CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 AND 2013

ESSA PHARMA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian dollars)
AS AT

	December 31, 2014	September 30, 2014
ASSETS		
Current		
Cash	$ 4,000,529	$ 4,146,938
Receivables	70,445	72,295
Prepaids	72,268	69,946
	4,143,242	4,289,179
Equipment (Note 4)	79,841	15,806
Intangible assets (Note 5)	398,099	404,430
Total assets	$ 4,621,182	$ 4,709,415
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 783,408	$ 658,305
Product development and relocation grant (Note 12)	344,521	1,838,507
	1,127,929	2,496,812
Shareholders' equity		
Share capital (Note 7)	4,240,917	4,240,917
Preferred shares (Note 7)	4,258,710	3,090,345
Subscriptions received in advance (Note 14)	1,159,400	-
Reserves	1,494,832	1,004,467
Accumulated other comprehensive income (loss)	(37,016)	6,477
Deficit	(7,623,590)	(6,129,603)
	3,493,253	2,212,603
Total liabilities and shareholders' equity	$ 4,621,182	$ 4,709,415

Nature and continuance of operations (Note 1)
Commitments (Notes 8 and 12)
Subsequent events (Note 14)

On behalf of the Board on February 23, 2015

"Robert Rieder" Director *"Richard Glickman"* Director

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

ESSA PHARMA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED DECEMBER 31

	2014	2013
OPERATING EXPENSES		
Research and development, net of recoveries (Note 13)	$ 431,947	$ 105,469
General and administration (Note 13)	621,635	99,006
Share-based payments (Note 7)	440,405	42,087
Total operating expenses	(1,493,987)	(246,562)
Interest income	-	227
Net loss for the period	(1,493,987)	(246,335)
OTHER COMPREHENSIVE LOSS		
Cumulative translation adjustment	(43,493)	-
Comprehensive loss for the period	$ (1,537,480)	$ (246,335)
Basic and diluted loss per common share	$ (0.10)	$ (0.02)
Weighted average number of common shares outstanding	15,687,534	15,687,534

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

ESSA PHARMA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED DECEMBER 31

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,493,987)	$ (246,335)
Items not affecting cash:		
Amortization	8,746	6,331
Product development and relocation grant	(1,525,673)	-
Unrealized foreign exchange	31,687	-
Share-based payments	440,405	42,087
Changes in non-cash working capital items:		
Decrease in receivables	1,850	4,237
Increase in prepaid expenses	(746)	(1,260)
Increase in accounts payable and accrued liabilities	141,616	76,379
Net cash used in operating activities	(2,396,102)	(118,561)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(63,073)	-
Net cash used in investing activities	(63,073)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on private placement	1,359,280	-
Share issue costs	(140,955)	-
Subscriptions received in advance	1,159,400	-
Net cash provided by financing activities	2,377,725	-
Effect of foreign exchange on cash	(64,959)	-
Change in cash for the period	(146,409)	(118,561)
Cash, beginning of period	4,146,938	232,093
Cash, end of period	$ 4,000,529	$ 113,532

Significant non-cash investing and financing transactions for the period ended December 31, 2014 include accruing $16,849 in equipment through accounts payable and accrued liabilities and the issuance of agent warrants valued at $49,960 (Note 7).

There were no significant non-cash investing and financing transactions for the period ended December 31, 2013.

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

ESSA PHARMA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian dollars)

