FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2017, 2016 AND 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED SEPTEMBER 30, 2017, 2016 AND 2015

*This management's discussion and analysis ("**MD&A**") of ESSA Pharma Inc. (the "**Company**" or "**ESSA**") for the years ended September 30, 2017, 2016 and 2015 is dated as of December 11, 2017.*

*This MD&A has been prepared with reference to National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2017, 2016 and 2015, and the related notes thereto. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("USD" or "$" or "US$"), unless otherwise indicated. Canadian dollars are presented as "C$" or "CAD", where indicated.*

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under the United States Private Securities Litigation Reform Act and applicable Canadian securities laws. Please refer to the discussion of forward-looking statements set out under the heading "Cautionary Note Regarding Forward-Looking Statements", located at the end of this document. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements.

*As at September 30, 2017, the Company's common shares traded on the Toronto Stock Exchange ("**TSX**") under the symbol "EPI" and the NASDAQ Capital Market ("**NASDAQ**") under the symbol "EPIX". Following September 30, 2017, on November 27, 2017, the Company delisted its common shares from the TSX to the TSX Venture Exchange ("**TSX-V**"). Consequently, as at December 11, 2017, the Company's common shares trade on the TSX-V under the symbol "EPI" and the NASDAQ under the symbol "EPIX".*

OVERVIEW OF THE COMPANY

ESSA is a preclinical stage pharmaceutical company focused on developing novel and proprietary therapies for the treatment of prostate cancer in patients whose disease is progressing despite treatment with current therapies, including abiraterone and enzalutamide. The Company believes its preclinical series of compounds can significantly expand the interval of time in which patients suffering from castration-resistant prostate cancer ("**CRPC**") can benefit from hormone-based therapies. Specifically, the compounds act by disrupting the androgen receptor ("**AR**") signaling pathway, the primary pathway that drives prostate cancer growth, by preventing AR activation through selective binding to the Tau-5 region of the N-terminal domain ("**NTD**") of the AR. In this respect, ESSA's compounds differ greatly from classical anti-androgens, since they interfere either with androgen synthesis, or with the binding of androgens to the ligand-binding domain ("**LBD**"), which is located at the opposite end of the receptor. A functional NTD is essential for activation of the AR; blocking the NTD inhibits AR-driven transcription. We believe such transcription inhibition mechanism of ESSA's preclinical series of compounds is unique, and has the advantage of bypassing identified mechanisms of resistance to the anti-androgens currently used in the treatment of CRPC. The Company has been granted by the United States Adopted Names ("**USAN**") Council a unique USAN stem "-aniten" to recognize this new mechanistic class. The Company refers to this series of proprietary compounds, currently in development, as the "**Aniten**" series. In preclinical studies, blocking the NTD has demonstrated the capability to prevent AR-driven gene expression. In addition, in a recently completed Phase I clinical trial of ESSA's first generation agent EPI-506, prostate-specific antigen ("**PSA**") declines, a sign of inhibition of AR-driven biology, were observed at the higher dose levels.

According to the American Cancer Society, in the United States, prostate cancer is the second most frequently diagnosed cancer among men, behind skin cancer. Approximately one-third of all prostate cancer patients who have been treated for local disease will subsequently have rising serum levels of PSA, which is an indication of recurrent or advanced disease. Patients with advanced disease often undergo androgen ablation therapy using analogues of luteinizing hormone releasing hormone ("**LHRH**") or surgical castration; this approach is termed "androgen deprivation therapy", or "ADT". Most advanced prostate cancer patients initially respond to androgen ablation therapy; however, many experience a recurrence in tumor growth despite the reduction of testosterone to castrate levels, and at that point are considered to have CRPC. Following diagnosis of CRPC, patients have been generally treated with anti-androgens, which block the binding of androgens to the AR. More recently, greater benefit has been achieved by utilizing latest generation anti-androgens, such as abiraterone, into combination in newly diagnosed metastatic prostate cancer.

It has been known for more than six decades that the growth of prostate tumors is mediated by an activated AR. Generally, there are three means of activating the AR. First, androgens such as dihydrotestosterone can activate AR by binding to its LBD. Second, CRPC can be driven by constitutively-active variants of AR ("**vAR**") that lack a LBD and do not require androgen for activation. The third mechanism involves certain signaling pathways that activate AR independent of androgen activity. Current drugs for the treatment of prostate cancer work by focusing on the first mechanism in combination with either (i) interfering with the production of androgen, or (ii) preventing androgen from binding to the LBD. However, these approaches eventually fail, due to mechanisms of resistance which all involve the LBD, whether at the DNA (AR amplification or LBD mutations) or RNA level (emergence of AR splice variants).

By directly and selectively blocking all known means of activating the AR, the Company believes the Aniten series of compounds hold the potential to be effective in cases where current therapies have failed. Both preclinical and clinical studies support this belief. In preclinical studies, the Aniten series of compounds has been shown to shrink benign prostate tissue in mice as well as prostate cancer xenografts, including both tumors sensitive and resistant to the current generation anti-androgens such as enzalutamide. Recent studies have also suggested the potential for combinations of ESSA Aniten compounds with anti-androgens; these two classes of drugs have the potential to inhibit AR-driven biology in unique and complementary mechanisms by affecting opposite ends of the AR receptor.

The Phase I clinical trial of the first generation Aniten, EPI-506, has confirmed the safety, tolerability, and provided proof of concept for this unique mechanism of transcription inhibition of AR-driven biology. Patients tolerated doses of the drug, which achieved exposures consistent with those associated with efficacy in animal models. PSA declines of up to 30% were observed in some patients. However, this first generation drug required high doses to achieve the desired exposures, and the relatively short half life limited the 24-hour exposure of the drug. Due to such drawbacks, along with challenges in the manufacturability, stability, and formulation of the drug, the Company decided to accelerate development of the next generation of Anitens rather than to take EPI-506 into a Phase II clinical trial. This next generation of agents include more potent drugs, with superior pharmaceutical properties, including improved manufacturability, improvements in formulation, and increased resistance to metabolism.

The NTD of AR is flexible with a high degree of intrinsic disorder making it difficult to be used for crystal structure-based drug design. The Company is not currently aware of any success by other drug development companies in finding drugs that bind to this drug target. The nature of the highly specific binding of the EPI compounds to the NTD, and the biological consequences of that binding, have been defined in recent scientific studies. The selectivity of the binding, based on *in vivo* imaging as well as *in vitro* studies, is consistent with the clean toxicological profile of EPI-506 and its generally favorable safety and tolerability in its Phase I clinical trial, despite administration of high doses, including of up to 3600 mg daily.

According to the Decision Resources Group, in 2014, there were approximately 213,000 prevalent cases of CRPC, and such prevalence is expected to increase to approximately 235,000 in 2023. The Company expects that the Aniten series of compounds could be effective for many of those patients. In its early clinical development, the Company intends to initially focus on patients who have failed abiraterone or enzalutamide therapies for the following reasons:

- CRPC treatment remains the prostate cancer market segment with a significant unmet therapeutic need and is therefore a potentially large market;
- the Company believes that the unique mechanism of action of its Aniten compounds is well suited to treat those patients who have failed AR LBD focused therapies, and whose biological characterization reveals that their tumors are still largely driven by AR biology;
- the Company expects the large number of patients with unmet therapeutic need in this area will facilitate timely enrollment in its clinical trials; and
- the Company believes that the initial Phase I clinical trial will facilitate early study of the combination of the ESSA Aniten compound with anti-androgens such as enzalutamide.

The British Columbia Cancer Agency ("**BCCA**") and the University of British Columbia ("**UBC**") are joint owners of the intellectual property that constitutes the Company's primary asset. The Company licensed the EPI-family of drugs from UBC and the BCCA whose initial lead compound was EPI-001. It is a mixture of four stereoisomers, each of which has the same chemical constitution but different spatial orientation of its constituent atoms and are active against the AR NTD. The Company is party to a license agreement with the BCCA and UBC dated December 22,

2010, as amended (the "**License Agreement**"), which provides the Company with exclusive access to the issued patents and the patent applications to EPI-series compounds, including next generation Aniten compounds.

A strong, defensive intellectual property position has been established by the Company for multiple EPI structural classes, with 17 patent families filed covering different EPI structural motifs/analogues. Patents have been granted in 27 countries and are pending in 10 jurisdictions for the first generation NTD inhibitor EPI-002, with expiry in 2029.

Patent applications are pending in the United States and Patent Cooperation Treaty ("**PCT**") for the Aniten next-generation NTD inhibitors with expiry in 2037.

