oil production on the Coteau Lake project lands. Our internal geological and geophysical work to date indicates our lands could be prospective for oil & gas accumulations to have taken place. The Company's current focus on this project is to monetize it on the best financial terms possible.

### The Glen Park light oil exploration prospect, Central Alberta, Canada

Glen Park prospect covers 160 acres that is believed to be prospective for reef development and the potential accumulation of oil deposits. Productive wells in the area have production rates in excess of 200 bop/d and in some cases with little associated water. We currently have a 50% interest in the Glen Park prospect. The Company's current focus on this project is to monetize it on the best financial terms possible.

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

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

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

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

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

the agreement.

Pursuant to the terms of the agreement GSWPS is required to pay our proportionate interest in any after tax profits on a quarterly basis. Our management obtained an independent valuation dated February 5, 2010 in support of the value ascribed to the proposed equity interest in GSWPS. As at May 31, 2010, we have paid \$51,000 in US dollars and issued 500,000 restricted shares of our common stock, following which we have acquired a 6.04% equity interest in GSWPS.

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Clean Tech Alliance with Snyder Electric.

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

Belmont Lake Field, Wilkinson County, Mississippi

Effective September 1, 2009, the Company entered into an assignment agreement with Cheetah Oil & Gas Ltd. The assignment agreement dated August 28, 2009, provides for the purchase by the 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, the Company 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 the Company with no direct interest in this well. As a result, the Company has 375,000 restricted shares in the capital of Cheetah and 375,000 share purchase warrants which entitle the Company to acquire 375,000 restricted 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, the Company entered into an assignment agreement with Lexaria Corp. The assignment agreement dated August 28, 2009, provides for the purchase by the 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, the Company 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 the Company with no direct interest in this well. As a result, the Company has 499,893 restricted shares in the capital of Lexaria and 499,983 share purchase warrants which entitle the Company to acquire 499,983 restricted shares in the capital of Lexaria at a purchase price of US\$0.20 per share for a period of two years.

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

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

*Purchase of Significant Equipment*

We do not intend to purchase any significant equipment (excluding oil and gas activities) over the twelve months ending May 31, 2011 other than office computers, furnishings, and communication equipment as required.

*Corporate Offices*

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The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1633. We have another office located in Kelowna. Our current locations provide adequate office space for our purposes at this stage of our development.

### *Employees*

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

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

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

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

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

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

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



**Off-Balance Sheet Arrangements**

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

### **Critical Accounting Policies**

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

#### **Oil and Gas Properties**

The Company utilizes the full cost method to account for its investment in oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including such costs as leasehold acquisition costs, capitalized interest costs relating to unproved properties, geological expenditures, tangible and intangible development costs including direct internal costs are capitalized to the full cost pool. When the Company obtains proven oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proved reserves.

Investments in unproved properties are not depleted pending determination of the existence of proved reserves. Unproved properties are assessed periodically to ascertain whether impairment has occurred. Unproved properties whose costs are individually significant are assessed individually by considering the primary lease terms of the properties, the holding period of the properties, and geographic and geologic data obtained relating to the properties. Where it is not practicable to assess individually the amount of impairment of properties for which costs are not individually significant, such properties are grouped for purposes of assessing impairment. The amount of impairment assessed is added to the costs to be amortized, or is reported as a period expense, as appropriate.

Pursuant to full cost accounting rules, the Company must perform a ceiling test each quarter on its proved oil and gas assets. The ceiling test provides that capitalized costs less related accumulated depletion and deferred income taxes for each cost center may not exceed the sum of (1) the present value of future net revenue from estimated production of proved oil and gas reserves using current prices, excluding the future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, at a discount factor of 10%; plus (2) the cost of properties not being amortized, if any; plus (3) the lower of cost or estimated fair value of unproved properties included in the costs being amortized, if any; less (4) income tax effects related to differences in the book and tax basis of oil and gas properties. Should the net capitalized costs for a cost center exceed the sum of the components noted above, an impairment charge would be recognized to the extent of the excess capitalized costs.

Sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in the statement of operations.

Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities.

Cost related to site restoration programs are accrued over the life of the project.