	Share capital	Preferred shares	Special warrants	Subscriptions received in advance	Convertible debenture	Share-based payments	Warrants	Cumulative translation adjustment	Deficit	Total
Balance, September 30, 2013	$ 4,240,917	$ -	$ -	$ -	$ -	$ 419,991	$ -	$ -	$ (4,168,097)	$ 492,811
Share-based payments	-	-	-	-	-	42,087	-	-	-	42,087
Loss for the period	-	-	-	-	-	-	-	-	(246,335)	(246,335)
Balance, December 31, 2013	$ 4,240,917	$ -	$ -	$ -	$ -	$ 462,078	$ -	$ -	$ (4,414,432)	$ 288,563
Issuance of convertible debenture	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Financing costs – issuance	-	-	-	-	(39,935)	-	16,394	-	-	(23,541)
Financing costs	-	-	-	-	35,000	-	-	-	-	35,000
Conversion of debenture	-	995,065	-	-	(995,065)	-	-	-	-	-
Private placement	-	2,370,800	-	-	-	-	-	-	-	2,370,800
Share issue costs	-	(275,520)	-	-	-	-	50,004	-	-	(225,516)
Share-based payments	-	-	-	-	-	475,991	-	-	-	475,991
Loss for the period	-	-	-	-	-	-	-	6,477	(1,715,171)	(1,708,694)
Balance, September 30, 2014	$ 4,240,917	$ 3,090,345	$ -	$ -	$ -	$ 938,069	$ 66,398	$ 6,477	$ (6,129,603)	$2,212,603
Private placement - special warrants	-	-	1,359,280	-	-	-	-	-	-	1,359,280
Financing costs	-	-	(190,915)	-	-	-	49,960	-	-	(140,955)
Conversion of special warrants	-	1,168,365	(1,168,365)	-	-	-	-	-	-	-
Subscriptions received in advance	-	-	-	1,159,400	-	-	-	-	-	1,159,400
Share-based payments	-	-	-	-	-	440,405	-	-	-	440,405
Loss for the period	-	-	-	-	-	-	-	(43,493)	(1,493,987)	(1,537,480)
Balance, December 31, 2014	$ 4,240,917	$ 4,258,710	$ -	$ 1,159,400	$ -	$ 1,378,474	$ 116,358	$ (37,016)	$ (7,623,590)	$3,493,253

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

1. NATURE AND CONTINUANCE OF OPERATIONS

ESSA Pharma Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on January 6, 2009. The Company's head office address is Suite 720 – 999 West Broadway, Vancouver, BC, V5Z 1K5. The registered and records office address is the 26th Floor at 595 Burrard Street, Three Bentall Centre, Vancouver, BC, V7X 1L3. In the period ended September 30, 2013, the Company modified its fiscal year end from December 31 to September 30.

The Company is focused on the development of small molecule drugs for the treatment of prostate cancer. The Company has acquired a license to certain patents (the "NTD Technology") which were the joint property of the British Columbia Cancer Agency and the University of British Columbia. As at December 31, 2014, no products are in commercial production or use.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") assuming the Company will continue on a going-concern basis. The Company has incurred losses and negative operating cash flows since inception. The Company incurred a loss of $1,493,987 during the period ended December 31, 2014 and has an accumulated deficit of $7,623,590. The ability of the Company to continue as a going concern in the long-term depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at December 31, 2014, the Company has not advanced its research into a commercially viable product. The Company's continuation as a going concern is dependent upon the successful development of its NTD Technology to a commercial standard. Management continues to seek sources of additional financing which would assure continuation of the Company's operations and research programs. The Company believes its current working capital is adequate to maintain the next twelve months of operations.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2014.

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 that relate to the following key estimates:

2. BASIS OF PRESENTATION (cont'd…)

Estimates (cont'd…)

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 grant from the Cancer Prevention Research Institute of Texas ("CPRIT"), 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 Note 12 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 them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 7.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financials statements for the year ended September 30, 2014, except for the adoption of new standards and interpretations effective as of October 1, 2014.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The following standards, amendments to standards and interpretations have been adopted for the fiscal year beginning October 1, 2014:

- IFRS 2 (Amendment) — Revised definitions for 'vesting conditions' and 'market condition' related to share based compensation
- IFRS 13 (Amendment) — Revised disclosure requirements for contracts under the scope of IFRS 9/IAS 39
- IAS 24 (Amendment) — New definitions for 'related party' encompassing key management personnel
- IAS 38 (Amendment) — Revised valuation methods for the 'revaluation model' for intangible assets

The application of these standards, amendments and interpretations has not had a material impact on the results and financial position of the Company.

New standards not yet adopted

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortised 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 financial instruments has not yet been determined.

4. EQUIPMENT

Office equipment		
Cost		
Balance, September 30, 2013	$	-
Additions		15,806
Balance, September 30, 2014		15,806
Additions		64,561
Net exchange differences		1,941
Balance, December 31, 2014		82,308
Accumulated Amortization		
Balance, September 30, 2013 and 2014	$	-
Amortization expense		2,415
Net exchange differences		52
Balance, December 31, 2014		2,467
Net Book Value		
Balance, September 30, 2014	$	15,806
Balance, December 31, 2014	$	79,841

Amortization expense for the period ended December 31, 2014 has been recorded in "general and administrative expenses" in the statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

5. INTANGIBLE ASSETS

NTD Technology		December 31, 2014		September 30, 2014
Balance, beginning of period	$	404,430	$	429,753
Amortization		(6,331)		(25,323)
Balance, end of period	$	398,099	$	404,430

Amortization expense for the period ended December 31, 2014 and year ended September 30, 2014 has been recorded in "general and administrative expenses" in the statement of loss and comprehensive loss.