Phase I Clinical Study of EPI-506

The Company's Investigational New Drug ("**IND**") application to the U.S. Food and Drug Administration ("**FDA**") for its EPI first generation compound, EPI-506, to begin a Phase I clinical trial was accepted in September 2015, with the first clinical patient enrolled in November 2015. The Company's Canadian Clinical Trial Application ("**CTA**") submission to Health Canada was subsequently also accepted. Based on allometric scaling, an initial dose level of EPI-506 of 80 mg was determined. However, following enrollment of initial cohorts, it became apparent the patients were not receiving sufficient drug dosages and by doubling of the dosage in successive cohorts, patients ultimately received 3600 mg of EPI-506, daily or twice daily in cohorts 7 and 8, respectively.

The objective of the EPI-506 Phase I clinical trial was to explore the safety, tolerability, maximum tolerated dose and pharmacokinetics of EPI-506, in addition to tumor response rates in asymptomatic or minimally symptomatic patients with metastatic CRPC ("**mCPRC**") who were no longer responding to either abiraterone or enzalutamide treatments, or both. Efficacy endpoints such as PSA reduction, and other progression criteria, including radiographic responses, were to be evaluated. The Company also assessed biomarkers of resistance, including the splice variant status of patients as well as the presence of mutations in the DNA coding of the AR. A biomarker is a measurable biological or chemical change that is believed to be associated with the severity or presence of a disease or condition.

Details relating to the Phase I/II clinical trial are available on the U.S. National Institutes of Health clinical trials website (see https://clinicaltrials.gov).

Conducted at five sites in the United States and Canada, the open-label, single-arm, dose-escalation study evaluated the safety, pharmacokinetics, maximum tolerated dose, and anti-tumor activity of EPI-506 in men with end-stage mCRPC who had progressed after prior enzalutamide and/or abiraterone treatment and may have received one prior line of chemotherapy. Twenty-eight patients were available for analysis and each patient had received four or more prior therapies for prostate cancer at the time of study entry. Patients self-administered oral doses of EPI-506 ranging from 80 mg to 3600 mg, with a mean drug exposure of 85 days (range of eight to 535 days). Four patients underwent prolonged treatment (with a median of 318 days; and a range of 219 to 535 days at data cut-off), following intra-patient dose escalation. PSA declines, an indication of efficacy, ranging from 4% to 29% were observed in five patients, which occurred predominantly in the higher dose cohorts (≥1280 mg).

EPI-506 was generally well-tolerated with a favorable safety profile across all doses up to 2400 mg. At a dose of 3600 mg, gastrointestinal adverse events (nausea, vomiting, abdominal pain) were observed in two patients: one patient in the once-daily ("**QD**") dosing cohort and one patient in the 1800 mg twice-daily dosing cohort, leading to study discontinuation and dose-limiting toxicity ("**DLT**") due to >25% missed doses in the 28-day safety reporting period. A separate patient in the 3600 mg QD cohort experienced a transient Grade 3 increase in liver enzymes (AST/ALT), which also constitutes a DLT, and enrollment was consequently concluded in such cohort.

Signs of efficacy at higher-dose levels, combined with the overall safety profile, indicate proof that the concept of inhibiting the AR NTD may provide a clinical benefit to mCRPC patients. However, while the clinical profile of EPI-506 or its active metabolite, EPI-002, could potentially be enhanced through reformulation efforts, ESSA believes that prioritizing development of one of its Aniten next-generation NTD inhibitors with greater potency and other enhanced pharmaceutical properties offers the most compelling regulatory and commercial pathway. As a result, the Company announced on September 11, 2017 its decision to discontinue further clinical development of EPI-506 and to implement a corporate restructuring plan to focus research and development resources on its next-generation Anitens

targeting the AR NTD. The restructuring included a decrease in headcount and reduction of operational expenditures related to the clinical program.

ESSA believes its next-generation Aniten compounds represent a new class of drugs that are NTD inhibitors of the AR and are designed to improve upon a number of attributes of the first-generation compound, EPI-506. The next-generation Anitens are considerably more potent than EPI-506 or its active metabolite, EPI-002, in an *in vitro* assay measuring inhibition of AR transcriptional activity. In addition, the compounds are designed to improve upon the pharmaceutical properties of EPI-506, including formulation, stability, ease of manufacture and potentially improved bioavailablity, to enable a more efficient and cost-effective formulation approach. The Aniten program is currently at the IND lead-selection stage with an IND filing expected to occur in early 2019.

Strategy

The Company's initial therapeutic goal is to provide a safe and effective therapy for prostate cancer patients who have failed current therapies, and ultimately to treat all AR-dependent forms of prostate cancer, either as a single agent or in combination with other agents. The Company intends to accomplish those objectives while maximizing shareholder value. Specific components of the Company's strategy include:

Identifying an Aniten compound to take into clinical trials

The purpose of the next-generation program is to identify drug candidates with improved potency and pharmacological properties compared to ESSA's first-generation compounds. Several candidate molecules have been screened which display 5 to 10 times higher potency than EPI-002 as measured in preclinical models of AR inhibition. ESSA intends to conduct additional preclinical studies to identify a possible lead candidate for further IND-enabling studies. If preclinical studies proceed as planned, the Company anticipates the nomination of a next-generation drug candidate could occur in calendar 2018 with filing of an IND by calendar Q1-2019.

Initial goals of the next-generation program are to increase potency, improve ADME profile and improve pharmaceutical properties of product candidate compounds. Significant structure-activity relation ("SAR") studies conducted on the chemical scaffold have elicited a new series of high-potency compounds. Additional changes in the chemical scaffold have also been incorporated to improve ADME and pharmaceutical properties of the chemical class.

Advancing a potential future product candidate through clinical development and regulatory approval in CRPC patients

If a product candidate is successfully identified, and following approval of an IND, the Company will conduct a Phase I/II clinical trial to determine the safety, tolerability, maximum tolerated dose, pharmacokinetics and potential therapeutic benefits of the drug in CRPC patients. It is currently estimated that the Phase I clinical trial will proceed to completion in the second half of calendar 2019. Once the Phase I clinical trial is complete, the Company plans to review the data, including the safety, tolerability, evidence of efficacy and pharmacological and biomarker data. This information will inform the final size, design and timing of a Phase II clinical trial.

Developing a potential future product candidate as an essential component of a new standard of care for the treatment of pre-CRPC and expanding usage earlier in the disease stage

An activated AR is required for the growth and survival of most prostate cancer; therefore, the Company believes the AR NTD is an ideal target for next-generation hormone therapy. If ESSA's potential future product candidate is successful in treating CRPC patients, it is reasonable to expect that such clinical candidate may be effective in treating earlier stage patients. Therefore, the Company may conduct additional clinical studies potentially leading to approval of the clinical candidate for use in prostate cancer patients at an earlier disease stage. Such studies would likely include the clinical candidate in combination with anti-androgens; the Company is currently generating *in vitro* and *in vivo* data in collaboration with academic investigators in this regard. Other emerging potential clinical applications for NTD inhibitors are in salvage of anti-androgen refractory mCRPC patients, in combination with second generation anti-androgens in earlier mCRPC patient, and with other agents, such as poly ADP ribose polymerase ("**PARP**") inhibitors, and in the subset of metastatic breast cancer patients whose tumors have been demonstrated to have activation of the AR pathway.

Evaluating strategic collaborations to maximize value

The Company currently retains all commercial rights for its EPI and Aniten series drug portfolio. The Company intends to evaluate potential collaborations that could enhance the value of its prostate cancer program and allow it to leverage the expertise of strategic collaborators.

CORPORATE UPDATE AND OVERALL PERFORMANCE

ESSA is a preclinical stage company and does not currently generate revenue. During the year ended September 30, 2017, the Company recorded a comprehensive loss of $4,499,012 (2016 - $13,477,551; 2015 - $11,341,799). As of September 30, 2017, the Company had cash resources of $3,957,185 (2016 - $8,985,095; 2015 - $1,579,288) and working capital of $1,281,551 (2016 - $6,389,257; 2015 - $4,999,066).

This corporate update highlights significant events and transactions for the year ended September 30, 2017 and for the subsequent period to the date of this MD&A.

Corporate and Finance Highlights

Debt Financing

On November 18, 2016, Silicon Valley Bank ("**SVB**") entered into a $10,000,000 capital term loan facility agreement ("**SVB Term Loan**") with the Company. The Company has initially drawn down $8,000,000 from the SVB Term Loan. The SVB Term Loan included a conditional option for the Cmpany to receive an additional $2,000,000 by April 28, 2017, subsequently amended to July 31, 2017, upon positive data from the Company's ongoing Phase I clinical trial of EPI-506 and receipt of the third and final tranche of the Cancer Prevention Research Institute of Texas ("**CPRIT**") grant of $5,422,000 (the "**CPRIT Grant**"), which, as further described below, has been partially received. As the Company is not proceeding with the development of EPI-506, the conditional option for the $2,000,000 has expired.