#### **Long-Lived Assets**

In accordance with SFAS No. 144 (ASC 360), "Accounting for the Impairment or Disposal of Long-Lived Assets", the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. We recognize impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

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## Revenue Recognition

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

## Going Concern

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

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

## Recently Issued Accounting Standards

In June 2009, the FASB issued FASB No. 166(ASC 860), Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140 ( SFAS 166 ). SFAS 166(ASC 860) requires additional disclosures about the transfer and derecognition of financial assets and eliminates the concept of qualifying special-purpose entities under SFAS 140(ASC 860). SFAS 166(ASC 860) is effective for fiscal years beginning after November 15, 2009. The adoption of this statement is not expected to have material impact on the Company's financial statements.

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

## Results of Operations Three Months Ended May 31, 2010 and 2009

The following summary of our results of operations should be read in conjunction with our financial statements for the quarter ended May 31, 2010, which are included herein.

Our operating results for the three months ended May 31, 2010, for the three months ended May 31, 2009 and the changes between those periods for the respective items are summarized as follows:

	<b>Three Months Ended May 31, 2010</b>	<b>Three Months Ended May 31, 2009</b>	<b>Change Between Three Month Period Ended May 31, 2010 and May 31, 2009</b>
Revenue	\$ 11,607	\$ 17,211	\$ (5,604)
Other income/expenses	(2,654,634)	(616)	(2,654,018)
General and administrative	100,493	76,647	23,846
Interest expense		1,304	2,055
Write down in carrying value of oil and gas properties		Nil	Nil
Consulting fees		60,053	44,016
Cost of revenue		10,546	2,1652
Professional Fees		12,821	4,689
Net loss		(2,050,207)	(81,704)

Our accumulated losses increased to \$3,548,209 as of May 31, 2010. Our financial statements report a net loss of \$2,050,207 for the three-month period ended May 31, 2010 compared to a net loss of \$81,704 for the three-month period ended May 31, 2009. Our losses have increased primarily as a result a write down of oil and gas properties offset by income recovery of deferred taxes. Other factors are an increase in consulting fees, advertising, filing fees, travel, and legal fees compared to the previous period.

#### **Results of Operations Nine Months Ended May 31, 2010 and 2009**

The following summary of our results of operations should be read in conjunction with our financial statements for the nine months ended May 31, 2010, which are included herein.

Our operating results for the nine months ended May 31, 2010, for the nine months ended May 31, 2009 and the changes between those periods for the respective items are summarized as follows:

	<b>Nine Months Ended May 31, 2010</b>	<b>Nine Months Ended May 31, 2009</b>	<b>Change Between Six Month Period Ended May 31, 2010 and May 31, 2009</b>
Revenue	\$ 11,861	\$ 72,850	\$ (60,989)
Other income/expenses	(2,656,926)	24,311	(2,681,237)
General and administrative	332,983	187,483	145,500
Interest expense	3,754	7,520	(3,766)
Write down in carrying value of oil and gas properties	Nil	31,786	(31,786)
Consulting fees	207,294	109,101	98,193
Cost of revenue	10,546	156,571	(146,025)
Professional Fees	55,840	34,823	21,017
Net loss	(2,284,736)	(246,893)	(2,037,843)

As at May 31, 2010, we had \$41,674 in current liabilities. Our net cash used in operating activities for the nine months ended May 31, 2010 was \$193,502 compared to \$90,635 used in the nine months ended May 31, 2009. Our accumulated losses increased to \$3,548,209 as of May 31, 2010. Our financial statements report a net loss of \$2,284,736 for the nine month period ended May 31, 2010 compared to a net loss of \$246,893 for the nine month period ended May 31, 2009. Our losses have increased primarily as a result of a write down of oil and gas properties offset by income tax recovery for deferred taxes. Other factors include less revenue because of the sale of the revenue producing properties in 2009, very little revenue from the alternative energy segment, no foreign exchange gain, and a stock based compensation from granting stock options, increased consulting fees, advertising, investor relations,

travel, training, filing fees, and increased legal fees.

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Our total liabilities as of May 31, 2010 were \$257,991 as compared to total liabilities of \$892,225 as of August 31, 2009. The decrease is primarily due to the income tax recovery for the deferred taxes.