The NTD Technology is held under a License Agreement signed in fiscal 2010. As consideration for the License Agreement, the Company issued common shares of the Company. The License Agreement contains an annual royalty as a percentage of annual net revenue and a percentage of any annual sublicensing revenue earned with respect to the NTD Technology. The License Agreement stipulates certain minimum advance royalty payments of $40,000 for 2013 and escalating to $85,000 by 2017. In addition, there are certain cumulative milestone payments totaling $2,400,000 for the first compound, to be paid in stages at the start of Phase II and Phase III clinical trials, at application for marketing approval, and with further milestone payments on the second and additional compounds.

In order to maintain the License Agreement in good standing, the Company is required to spend $5,000,000, in cash or in kind, in connection with the commercialization of the NTD Technology by December 20, 2015. This expenditure commitment was completed in the year ended September 30, 2014.

6. DEBENTURE

In April 2014, the Company issued a convertible debenture to the Bloom Burton Healthcare Structured Lending Fund LP ("the Lender") for $1,000,000. The convertible debenture terms include interest of 12% per annum payable at maturity (24 months from closing), as secured by various security agreements. The Company incurred transaction costs of $23,541 and issued 25,000 warrants to the Lender valued at $16,394, each exercisable into one common share at a price of $2.00 for a period of five years. The warrants were valued using the Black-Scholes model with a risk-free interest rate of 1.63%, term of 5 years, volatility of 80% and dividend rate of 0%.

The principal and accrued interest are convertible into common shares of the Company automatically at maturity at a conversion price of $1.20. The terms of the debenture maintained control of the conversion option in the hands of the Company; therefore, the instrument has been recorded as equity in the statement of financial position.

The Company and Lender agreed to proceed with early conversion of the debenture, including accrued interest, into 517,500 preferred shares of the Company upon the closing of the financing completed in July 2014 (Note 7).

		Amount
Balance, September 30, 2013	$	-
Proceeds on issuance of convertible debenture		1,000,000
Issuance costs		(39,935)
Interest accrued		35,000
Conversion to preferred shares		(995,065)
Balance, September 30, 2014 and December 31, 2014	$	-

(Expressed in Canadian dollars)

7. SHAREHOLDERS' EQUITY

Authorized:

Unlimited common shares, without par value.

Unlimited preferred shares, without par value.

Drag-along and Tag-along rights: The articles of the Company include drag-along and tag-along rights which enables a majority shareholder to force a minority shareholder to join in the sale of the Company and which enable minority shareholders to join in the sale of a majority shareholder stake at the same price, terms and conditions.

Anti-Dilution rights: Shares issued by the Company in fiscal 2012 have an anti-dilution clause which grants the right to the shareholder to purchase additional shares at a reduced price in the event the Company completes a financing of at least $5,000,000 at a lower subscription price per security. The anti-dilution clause expires on the earlier of the three year anniversary date of the purchase of the shares, the date on which the subscriber transfers the shares to a third party, on the date the Company completes an initial public offering ("IPO"), the date on which the Company sells all or substantially all of the assets of the Company, and the date on which a person acquires and exercises a controlling interest in the Company.

Drag-along, tag-along and anti-dilution rights expired on January 27, 2015 on which date the Company completed its listing on the TSX Venture Exchange ("TSX-V") (Note 14).

	Share capital		Preferred shares		Special warrants	
	Number	Amount	Number	Amount	Number	Amount
Balance, September 30, 2013 and December 31, 2013	15,687,534	$ 4,240,917	-	$ -	-	$ -
Balance, September 30, 2014	15,687,534	$ 4,240,917	1,702,900	$ 3,090,345	-	$ -
Private placement - special warrants	-	-	-	-	679,640	1,359,280
Financing costs – issuance	-	-	-	-	-	(190,915)
Conversion of special warrants	-	-	679,640	1,168,365	(679,640)	(1,168,365)
Balance, December 31, 2014	15,687,534	$ 4,240,917	2,382,540	$ 4,258,710	-	$ -

Private placements:

October 2014 Special Warrant Financing

In October 2014, the Company issued 679,640 special warrants (the "**2014 Special Warrants**") at a price of $2.00 per 2014 Special Warrant for gross proceeds of $1,359,280. Each 2014 Special Warrant was deemed exercised for, without payment of any additional consideration, one Class A Preferred share in the capital of the Company (each a "**Preferred Share**") on December 15, 2014, being the fifth business day after the date on which a receipt for the final prospectus of the Company qualifying the distribution of the Preferred Shares issuable on exercise of the 2014 Special Warrants had been issued. Subsequent to December 31, 2014, the Preferred Shares were converted into common shares of the Company (the "**Common Shares**") (Note 14).