The SVB Term Loan bears an interest rate of Wall Street Journal Prime Rate ("**WSJ Prime Rate**") plus 3% per annum and will mature on September 1, 2020. The SVB Term Loan requires a final payment of 8.6% of the amount advanced ("**Final Payment**"), due upon the earlier of the maturity or termination of the SVB Term Loan. The Company is required to make interest only payments until December 31, 2017. The SVB Term Loan contains a voluntary prepayment option whereby the principal amount can be prepaid in whole, or in part, for a fixed fee if a prepayment is made on or before the second anniversary of the SVB Term Loan.

The SVB Term Loan is secured by a perfected first priority lien on all of the Company's assets, with a negative pledge on the Company's intellectual property. The SVB Term Loan is subject to standard events of default, including default in the event of a material adverse change. There are no financial covenants under the SVB Term Loan.

Upon funding of the respective tranches of the SVB Term Loan, the Company is required to grant to SVB common share purchase warrants. In connection with the initial $8,000,000 draw, the Company granted an aggregate of 149,532 warrants, exercisable at a price of $2.14 per share for a period of seven years until November 18, 2023 (the "**SVB Warrants**").

CPRIT Funding

During the year ended September 30, 2017, the Company received $5,192,799 as part of the third and final tranche of the CPRIT Grant, totalling $5,422,000. A final amount of $229,201 remains outstanding, to be received by the Company upon final compliance reporting at the end of the grant period, which is designated as December 31, 2017.

Financing

On July 12, 2017, the Company announced a proposed overnight marketed public offering in Canada and a concurrent private placement in the United States. The Company received sufficient investor interest to advance the proposed transaction, but did not obtain conditional approval from securities regulators due to levels of insider and institutional

participation. While alternative transaction structures were identified that may have been pursued, additional data was being received from the higher-dose cohorts in the Phase I clinical trial of EPI-506. As a result, the Company announced its plan to delay the financing until after such data was announced.

NASDAQ Deficiency

On July 20 and July 21, 2017, the Company received notifications from the NASDAQ indicating that it was not in compliance with two requirements for continued listing, being the maintenance of a minimum bid price of US$1 and a minimum market value of US$35,000,000, noncompliance constituting continued deficiency for a period of 30 consecutive business days.

The NASDAQ has granted grace periods for 180 calendar days, to January 15 and January 16, 2018, respectively, to regain compliance with the above-mentioned requirements. During this time, the Company's common shares will continue to be listed and trade on the NASDAQ.

TSX-V Listing

On November 27, 2017, the Company voluntarily delisted from the TSX and began trading its common shares on the TSX-V under the same symbol, "EPI", to allow for improved operating efficiency, lower costs, and enhanced financing flexibility, while providing shareholders continued liquity on a recognized stock exchange.

Research and Development Milestones

Progress in the selection of a potential future product candidate and filing an IND

During the period from the fourth calendar quarter of 2017 to the first calendar quarter of 2019, the Company will continue preclinical studies on the next generation Aniten compounds. During such period, there are two key research and development milestones that the Company aims to achieve. The first Company milestone is the selection of ESSA's most promising candidate from the Aniten compounds, which will need to meet specific criteria, to take into the clinic. Following selection of this clinical candidate, the second Company milestone is the filing and approval of an IND with the FDA and a CTA with Health Canada.

DISCUSSION OF OPERATIONS

Programs and Potential Products

EPI-Series Drugs

The Company's compounds, based on EPI-001, are selective, oral, small molecules that block the NTD of the AR. The AR is required for the growth and survival of most prostate cancer; therefore, the NTD of the AR is an ideal target for next-generation hormone therapy. Consistent with the inhibition of AR activity by other EPI compounds, experimentation conducted in a test-tube or in a controlled environment outside a living organism (known as "*in vitro*" studies) and experimentation done in or on the living tissue of a whole, living organism (known as "*in vivo*" studies) show that stereoisomers of EPI-001 selectively block AR-dependent proliferation of human prostate cancer cells that express AR and do not inhibit the proliferation of cells that do not express functional AR or do not rely on the AR for growth and survival. By directly inhibiting the NTD of the AR, the Company believes EPI series molecules may be able to overcome resistance mechanisms in CRPC.

Preclinical Studies

The Company is focused on the advancement of Aniten next-generation NTD inhibitors designed to improve upon the properties of the first-generation compound, EPI-002, and its prodrug EPI-506. A series of oral small molecule compounds have been identified which, while retaining the common mechanism of action to interfere with AR-mediated signaling, include improved pharmaceutical properties such as enhanced potency, reduced susceptibility to metabolism and improved drug-like properties. Several of these compounds are currently being characterized in more

detail with a goal of selecting a next-generation development compound based on certain established criteria. The Company also continues to conduct preclinical combination studies.

These next-generation compounds were discovered through chemical modification of the first-generation drug, EPI-002. Specific chemical changes to the structure of EPI-002 resulted in increased potency in a *in vitro* androgen-receptor-based gene transcription assay, exhibiting 5 to 10 times higher potency than EPI-002. The efficacy of the first in the series of these next-generation high-potency molecules was confirmed in a human prostate cancer xenograft model. In this preclinical study, the next-generation high-potency compound reduced tumor growth compared to the control using low daily doses of the drug.

In addition to higher potency, the next-generation compounds are designed to reduce the metabolism of these agents following oral dosing compared to EPI-002. Excessive metabolism of a drug candidate may reduce the effective exposure levels of a drug and necessitate frequent and excessive dosing requirements. Specific modifications in the chemical structure of these high-potency molecules were made in an attempt to block known sites of metabolism of EPI-002. A series of *in vitro* studies examining drug metabolism were conducted with the next-generation compounds. Results indicated that several of these high-potency compounds, with the additional chemical modifications, may be metabolized more slowly than EPI-002 in humans. If this *in vitro* data is replicated in animals and in patients, the reduced metabolism of the next-generation compounds may be expected to improve the pharmacokinetic profile and daily dose requirements following oral dosing compared to EPI-002.

Importantly, the next-generation high-potency compounds exhibiting less *in vitro* metabolism were tested against off-target screening. Significant off-target binding of drug candidates may lead to unanticipated toxicity. Several of these compounds show minimal non-specific binding properties, indicating a favorable profile for further development. The most promising of these high-potency low-metabolism next-generation compounds were selected for further preclinical characterization with the goal of selecting an IND candidate molecule from among these compounds.

Future Clinical Development Program

Phase I/II Clinical Trial Design for treating CRPC patients

If the Company successfully identifies a clinical candidate following preclinical studies of Aniten compounds, and approval of the IND and CTA are obtained, the Company will conduct a Phase I/II clinical trial to determine the safety, tolerability, maximum tolerated dose, pharmacokinetics, and efficacy of the compound in CRPC patients. In a Phase I study, it is expected the clinical trial will evaluate the safety, tolerability, pharmacokinetics, and maximum-tolerated dose of the compound, in multiple-dose escalations. Learnings from the Phase I clinical trial of EPI- anti-androgens 506 will be incorporated into the design and conduct of potential future trials. Included, for example, will be extensive biological characterization of the patients entered into the trial. Circulating tumor and if available contemporary tissue tumor DNA will be examined for relevant genomic change. Similarly RNA studies in circulating tumor cells will be used to confirm that the AR pathway is active in patients entered into the clinical trial. Similar gene expression-based assays will confirm the biological activity of the drug, and relate this to dose responsiveness and if relevant, drug dosing schedule. If the Phase I portion is successful, the Phase II portion (dose expansion) of the clinical trial will evaluate activity in a target group of biologically-characterized mCRPC patients.

Early Conduct of a Combination Phase I/II Clinical Trial

Given the evolution of prostate cancer therapeutics towards combination therapy strategies, the biological rationale for combining NTD and LBD inhibitors, and compelling early preclinical animal model results, the Company expects the early performance of combination studies of the next generation Aniten compound with current generation anti-androgens.

Phase III Clinical Trial

In order to obtain full regulatory approval, the Company expects that it will be required to carry out at least one Phase III clinical trial, most likely in patients similar to the population of CRPC patients that enrolled in the planned Phase I/II clinical trial. However, the results of the Phase I/II clinical trial may suggest modification of the initial patient population based on response and biomarker assessment. In a Phase III clinical trial, the key end-point is expected to

be overall survival relative to patients receiving the standard-of-care. It is expected that such a Phase III clinical trial would be conducted at numerous sites around the world.