## Liquidity and Financial Condition

### Working Capital

	At May 31, 2010	At August 31, 2009
Current assets	\$ 317,215	\$ 295,333
Current liabilities	41,674	129,520
Working capital	\$ 275,541	\$ 165,813

### Cash Flows

	Nine Months Ended	
	May 31, 2010	May 31, 2009
Cash flows (used in) operating activities	\$ (193,502)	\$ (90,635)
Cash flows (used in) investing activities	(98,231)	(43,934)
Cash flows provided by (used in) financing activities	81,531	45,800
Net increase (decrease) in cash during period	\$ (210,202)	\$ (82,769)

### Operating Activities

Net cash used in operating activities was \$193,502 in the nine months ended May 31, 2010 compared with net cash used in operating activities of \$90,635 in the same period in 2009. The increase in cash used is mostly from no revenue because of the sale of the revenue producing properties in 2009, very little revenue from the alternative energy segment, increased consulting fees, advertising, investor relations, travel, training, filing fees, and increased legal fees.

### Investing Activities

Net cash used in investing activities was \$98,231 in the nine months ended May 31, 2010 compared to net cash used by investing activities of \$43,934 in the same period in 2009. The increase in cash used in investing activities is mainly attributable to the Belmont Lake working interest that has now been converted to common shares in both Lexaria Corp. and Cheetah Oil & Gas Ltd. and the equity investment in Global Solar Water Power Systems Inc.

### Financing Activities

Net cash provided by financing activities was \$81,531 in the nine months ended May 31, 2010 compared to \$45,800 in the same period in 2009. In 2010, this is attributable to the Company completing an equity financing and in 2009, there was a short term loan to a related party.

***Revenue comparisons for the Quarter ended May 31, 2010 compared to the quarter ended May 31, 2009***

For the nine-month period ended May 31, 2010, the Company had \$11,861 in revenues compared to \$72,850 in revenues for the same nine-month period in the prior year. The Company has generated \$385,950 in revenues from inception on November 24, 2004 to May 31, 2010.

**Item 4. Controls and Procedures**

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

As of May 31, 2010, the end of our 3rd quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (also our principal executive officer) and our secretary, treasurer and chief financial officer (also our principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (also our principal executive officer) and our secretary, treasurer and chief financial officer (also our principal financial and accounting officer) concluded that our disclosure controls and procedures were effective in providing reasonable assurance in the reliability of our financial reports as of the end of the period covered by this quarterly report.

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

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

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

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended May 31, 2010 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

**PART II**

**OTHER INFORMATION**

**Item 1. Legal Proceedings**



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

**Item 1A. Risk Factors**

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

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

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

### **Risks Associated with Business**

#### *No Assurance of Profitability*

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

#### *Changing Consumer Preferences*

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

#### *General Economic Factors*

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

#### *Factors Affecting Operating Results*

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

#### *Competition*

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

*Quality of Service/Industry Practices*

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

#### *Unethical Business Practices*

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

#### *No Significant Customers*

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

#### *Fixed Price Contracts*

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

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

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

#### *Human Resources*

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

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

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

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

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

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

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

*Changes in environmental regulations.*

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

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

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

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

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

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

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

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

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

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

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

### **Other Risks**

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

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

*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.*

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

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

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

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

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

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

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

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

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

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

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

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

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

None.

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**Item 3. Defaults Upon Senior Securities**

None.

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

None.

**Item 5. Other Information**

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

**Item 6. Exhibits**

**Exhibit**

**Number Description**

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

3.1*	Articles of Incorporation
3.2*	Bylaws
4.1*	Specimen ordinary share certificate
31.1	Rule 13(a) - 14 (a)/15(d) - 14(a) Certifications
32.1	Section 1350 Certifications

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

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

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**SIGNATURES**

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

**ENERTOPIA CORP.**

By: /s/ "Robert McAllister "  
Robert McAllister,  
President (Principal Executive Officer)  
28/06/2010

By: /s/ "Bal Bhullar"  
Bal Bhullar,  
Chief Financial Officer  
28/06/2010

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