(Expressed in Canadian dollars)

7. SHAREHOLDERS' EQUITY (cont'd…)

October 2014 Special Warrant Financing (cont'd…)

In connection with the 2014 Special Warrant financing, the Company paid agent and finders' fees at 7% of proceeds raised by those parties being $40,361, a cash fee to the Agent of $30,000 plus applicable taxes and estimated other expenses of $70,594. In addition, the Agent, and associated selling group, were issued 22,675 special broker warrants (the "**Special Broker Warrants**"), representing 7% of the number of 2014 Special Warrants sold by the Agent and the finders were issued 2,680 Special Broker Warrants, representing 7% of the number of 2014 Special Warrants sold to purchasers introduced to the Company by such finders. Each Special Broker Warrant was deemed exercised for, without payment of any additional consideration, one broker warrant (the "**Broker Warrants**"). Each Broker Warrant is exercisable to acquire one Common Share, subject to adjustment in certain circumstances, at a price of $2.00 until October 22, 2015. The Special Broker Warrants were valued at $49,960 using the Black-Scholes model with a risk-free interest rate of 1.00%, term of 1 year, volatility of 80% and dividend rate of 0%.

July 2014 Preferred Shares Financing

On July 29, 2014, the Company completed a brokered private placement of 1,185,400 Preferred Shares at a price of $2.00 per Preferred Share for aggregate gross proceeds of $2,370,800. Subsequent to December 31, 2014, the Preferred Shares were converted into Common Shares of the Company (Note 14).

In conjunction with the private placement, the Company issued 79,479 warrants to Bloom Burton, the Company's advisor, and other finders exercisable at a price of $2.00 for a period of one year. The warrants were valued at $50,004 using the Black-Scholes model with a risk-free interest rate of 1.08%, term of 1 year, volatility of 80% and dividend rate of 0%. The Company paid finders' fees of $158,956 and other share issue costs of $66,560.

Stock options

The Company has adopted a Stock Option Plan which is a rolling stock option plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. The Stock Option Plan is consistent with the policies and rules of the TSX-V.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2013	1,119,250	$ 0.73
Options granted	1,950,469	1.80
Balance, September 30, 2014	3,069,719	1.41
Options granted	300,000	2.00
Balance outstanding, December 31, 2014	3,369,719	$ 1.46
Balance exercisable, December 31, 2014	1,405,750	$ 0.94

(Expressed in Canadian dollars)

7. SHAREHOLDERS' EQUITY (cont'd…)

Stock options (cont'd…)

At December 31, 2014, options were outstanding enabling holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
240,000	$ 0.50	April 30, 2016
35,000	0.50	July 27, 2016
68,750	0.80	June 1, 2017
25,500	0.80	October 21, 2017
100,000	0.80	November 20, 2017
600,000	0.80	February 1, 2018
50,000	0.80	July 1, 2018
529,219	2.00	February 27, 2019
321,250	0.80	May 20, 2019
400,000	2.00	April 14, 2019
200,000	2.00	July 30, 2019
500,000	2.00	September 8, 2019
20,000	2.00	October 14, 2019
20,000	2.00	November 23, 2019
10,000	2.00	December 3, 2019
100,000	2.00	December 18, 2019
150,000	2.00	December 31, 2019
3,369,719		

Share-based compensation

During the period ended December 31, 2014, the Company granted 300,000 (2013 – nil) stock options with a weighted average fair value of $1.29 (2013 – $nil). The Company recognized share-based payments expense of $440,405 (2013 - $42,087) for options granted and vesting during the period. The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	2014	2013
Risk-free interest rate	1.60%	-
Expected life of options	4.98 years	-
Expected annualized volatility	80.00%	-
Dividend	-	-

(Expressed in Canadian dollars)

7. SHAREHOLDERS' EQUITY (cont'd…)

Share-based compensation (cont'd…)