SELECTED ANNUAL FINANCIAL INFORMATION

ESSA was incorporated on January 6, 2009 and did not engage in any material financial or commercial activity until commencing operations in 2010. The Company has not earned revenues or declared dividends as of September 30, 2017.

The following table sets forth selected consolidated financial information for the periods indicated. The selected consolidated financial information set out below for the years ended September 30, 2017, 2016, and 2015 has been derived from our audited consolidated financial statements and accompanying notes, in each case prepared in accordance with IFRS. Effective January 1, 2016, the Company changed its functional currency from the Canadian dollar to the United States dollar and, in anticipation thereof, adopted the United States dollar as the presentation currency as of October 1, 2015 (see "Changes in or Adoption of Accounting Policies – Change in Functional and Presentation Currency").

The selected consolidated financial information set out below may not be indicative of ESSA's future performance.

	Year ended September 30, 2017	Year ended September 30, 2016	Year ended September 30, 2015
Revenue	$ Nil	$ Nil	$ Nil
Research and development expenses	5,726,366	13,060,201	4,975,928
Total operating expenses	11,651,870	19,642,164	10,328,202
Net loss	4,499,012	13,139,788	9,676,587
Comprehensive loss	4,499,012	13,477,551	11,341,799
Loss per share – basic and diluted	0.15	0.49	0.53
Total assets	5,607,044	10,402,562	7,539,773
Total long-term liabilities	6,103,835	7,309,467	993,099
Cash dividends declared per-share	Nil	Nil	Nil

Years ended September 30, 2017, 2016, and 2015

The Company incurred a comprehensive loss of $4,499,012 for the year ended September 30, 2017 compared to a comprehensive loss of $13,477,551 for the year ended September 30, 2016 and $11,341,799 for the year ended September 30, 2015. The Company recognized recoveries of research and development expenditures of $5,192,799, $Nil, and $5,438,964 in the years ended September 30, 2017, 2016, and 2015, respectively, resulting in reduced research and development expenses in the current year. In addition, as part of the January 2016 Financing, the Company issued the 2016 Warrants (as defined herein), as well as the SVB Warrants in connection with the SVB Term Loan, which are derivative liabilities carried at fair value under the Black Scholes valuation methodology. Consequently, the major disparity in comprehensive loss in fiscal 2017 compared to 2016 and 2015 is driven by a gain of $7,305,746 (2016 – gain of $6,574,105; 2015 – loss of $907,598) with respect to the fair value of the Company's derivative liabilities, which reflect the decrease in the Company's stock price over those periods.

Other significant changes in comprehensive loss are as follows:

Research and Development

- The overall Research and Development ("**R&D**") expense for the year ended September 30, 2017 was $5,726,366 compared to $13,060,201 for the year ended September 30, 2016 and $4,975,928 for the year ended September 30, 2015. The gross expense for the year was $10,919,165 (2016 - $13,060,201; 2015 - $10,414,892) before recognition of qualifying CPRIT Grant funds of $5,192,799 (2016 - $Nil; 2015 - $5,379,298) and Scientific Research & Experimental Development ("**SR&ED**") tax credits of $Nil (2016 - $Nil; 2015 - $59,666).

- In fiscal 2015, the Company focused on the preclinical work needed for the IND submission as well as developing the clinical protocol for the Phase I/II study being administered from ESSA's Houston office. In January 2015, the Company issued 4,363,634 special warrants at a price of $2.75 per special warrant for gross proceeds of $11,999,994 (the "**2015 Special Warrant Financing**"), which enabled the Company to accelerate its work relating to the IND filing. The IND application was filed on March 31, 2015 with additional chemistry and pharmaceutical data work provided to the FDA in the following quarters. The IND was ultimately approved in September 2015 with the clinical trial beginning in November 2015. Consequently, the R&D spend in fiscal 2016 and 2017 has been higher reflecting the investment in clinical work and overall higher level of sustained activity.

- Pharmacology costs of $407,373 in fiscal 2017 (2016 - $866,527; 2015 - $1,420,276) have decreased compared to the comparative periods in 2016 and 2015 due to the completion of testing and experimentation on the Company's EPI-series drugs. The investment for the comparative period was significant as the Company worked with its research facility partners to complete the documentation and information to supplement its IND application as filed at the end of March 2015.

- Manufacturing costs of $3,571,106 in fiscal 2017 (2016 - $3,601,407; 2015 - $3,417,551) have remained comparable to the comparative periods in 2016 and 2015, relating to the drug supply required for the clinical trial dosing and formulation work.

- Clinical costs of $2,623,636 in fiscal 2017 (2016 - $2,920,104; 2015 - $304,142) have increased compared to the comparative period in 2015 due to increased work performed by the clinical research organization while administering the Phase I/II clinical trial, which commenced in November 2015.

- Consulting fees were $935,151 in fiscal 2017 (2016 - $1,333,323; 2015 - $1,072,039) and primarily relate to R&D consultants working on the Phase I clinical trial. Also included are milestone bonuses payable to the the Company's Chief Scientific Officer ("**CSO**") and Chief Technical Officer ("**CTO**") on various publications and patent filings, which were reduced compared to the comparative period.

- Legal patents and license fees have decreased to $834,295 in fiscal 2017 (2016 - $905,392; 2015 - $554,712) compared to the comparative period in 2016 due to the timing of filings in various jurisdictions. The Company has submitted a number of patent applications for which the Company owns the rights. The Company has adopted a tiered patent strategy to protect its intellectual property as the pharmaceutical industry places significant importance on patents for the protection of new technologies, products and processes. The Company anticipates that there will be ongoing investment into patent applications.

- Salaries and benefits have increased to $2,213,655 in fiscal 2017 (2016 - $2,194,047; 2015 - $1,671,567) and include the Company's Chief Medical Officer, Executive VP of Research and 14 preclinical and clinical staff in Texas. The Company has invested significantly to develop a team which efficiently advanced the IND application in fiscal 2015 and supported the ongoing Phase I/II clinical trial in fiscal 2016, which commenced in November 2015.

R&D expenses include the following major expenses by nature for the years ended September 30, 2017, 2016, and 2015:

	Year ended September 30, 2017	Year ended September 30, 2016	Year ended September 30, 2015
Clinical	$ 2,623,636	$ 2,920,104	$ 304,142
Consulting	935,151	1,333,323	1,072,039
Legal patents and license fees	834,295	905,392	554,712
Manufacturing	3,571,106	3,601,407	3,417,551
Other	187,228	306,657	299,470
Pharmacology	407,373	866,527	1,420,276
Program administration	(38,534)	381,429	428,096
Royalties	48,863	46,228	30,550
Salaries and benefits	2,213,655	2,194,047	1,671,567
Share-based payments (Note 10*)	(3,870)	322,160	779,263
Travel	140,262	182,927	437,226
SR&ED tax credits	-	-	(59,666)
CPRIT Grant claimed on eligible expenses (Note 18*)	(5,192,799)	-	(5,379,298)
Total	$ 5,726,366	$ 13,060,201	$ 4,975,928

* See the Notes set out in the accompanying consolidated financial statements for the years ended September 30, 2017, 2016 and 2015.

Share-based payments recovery of $3,870 in fiscal 2017 (2016 - $322,160 expense; 2015 - $779,263 expense) relates to the value assigned to stock options granted to key management and consultants of the Company conducting research and development activities. The expense is recognized in relation to the grant and vesting of these equity instruments as measured by the Black-Scholes pricing model.

General and administrative

General and administration expenses for the year ended September 30, 2017 decreased to $5,140,921 from $5,644,118 in the comparative period in 2016 and $5,258,519 in the comparative period in 2015. Significant components of the such expenses in the current period included:

- Director fees of $191,500 in fiscal 2017 (2016 - $204,049; 2015 - $128,362) commenced with the Company becoming publicly-listed on the TSX Venture Exchange ("**TSX-V**") in January 2015. The board of directors of the Company (the "**Board**") and various committees held fewer formal meetings during the current year, compared to the prior period in 2016, although regular, non-remunerated meetings have been held.

- Investor relations and financial advisory expense of $230,579 (2016 - $317,822; 2015 - $219,312) was incurred during the year ended September 30, 2017. The Company's initial listing on the TSX-V in January 2015 marked the engagement of several investor relations consultants and costs for shareholder communications and news releases. Following the Company's listing on the NASDAQ and graduation to the TSX in July 2015, the investment in shareholder communications has increased with the level of activity and exposure. In fiscal 2017, the Company has rationalized the number of investor relations consultants used, and targeted its spend on shareholder communications and news releases.

- Professional fees for legal and accounting services of $612,865 in fiscal 2017 (2016 - $776,339; 2015 - $1,807,112) were incurred in conjunction with the corporate activities in fiscal 2017, including the undertaking of a United States R&D tax credit study, in comparison with the prior period in 2016, during which the Company incurred more costs in relation to regulatory filings. In the comparative period in 2015, the Company engaged these services for working towards listing on the TSX-V (which occurred in January 2015), with a listing on the NASDAQ and graduation to the TSX completed in July 2015. The Company has worked with its professional service providers to develop corporate structures and compliance standards to

meet new and developing reporting requirements as a public company. Regulatory fees and transfer agent costs have decreased to $74,600 in fiscal 2017 (2016 - $131,302; 2015 - $535,088) which amount relates to annual listing fees. The Company incurred initial listing fees for the NASDAQ and the TSX in fiscal 2015.

- Rent expense has decreased to $470,716 in fiscal 2017 (2016 - $620,023; 2015 - $278,570) due primarily to reduced costs related to Houston office space, associated with the assignment of obligations from a prior office during the period.

- Salaries and benefits expense has increased to $1,863,634 in fiscal 2017 (2016 - $1,634,380; 2015 - $815,544) due to corporate staffing such as the Chief Executive Officer, Chief Financial, and Chief Operating Officer, as disclosed under the heading "Related Party Transactions", and general administrative support staff.

- Insurance expense has decreased to $395,690 in fiscal 2017 (2016 - $422,066; 2015 - $121,986) and relates to insurance coverage for directors and officers upon the Company becoming a reporting issuer and publicly listed company in the United States, as well as general liability insurance and clinical trial insurance.

General and administrative expenses include the following major expenses by nature for the years ended September 30, 2017, 2016, and 2015:

	Year ended September 30, 2017	Year ended September 30, 2016	Year ended September 30, 2015
Amortization	$ 46,145	$ 66,181	$ 42,223
Consulting and subcontractor fees	86,931	87,014	293,522
Director fees	191,500	204,049	128,362
Insurance	395,690	422,066	121,986
Investor relations	230,579	317,822	219,312
Office, IT and communications	187,364	288,968	274,553
Professional fees	612,865	776,339	1,807,112
Regulatory fees and transfer agent	74,600	131,302	535,088
Rent	470,716	620,023	278,570
Salaries and benefits	1,863,634	1,634,380	815,544
Share-based payments (Note 10*)	762,797	897,043	637,524
Travel and entertainment	218,100	198,931	225,182
CPRIT Grant claimed on eligible expenses (Note 17*)	-	-	(120,459)
Total	$ 5,140,921	$ 5,644,118	$ 5,258,519

* See the Notes set out in the accompanying consolidated financial statements for the years ended September 30, 2017, 2016 and 2015.

Share-based payments expense of $762,797 in fiscal 2017 (2016 - $897,043; 2015 - $637,524) relates to the value assigned to stock options granted to key management and consultants of the Company. The expense is recognized in relation to the grant and vest of these equity instruments as measured by the Black-Scholes pricing model.

Derivative liabilities

At September 30, 2015, the Company recorded a derivative liability of $993,099 on 257,018 United States dollar-denominated broker warrants issued in connection with the 2015 Special Warrant Financing. The Company recorded a gain of $382,649 with respect to this derivative liability during the three months ended December 31, 2015. On January 1, 2016, as part of the Company's functional currency change from the Canadian dollar to the United States dollar, the Company de-recognized this derivative liability.

Concurrently on January 1, 2016, the Company recognized a derivative liability of $82,743 on 25,000 Canadian dollar-denominated broker warrants issued in connection with the offering by the Company of convertible debentures in July of 2014 for aggregate gross proceeds of approximately $900,000. As these broker warrants are denominated in Canadian dollars and are exercisable into common shares of the Company, which has a functional currency of United States dollars, the instrument now contains an embedded derivative liability. During the year ended September 30, 2017, the Company recorded the resulting change in fair value of $41,996 (2016 - $40,541) with respect to this derivative liability in the statement of loss and comprehensive loss.

The 2016 Warrants and SVB Warrants have increased the Company's exposure to fluctuations in the market price of the Company's common stock. Under a cashless exercise, the 2016 Warrants and SVB Warrants are exercisable for a variable number of common shares of the Company, resulting in embedded derivatives for which the Company has recognized derivative liabilities. These warrants are measured at fair value, with changes recognized in the statement of loss and comprehensive loss at each reporting date. During the year ended September 30, 2017, the Company recorded the resulting change in fair value, largely resulting from the decrease in stock price during the period, of $7,107,003 (2016 - $6,150,915; 2015 - $Nil) for the 2016 Warrants and $156,747 (2016 - $Nil; 2015 - $Nil) for the SVB Warrants in the statement of loss and comprehensive loss.

Derivative warrant liabilities are discussed under the heading "*Critical Accounting Estimates*" and Note 8 of the accompanying consolidated financial statements for the years ended September 30, 2017, 2016 and 2015.

QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight quarters, prepared in accordance with IFRS. The Company has not earned any revenues or declared dividends as of September 30, 2017. Effective January 1, 2016, the Company changed its functional currency from the Canadian dollar to the United States dollar and in anticipation thereof, adopted the United States dollar as the presentation currency as of October 1, 2015 (see "Changes in or Adoption of Accounting Policies – Change in Functional and Presentation Currency").

	For the Quarters Ended			
	September 30, 2017	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Total assets	$ 5,607,044	$ 8,405,965	$ 13,738,990	$ 15,980,790
Long-term liabilities	6,103,835	7,105,830	15,931,442	13,029,510
Research and development expense	1,165,917	2,920,181	2,548,761	(908,493)
General and administration	1,105,295	1,302,314	1,363,493	1,369,819
Comprehensive income (loss)	$ (1,945,299)	$ 3,592,404	$ (7,610,579)	$ 1,464,462
Basic income (loss) per share	(0.07)	0.12	(0.26)	0.05
Diluted income (loss) per share	(0.07)	0.12	(0.26)	0.05

	For the Quarters Ended			
	September 30, 2016	**June 30, 2016**	**March 31, 2016**	**December 31, 2015**
Total assets	$ 10,402,562	$ 13,666,625	$ 17,470,959	$ 4,622,698
Long-term liabilities	7,309,467	8,350,043	9,217,777	588,408
Research and development expense	3,951,799	3,362,948	2,544,517	3,200,937
General and administration	1,236,873	1,305,780	1,874,597	1,226,868
Comprehensive loss	$ (4,236,768)	$ (3,865,757)	$ (1,335,215)	$ (4,039,811)
Basic income (loss) per share	(0.15)	(0.13)	(0.04)	(0.18)
Diluted income (loss) per share	(0.15)	(0.13)	(0.04)	(0.18)

The Company's quarterly results may, in the future, vary depending on numerous factors, including the timing of CPRIT Grant funding, fluctuations in the Company's derivative liabilities, and whether the Company has granted any stock options, none of which are predictable. CPRIT Grant funding is taken proportionately into income against R&D expenses incurred to date, which in some cases may have been incurred in previous quarters. Fluctuations on derivative liabilities are discussed further under the heading "Selected Annual Financial Information - Derivative liabilities" section above. The granting of stock options results in share-based payment charges, reflecting the vesting of such stock options. General operating costs other than the specific items noted above tend to be quite similar from period to period.

In the quarter ended March 31, 2016, the Company completed the January 2016 Financing and March 2016 Financing for gross proceeds of approximately $20,000,000. The January 2016 Financing resulted in the issuance of the 2016 Warrants which are recorded as derivative liabilities and which increased the long-term liability balance in the period.

In the quarters ended December 31, 2016 and March 31, 2017, the Company recorded the partial receipts of the third tranche of the CPRIT Grant of $3,992,799 and $1,200,000, respectively, which were recognized as recoveries of R&D expenditures. The CPRIT Grant is detailed in the accompanying consolidated financial statements. The agreement providing for the CPRIT Grant was executed by the Chief Executive Officer of CPRIT on July 9, 2014 (the "**CPRIT Agreement**") and is due to be completed on December 31, 2017.

Three months ended September 30, 2017 and 2016

The Company incurred a comprehensive loss of $1,945,299 for the three months ended September 30, 2017 compared to a comprehensive loss of $4,236,768 for the three months ended September 30, 2016.

The Company has continued its clinical studies and has therefore increased investment in research and development costs. In the prior period, the Company was continuing advancement of chemistry and pharmaceutical data as required by the FDA for approval of the IND, resulting in higher manufacturing costs. Significant components of the expense in the current three-month period include:

- Clinical costs of $292,659 (2016 - $750,368) have increased as a result of close-out and contract termination costs related to the Company's completion of the EPI-506 Phase I/II clinical trial, which was terminated in September 2017.