Expected annualized volatility was determined through the comparison of historical share price volatilities used by similar publicly listed companies in the pharmaceuticals / biotechnology industry. The companies chosen for comparison were, Cipher Pharmaceuticals Inc. (December 31, 2014 – 92.79% volatility), Oncolytics Biotech Inc. (December 31, 2014 - 64.34%), Helix BioPharma Corp. (December 31, 2014 – 75.62% volatility), and Cardiome Pharma Corp. (December 31, 2014 – 78.77% volatility). As the Company is less established than these publicly listed comparable companies, the Company's stock price is expected to be slightly more volatile. As such, the Company rounded up the average volatility of 77.88% to the expected annualized volatility of 80.00%. This is consistent with estimates provided in the period ended December 31, 2014 and provides a reasonable trend for the Company's expected volatility.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2013	-	$ -
Warrants granted	104,479	2.00
Balance, September 30, 2014	104,479	2.00
Warrants granted	25,355	2.00
Balance outstanding and exercisable, December 31, 2014	129,834	$ 2.00

At December 31, 2014, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
25,000	$ 2.00	April 15, 2019
79,479	2.00	July 29, 2015
25,355	2.00	October 22, 2015
129,834		

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Key management personnel of the Company include the Chief Executive Officer, Chief Financial Officer, Chief Medical Officer and Directors of the Company. Compensation paid to key management personnel are as follows:

	2014	2013
Salaries and consulting fees	$ 471,339	$ 85,000
Share-based payments	242,005	-
Total compensation	$ 713,344	$ 85,000

During the period ended December 31, 2014, the Company granted 150,000 options (2013 – nil) to key management personnel. The vesting of these options and options granted to key management personnel in prior periods were recorded as share-based payments expense in the statement of loss and comprehensive loss at a value of $242,005 (2013 - $nil).

Included in accounts receivable at December 31, 2014 is $7,434 (September 30, 2014 – $nil) due from related parties with respect to the advances for anticipated expenses. Amounts due from related parties are non-interest bearing, with no fixed terms of repayment.

Included in accounts payable and accrued liabilities at December 31, 2014 is $10,289 (September 30, 2014 – $24,331) due to related parties with respect to the transactions detailed above and expense reimbursements. Amounts due to related parties are non-interest bearing, with no fixed terms of repayment.

Commitments

In the year ended September 30, 2014, the Company has signed contracts with two management members. The CEO has been granted a performance scheme wherein his salary will increase to US$340,000 (from US$250,000) per annum upon raising US$6,000,000 in equity or debt securities of the Company. Subsequent to December 31, 2014, the financing threshold was met. Additionally, he is entitled to certain cash and stock option performance benefits at the discretion of the Board. The CEO is entitled to a payment of one year of base salary upon termination without cause, increasing to two years 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. The 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. Stock options held by the CEO and CFO vest immediately upon a change of control.

9. SEGMENTED INFORMATION

The Company works in one industry being the development of small molecule drugs for prostate cancer. The Company's equipment is located in the USA.

10. CAPITAL MANAGEMENT

The Company considers its capital to be the components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing.

10. CAPITAL MANAGEMENT (cont'd…)

Future financings are dependent on market conditions and the ability to identify sources of investment. There can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to their short term to maturity. Cash is measured based on level 1 inputs of the fair value hierarchy.

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 from refundable GST/HST 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/HST 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 December 31, 2014, the Company had a cash balance of $4,000,529 to settle current liabilities of $783,407. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade 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

The Company has cash balances and no interest-bearing debt and therefore is not exposed to risk in the event of interest rate fluctuations.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to accounts payable and accrued liabilities that are denominated in United States dollars. As at December 31, 2014, the Company had accounts payable and accrued liabilities of US$262,026. The Company anticipates that, pursuant to the product development and relocation grant disclosed in Note 12, the transactions of the Company will be increasingly subject to fluctuations in the US dollar. While fluctuations in the US dollar are not significant as at December 31, 2014, the Company will work to manage foreign currency risk as the Company's operations evolve.