- Pharmacology costs of $89,311 (2016 - $155,645) have decreased compared to the comparative period in 2016 due to the completion of testing and experimentation on the Company's EPI-series drugs.

- Manufacturing costs of $131,325 (2016 - $1,432,291) have decreased compared to the comparative period in 2016 as the Company approached the conclusion of the EPI-506 Phase I/II clinical trial, which was terminated in September 2017.

- Consulting fees were $246,172 (2016 - $449,372) including milestone bonuses payable to the CSO and CTO on various publications and patent filings, which were reduced as a result of less publications and patent filings compared to the comparative period in 2016.

- Legal patents and license fees have increased to $247,040 (2016 - $154,589) as the Company has submitted a number of patent applications. The Company has adopted a tiered patent strategy to protect its intellectual property as the pharmaceutical industry places significant importance on patents for the protection of new technologies, products and processes. The Company anticipates that there will be ongoing investment into patent applications.

- Program administration fees were a recovery of $320,838 (2016 - $188,546 expense) primarily due to the negotiation of a new collaborative research agreement with the BCCA in the three months ended September 30, 2017, which superseded the previous agreement. Accordingly, the Company wrote off $331,078 accrued under the previous agreement.

- Salaries and benefits have decreased to $581,806 (2016 - $676,990) including costs related to preclinical and clinical staff in Texas, the Company's Chief Medical Officer and former Executive Vice President of Research and Development. The Company incurred reduced salaries and benefits costs compared to the comparative period in 2016 due primarily to the cessation of employment of the Company's Executive Vice President of Research and Development in July 2017.

R&D expenses include the following major expenses by nature for the three months ended September 30, 2017 and 2016:

	Three months ended September 30, 2017	Three months ended September 30, 2016
Clinical	$ 292,659	$ 750,368
Consulting	246,172	449,372
Legal patents and license fees	247,040	154,589
Manufacturing	131,325	1,432,291
Other	(6,871)	29,729
Pharmacology	89,311	155,645
Program administration	(320,838)	188,546
Salaries and benefits	581,806	676,990
Share-based payments (Note 10*)	(112,457)	87,017
Travel	17,770	27,252
Total	$ 1,165,917	$ 3,951,799

* See the Notes set out in the accompanying consolidated financial statements for the years ended September 30, 2017, 2016 and 2015.

General and administrative expenses have decreased from the prior period as the Company has streamlined and reduced its corporate and financing activity. Significant components of the expense in the current three-month period include:

- Professional fees for legal and accounting services of $128,239 (2016 - $224,151) were incurred in conjunction with the corporate activities in the three month period ended September 30, 2017, including the undertaking of a United States R&D tax credit study, in comparison with the prior period in 2016, during which the Company incurred more costs in relation to regulatory filings.

- Rent expense has increased slightly to $139,054 (2016 - $124,586) in comparison with the prior period in 2016 due primarily to the annual escalating costs of the Houston office lease.

- Salaries and benefits expense has increased to $329,665 (2016 - $177,875) in comparison with the prior period in 2016 due to corporate staffing such as the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer, as disclosed in "Related Party Transactions", and increased general administrative support staff in Houston. Additionally, the salaries and benefits expense for the prior period is lower than the current period as the Company recorded an allocation of benefits and other payroll costs for fiscal 2016 to R&D.

General and administrative expenses include the following major expenses by nature for the three months ended September 30, 2017 and 2016:

	Three months ended September 30, 2017	Three months ended September 30, 2016
Amortization	$ 11,536	$ 16,580
Consulting and subcontractor fees	21,428	27,325
Director fees	50,750	21,041
Insurance	82,810	90,229
Investor relations	63,189	77,073
Office, IT and communications	26,329	56,375
Professional fees	128,239	224,151
Regulatory fees and transfer agent	27,882	3,044
Rent	139,054	124,586
Salaries and benefits	329,665	177,875
Share-based payments (Note 10*)	170,707	349,322
Travel and entertainment	53,706	69,272
Total	$ 1,105,295	$ 1,236,873

* See the Notes set out in the accompanying consolidated financial statements for the years ended September 30, 2017, 2016 and 2015.

USE OF PROCEEDS

During the year ended September 30, 2017, the Company received total net proceeds of $7,779,063 from the SVB debt financing.

During the year ended September 30, 2016, the Company received total net proceeds of $18,919,803 from the following financings:

- on January 14, 2016, the Company received net proceeds of $13,982,604 in connection with a private placement offering of 4,545,452 units of the Company at $3.30 per unit (the "**January 2016 Financing**"). Each unit consisted of one common share of the Company, one seven-year cash and cashless exercise warrant and one-half of one two-year cash exercise warrant (collectively, the "**2016 Warrants**"). Each of the 2016 Warrants has an exercise price of $3.30; and

- on March 21, 2016, the Company received net proceeds of $4,937,201 in relation to the private placement offering of 1,666,666 common shares of the Company at $3.00 per share (the "**March 2016 Financing**").

The following table sets out a comparison of how the Company intended to use the proceeds from the above financings, based on its disclosure, against how the Company actually used the proceeds following the respective closing dates, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

Intended Use of Proceeds	Actual Use of Proceeds
To continue the development of EPI-506 Phase I/II clinical program through Phase I.	The proceeds have been used as intended to further the development of the EPI-506 Phase I/II clinical trial program while meeting administrative requirements. During the year ended September 30, 2017, the Company incurred $5,726,366 in R&D costs, net of recoveries, in relation to the development of the EPI-506 Phase I/II clinical trial program. An additional $5,140,921 has been incurred for general and administrative costs in support of the Company's research and development activities. During the year ended September 30, 2016, the Company incurred $13,060,201 in R&D costs, net of recoveries, in relation to the development of the EPI-506 Phase I/II clinical trial program. An additional $5,644,118 has been incurred for general and administrative costs in support of the Company's research and development activities. As at September 30, 2017, the Company has not yet fully expended the funds raised in these financings towards the completion of the EPI-506 Phase I/II clinical trial program, which concluded during the year. The Company intends to use remaining funds towards preclinical development of its next-generation Aniten compounds.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2017, the Company has a working capital of $1,281,551 (2016 - $6,389,257; 2015 - $4,999,066). Operational activities during the year ended September 30, 2017 were financed mainly by proceeds from equity financings completed in January 2016 and March 2016, the SVB Term Loan, and the CPRIT Grant. At September 30, 2017, the Company had available cash reserves of $3,957,185 (2016 - $8,985,095; 2015 - $1,579,288) and $29,475 (2016 - $15,882; 2015 - $3,849,605 related primarily to the second CPRIT advance of $3,786,667 received immediately after year-end) in accounts receivable related primarily to GST input tax credits, to settle current liabilities of $3,777,212 (2016 - 3,629,952; 2015 - $2,091,162).

Cash used in operating activities for the year ended September 30, 2017 was $17,354,811 (2016 - $15,300,969; 2015 - $13,399,982). Working capital items used cash of $1,918,043 (2016 - $2,329,835 cash provided; 2015 - $92,951 cash provided).

Cash used in investing activities for the year ended September 30, 2017 decreased to $Nil (2016 - $9,983; 2015 - $174,054) as the Company invested in furniture and fixtures in the ongoing establishment of its Houston office in the prior period.

Cash generated by financing activities for the year ended September 30, 2017 was $12,326,784 (2016 - $22,744,129; 2015 - $12,591,482), including $5,192,799 received from the CPRIT Grant, $8,000,000 gross proceeds received from the SVB Term Loan, and $2,939 received from the exercise of stock options, offset by $220,937 cash transaction costs related to the SVB Term Loan, $436,944 in interest paid, and $211,073 in deferred financing costs. In the year ended September 30, 2016, the Company received the second tranche of CPRIT financing of $3,876,667, received gross proceeds from the January 2016 Financing and the March 2016 Financing in the aggregate of $19,999,992, proceeds on options exercised of $36,465, proceeds on warrants exercised of $1,194, and incurred $1,080,189 cash in share issuance costs in relation to the January 2016 Financing and March 2016 Financing. In fiscal 2015, the Company received aggregate gross proceeds of $13,208,938 from an offering of 679,640 special warrants at C$2.00 per special warrant and the 2015 Special Warrant Financing, as previously described above, $84,086 in proceeds on the exercise of stock options and $168,099 in proceeds on the exercise of warrants, offset by $869,641 in share issuance costs.

As described above, the Company completed the January 2016 Financing and March 2016 Financing during the year ended September 30, 2016, for aggregate gross proceeds of approximately $20,000,000. In November 2016, the Company also received $8,000,000 as the initial draw down on the SVB Term Loan, with a now expired conditional option for an additional $2,000,000 by April 28, 2017, subsequently amended to July 31, 2017. In January 2017 and March 2017, the Company received $3,992,799 and $1,200,000, respectively, as portions of the third and final tranche

of the CPRIT Grant of $5,422,000. The Company will need to raise funds from additional sources in order to execute its planned expenditures through the fiscal 2018 year.

The Company does not currently generate revenue. Future cash requirements may vary materially from those expected due to a number of factors, including the costs associated with preclinical activities as well as possible unanticipated costs resulting from strategic opportunities. As a result, it will be necessary for the Company to raise additional funds in the future. These funds may come from sources such as entering into strategic collaboration arrangements, the issuance of shares from treasury, or alternative sources of financing; however, there can be no assurance that the Company will successfully raise funds necessary to continue the preclinical development of its next-generation Anitens targeting the AR NTD and its other operational activities (see "*Risk Factors*").

CONTRACTUAL OBLIGATIONS

As of September 30, 2017, and in the normal course of business, the Company has the following obligations to make future payments, representing contracts and other commitments that are known and committed.

Contractual obligations	2018	2019	2020	2021	2022	After 5 years
Minimum annual royalty per License Agreement (CAD) [1]	$ 85,000	$ 85,000	$ 85,000	$ 85,000	$ 85,000	$ 765,000
Collaborative Research Agreement with BCCA (CAD)	77,938	-	-	-	-	-
Total (in CAD)	$ 162,938	$ 85,000	$ 85,000	$ 85,000	$ 85,000	$ 765,000
Total (in USD) [2]	$ 130,559	$ 68,109	$ 68,109	$ 68,109	$ 68,109	$ 612,981
SVB loan payments (USD)	$ 2,558,103	$ 3,217,471	$ 3,905,471	$ -	$ -	$ -
Lease on U.S. office spaces (USD)	$ 170,485	$ 175,166	$ 44,474	$ -	$ -	$ -
Total (USD)	$ 2,859,147	$ 3,460,746	$ 4,018,054	$ 68,109	$ 68,109	$ 612,981

Notes:

(1) ESSA has the worldwide, exclusive right to develop products based on "Licensed IP", as defined in, and pursuant to, the License Agreement. A copy of the License Agreement is available as Exhibit 4.2 to Amendment No. 1 to the Company's Form 20-F registration statement filed on June 11, 2015 (File No. 001-37410) on the SEC's Electronic Data Gathering and Retrieval System, or "**EDGAR**", at www.sec.gov. Pursuant to the License Agreement, the Company must pay a minimum annual royalty of C$85,000 for the 2017 calendar year and for each year thereafter. Additional milestone payments of C$50,000 and C$900,000, which have been excluded from the above table, would have been due upon the enrolment of the first patient in Phase II and Phase III of the EPI-506 clinical trial, respectively, which had been expected to occur in 2017 and 2018.

(2) Converted based on the indicative exchange rate of the Bank of Canada of C$1.00 = $0.8013 as at September 30, 2017.

OFF-BALANCE SHEET ARRANGEMENTS & PROPOSED TRANSACTIONS

The Company has no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

The Company has no material proposed business acqusitions or dispositions that have, or are reasonably likely to have, a current or future material effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

RELATED PARTY TRANSACTIONS

Compensation accrued and paid to key management personnel for the year ended September 30, 2017, 2016 and 2015 are as follows:

	2017	2016	2015
Salaries, consulting fees, and director fees	$ 2,179,826	$ 2,651,651	$ 1,662,575
Share-based payments [(1)]	770,222	1,029,878	764,565
Total compensation	$ 2,950,048	$ 3,681,529	$ 2,427,140

Note:

(1) Share-based payments to related parties represents the fair value of options granted and vested in the period to key management personnel.

Key management personnel include: Dr. David R. Parkinson, Chief Executive Officer ("**CEO**"); David Wood, Chief Financial Officer ("**CFO**"); Peter Virsik, Executive Vice-President and Chief Operating Officer ("**COO**"); Dr. Frank Perabo, Chief Medical Officer ("**CMO**"); Dr. Marianne Sadar, Director; Dr. Raymond Andersen, Director; Richard Glickman, Director and Chairman of the Board; Gary Sollis, Director; Franklin Berger, Director; and Scott Requadt, Director.

During the year ended September 30, 2017, the Company granted Nil (2016 – 890,000; 2015 – 250,000) options to key management personnel. The vesting of options granted to key management personnel in prior periods was recorded as a share-based payments expense in the statement of income and comprehensive income at a value of $770,222 for fiscal 2017 (2016 - $1,029,878; 2015 - $764,565).

The balance of the share-based payments expense included in related party compensation in the year ended September 30, 2017 relates to the vesting of stock options granted in prior periods.

Included in accounts payable and accrued liabilities as at September 30, 2017 is $219,031 (2016 – $276,399; 2015 - $82,414) due to related parties with respect to key management personnel compensation and expense reimbursements. Amounts due to related parties are non-interest bearing, with no fixed terms of repayment.

Dr. Parkinson, CEO, is entitled to a payment of one year of base salary upon termination without cause after 12 months of employment. This amount increases to 18 months if the termination without cause occurs after a change of control event or within 60 days prior to a change of control event where such event was under consideration at the time of termination. Mr. Wood, CFO, is entitled to a payment of one year of base salary upon termination without cause, whether or not the termination was caused by a change of control event. Dr. Perabo, CMO, is entitled to a payment of six months of base salary upon termination without cause, and a payment of one year of base salary upon termination caused by a change of control event. Mr. Virsik, COO, is entitled to a payment of six months of base salary upon termination without cause, increasing to one year following one year of employment. This amount increases to 18 months of salary if termination without cause occurs within 18 months after a change of control event. Stock options held by the CEO, CFO, CMO, former Executive Vice-President of Research and Development, and COO vest immediately upon a change of control.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements for the years ended September 30, 2017, 2016 and 2015 are detailed in Notes 2 and 3 of the Company's annual consolidated financial statements for the years ended September 30, 2017, 2016 and 2015:

Change in Functional and Presentation Currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. From inception to December 31, 2015, the functional currency of the Company has been the Canadian dollar and its

subsidiary's the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The January 2016 Financing and changes to the Company's operations have resulted in a change to the currency in which the Company's management conducts its operating, capital and financing decisions. Consequently, the functional currency of the Company became the United States dollar effective January 1, 2016.

The Company adopted the United States dollar as the presentation currency for the consolidated entity as at October 1, 2015. For comparative reporting purposes, historical financial statements were translated into the United States dollar reporting currency whereby assets and liabilities were translated at the closing rate in effect at the end of the comparative periods; revenues, expenses and cash flows were translated at the average rate in effect for the comparative periods and equity transactions were translated at historic rates.

All financial information presented in this MD&A is expressed in United States dollars unless otherwise stated.

New standards not yet adopted

IFRS 9 Financial Instruments (Revised)

IFRS 9 was issued by the International Accounting Standards Board in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carries over the existing derecognition requirements from IAS 39 Financial Instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss. In these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's consolidated financial instruments and financial statements has not yet been determined.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 15 on the Company's financial instruments and financial statements has not yet been determined.

IFRS 16 Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's leases and financial statements has not yet been determined.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the

carrying amounts of assets and liabilities, in the event that actual results differ from assumptions that have been made, relate to the following key estimates:

Intangible assets – impairment

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Intangible assets – useful lives

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Product development and relocation grant

Pursuant to the terms of the Company's CPRIT Grant, the Company must meet certain terms and conditions to qualify for the grant funding. The Company has assessed its performance relative to these terms as detailed in the accompanying consolidated financial statements for the years ended September 30, 2017, 2016 and 2015 (Note 15 of the accompanying financial statements) and has judged that there is reasonable assurance the Company will meet the terms of the grant and qualify for the funding. The Company has therefore taken into income a portion of the grant that represents expenses the Company has incurred to date under the grant parameters. The expenses are subject to assessment by CPRIT for compliance with the grant regulations which may result in certain expenses being denied and incurred in a future period.

Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The Company makes reference to prices quoted on the TSX and NASDAQ. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 10 of the accompanying consolidated financial statements.

Derivative financial instruments

Certain warrants are treated as derivative financial liabilities. The estimated fair value, based on the Black-Scholes model, is adjusted on a quarterly basis with gains or losses recognized in the statement of net loss and comprehensive loss. The Black-Scholes model is based on significant assumptions such as volatility, dividend yield, expected term and liquidity discounts as detailed in Note 8 of the accompanying consolidated financial statements. On January 1, 2016, as part of the Company's functional currency change from the Canadian dollar to the United States dollar, the Company de-recognized a derivative liability on United States dollar-denominated warrants and recognized a new liability on Canadian dollar-denominated warrants; see discussion under the heading "Selected Annual Financial Information - Derivative liabilities."

FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and derivative liability. Cash is measured based on level 1 inputs of the fair value hierarchy. The fair value of receivables and accounts payable and accrued liabilities approximates their carrying values due to their short term to maturity. The derivative liability is measured using level 3 inputs. During the year ended September 30, 2017, the Company recognized a gain on derivative liability of $7,305,746 (2016 – $6,574,105; 2015 - $907,598 loss) through profit or loss.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company's receivables are primarily due to refundable GST and investment tax credits. The Company limits its exposure to credit loss by placing its cash with major financial institutions. Credit risk with respect to investment tax credits and GST is minimal as the amounts are due from government agencies.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had working capital of $1,281,551. During the year ended September 30, 2016, the Company completed financings totaling approximately $20,000,000, as described above. During the year ended September 30, 2017, the Company entered into the SVB Term Loan, pursuant to which the Company has drawn down $8,000,000. In January 2017 and March 2017, the Company received $3,992,799 and $1,200,000, respectively, as portions of the third and final tranche of the CPRIT Grant of $5,422,000. All of the Company's current financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not generate revenue and will be reliant on equity or debt financing and proceeds from the CPRIT Grant to fund operations and repay debt obligations. Equity and debt financings are dependent on market conditions and may not be available on favorable terms. The CPRIT Grant is dependent on the Company completing all of the contractual obligations thereunder (see the accompanying consolidated financial statements for details with respect to the CPRIT Grant terms).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and foreign exchange rates.

(a) Interest rate risk

As at September 30, 2017, the Company has cash balances which are interest bearing. Interest income is not significant to the Company's projected operational budget and related interest rate fluctuations are not significant to the Company's risk assessment.

The Company's SVB Term Loan is interest-bearing debt at a variable rate. A 10% change in the WSJ Prime Rate would result in an increase of $38,696 or decrease of $13,981 in the net loss realized for the period.

(b) Foreign currency risk

Historically, the Company has been exposed to foreign currency risk on fluctuations related to accounts payable and accrued liabilities that are denominated in United States dollars as the Company was financed and functioning in Canadian dollars. Over time, the Company has become increasingly exposed to the United States dollar due to the financings completed in United States dollars, the United States dollar-denominated CPRIT Grant (see Note 16 of the accompanying consolidated financial statements) and movement of operations to Houston pursuant to the terms of the CPRIT Grant. Accordingly, the Company adopted the United States dollar as its functional currency from the Canadian dollar as of January 1, 2016, such that the Company's foreign currency risk exposure now relates to net monetary assets denominated in Canadian dollars. A 10% change in the foreign exchange rate between the Canadian and United States dollar would result in a fluctuation of $30,583 in the net loss realized for the year. The Company does not currently engage in hedging activities.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

ADDITIONAL INFORMATION

Additional information regarding the Company can be found on SEDAR at www.sedar.com, the website of the SEC at www.sec.gov and the Company's website at www.essapharma.com. The Company's Annual Report on Form 20-F for the fiscal year ended September 30, 2017 also provides additional information on the Company, and can be accessed through SEDAR at www.sedar.com, or the website of the SEC at www.sec.gov.

OUTSTANDING SHARE CAPITAL

The following table sets out the equity instruments of the Company outstanding as of the date of this MD&A:

Equity instruments:	
Common shares	29,101,889
Stock options	3,546,219
Warrants	6,992,710

RISK FACTORS

Prior to making an investment decision investors should consider the investment, operational and intellectual property risks set out in the Company's Annual Report on Form 20-F posted on SEDAR at www.sedar.com and the SEC's EDGAR website at www.sec.gov, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out in the Form 20-F to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors of the Company are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below. See "Cautionary Note Regarding Forward-Looking Statements."

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures ("DC&P")

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related consolidated financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under Canadian securities laws, as at September 30, 2017. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings, interim filings, and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certifying officers believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control over Financial Reporting ("ICFR")

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As at September 30, 2017, the Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the design and operating effectiveness of the Company's internal control over financial reporting, as required under Canadian securities laws. Based on such evaluation, the Company's certifying officers concluded that the Company's internal control over financial reporting was effective.

The Company ceased to be a venture issuer, as defined by National Instrument ("**NI**") 51-102 – Continuous Disclosure Obligations on July 9, 2015 as a result of completing its listing on the NASDAQ. The Company's Audit Committee is comprised of Franklin Berger (chair), Richard Glickman, and Gary Sollis, all of whom are "financially literate" as defined in NI 52-110 – Audit Committees ("**NI 52-110**") and the rules of NASDAQ. Each member of the Audit Committee is considered independent pursuant to NI 52-110, Rule 10A-3 under the United States Securities and Exchange Act of 1934, as amended, and the rules of NASDAQ. The Company's Board has determined that Mr. Berger is an "audit committee financial expert" as defined in Item 16A of Form 20-F.

Management has adopted the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission *Internal Control – Integrated Framework* (2013).

The Company did not have any significant changes to its ICFR systems in the period from July 1, 2017 to September 30, 2017 that materially affected, or are reasonably likely to materially affect the Company's ICFR.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in

part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements or forward-looking information within the meaning of the United States Private Securities Litigation Reform Act and applicable Canadian securities laws. All statements in this MD&A, other than statements of historical facts, are forward-looking statements. These statements appear in a number of different places in this MD&A and can be identified by words such as "anticipates", "estimates", "projects", "expects", "intends", "believes", "plans", "will", "could", "may", "hopes" or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Examples of such forward looking statements include, but are not limited to statements related to:

- the initiation, timing, cost, location, progress and success of, strategy and plans with respect to, ESSA's research and development programs (including research programs with regards to next-generation drug candidates and compounds), preclinical studies and clinical trials;
- the therapeutic benefits, properties, effectiveness and safety of the Company's potential future product candidates, including the expected benefits, properties, effectiveness and safety of the Company's next-generation Aniten compounds;
- the Company's ability to advance its potential future product candidates through, and successfully complete, clinical trials;
- the Company's ability to achieve profitability;
- the Company's ability to obtain funding for operations, including research funding, and the timing of potential sources of such funding;
- the CPRIT Grant and payments thereunder;
- the Company's use of proceeds from funding and financings;
- the Company's ability to recruit sufficient numbers of patients for future clinical trials, and the benefits expected therefrom;
- the implementation of the Company's business model and strategic plans, including strategic plans with respect to patent applications and collaborations;
- the Company's ability to identify, develop and commercialize product candidates;
- the Company's commercialization, marketing and manufacturing capabilities and strategy;
- the Company's expectations regarding federal, state, provincial and foreign regulatory requirements, including the Company's plans with respect to anticipated regulatory filings;
- whether the Company will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada and other jurisdictions;
- the accuracy of the Company's estimates of the size and characteristics of the markets that may be addressed by the Company's potential future product candidates;
- the rate and degree of market acceptance and clinical utility of the Company's potential future product candidates, if any;
- the timing of, and the Company's ability and the Company's collaborators' ability, if any, to obtain and maintain regulatory approvals for the Company's potential future product candidates;
- the Company's expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- the Company's ability to engage and retain the employees required to grow its business;
- the compensation that is expected to be paid to the Company's employees;
- the Company's future financial performance and projected expenditures;
- developments relating to the Company's competitors and its industry, including the success of competing therapies that are or may become available; and
- estimates of the Company's expenses, future revenue, capital requirements and its needs for additional financing.

Such statements reflect the Company's current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including those described under "Risk Factors". In making the forward looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to:

- its ability to identify a product candidate;
- its ability to obtain regulatory and other approvals to commence a clinical trial;
- its ability to obtain positive results from its R&D activities, including clinical trials;
- its ability to obtain required regulatory approvals;
- its ability to successfully out-license or sell future products, if any, and in-license and develop new products;
- favourable general business and economic conditions;
- the availability of financing on reasonable terms;
- its ability to attract and retain skilled staff;
- market competition;
- the products and technology offered by the Company's competitors;
- its ability to protect patents and proprietary rights; and
- its ability to repay debt.

If one or more of these risks or uncertainties or a risk that is not currently known to the Company, materialize, or if its underlying assumptions prove to be incorrect, actual results may vary significantly from those expressed or implied by forward-looking statements. The forward-looking statements represent the Company's views as of the date of this document. While the Company may elect to update these forward-looking statements in the future, the Company has no current intention to do so except as to the extent required by applicable securities law. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements. The Company advises you that these cautionary remarks expressly qualify in their entirely all forward-looking statements attributable to the Company or persons acting on its behalf.