(Expressed in Canadian dollars)

12. COMMITMENTS

The Company has the following obligations over the next five years:

Contractual obligations	2015	2016	2017	2018	2019
Minimum annual royalty per License Agreement (Note 5)	$ 65,000	$ 65,000	$ 85,000	$ 85,000	$ 85,000
Lease on office space	31,176	31,176	31,176	31,176	31,176
Total	$ 96,176	$ 96,176	$ 116,176	$ 116,176	$ 116,176
Lease on US office space (In USD)	$ 80,087	$ 83,108	$ 85,389	$ 87,721	$ 87,721

Product Development and Relocation Grant

In February 2014 the Company received notice that it had been awarded a product development and relocation grant by the Cancer Prevention Research Institute of Texas ("CPRIT") whereby the Company is eligible to receive up to US$12,000,000 on eligible expenditures over a three year period related to the development of the Company's androgen receptor n-terminus blocker program for prostate cancer. The funding under CPRIT is subject to a number of conditions including negotiation and execution of an award contract which details the milestones that must be met to release the tranched CPRIT funding, proof the Company has raised the 50% matching funds to release CPRIT monies, and relocation of the project to the State of Texas such that the substantial functions of the Company related to the project grant are in Texas and the Company uses Texas-based subcontractor and collaborators wherever possible.

During the year ended September 30, 2014, the Company received US$2,793,533 as an advance on the CPRIT grant, of which US$1,153,181 in qualifying expenses was incurred in that same period. During the period ended December 31, 2014, the Company incurred qualifying expenses of US$1,343,376 and has recognized a reduction in the grant liability in the statement of loss and comprehensive loss. The Company has judged there is reasonable assurance that the funds will be successfully earned under the terms of the grant.

Advisory Contract

In February 2014 the Company executed an Engagement Letter with Bloom Burton & Co. ("Bloom Burton"), an investment bank, to retain their services to act as its exclusive agent and financial advisor in connection with a funding strategy for the Company to involve a private financing, that is compatible with the CPRIT grant, followed by an initial public offering on a major North American stock exchange. In exchange for their services, Bloom Burton would receive a percentage of any funds raised and warrants on successful completion of the financing. The engagement is for a period of nine months and may be terminated at any time upon ten days written notice to the other party.

The July 2014 Preferred Shares financing and October 2014 Special Warrant financing were completed under the terms of the Advisory Contract (Note 7). Subsequent to December 31, 2014, the Company completed an additional brokered private placement under the terms of the Advisory Contract (Note 14).

(Expressed in Canadian dollars)

13. EXPENSES BY NATURE

General and administrative expenses include the following major expenses by nature for the three month period ended December 31:

	2014	2013
Amortization	$ 8,746	$ 6,331
Consulting and subcontractor fees	75,397	66,400
Foreign exchange	(44,017)	1,535
Investor relations	13,476	-
Office expenses	40,182	3,183
Professional fees	359,615	10,713
Regulatory fees and transfer agent	7,724	-
Rent	14,304	7,396
Salaries and benefits	186,859	-
Travel and entertainment	4,558	3,448
CPRIT grant claimed on eligible expenses (Note 12)	(45,209)	-
Total	$ 621,635	$ 99,006

Research and development expenses include the following major expenses by nature for the three month period ended December 31:

	2014	2013
Consulting	$ 169,945	$ 45,313
Legal patents and license fees	139,784	64,328
Program administration fees and other	50,000	-
Research and development	1,104,288	(6,244)
Salaries and benefits	323,227	-
Travel	125,167	2,072
CPRIT grant claimed on eligible expenses (Note 12)	(1,480,464)	-
Total	$ 431,947	$ 105,469

14. SUBSEQUENT EVENTS

January 2015 Special Warrant Financing

In January 2015, the Company issued 4,363,634 special warrants (the "**2015 Special Warrants**") at a price of US$2.75 per 2015 Special Warrant for gross proceeds of approximately US$12,000,000. Each 2015 Special Warrant is exercisable for, without payment of any additional consideration, one Common Share at any time by the holder thereof and all of the 2015 Special Warrants will be deemed to be exercised on the earlier of: (i) October 16, 2015 and (ii) the date on which the Common Shares first begin to trade on either (i) the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market securities trading platforms of the NASDAQ Stock Market or (ii) the NYSE MKT securities trading platform of the New York Stock Exchange (the "**U.S. Listing Date**"). Should the U.S. Listing Date not occur on or prior to October 16, 2015, instead of one Common Share, each 2015 Special Warrant shall entitle the holder thereof to receive 1.5 Common Shares upon exercise or deemed exercise thereof.

14. SUBSEQUENT EVENTS (cont'd…)

January 2015 Special Warrant Financing (cont'd…)

As at December 31, 2014, the Company had received subscriptions for the 2015 Special Warrants of $1,159,400.

In connection with the 2015 Special Warrant financing, Bloom Burton & Co. and Roth Capital Partners, LLC, as Agents, and selling group members, received cash commission equal to approximately US$706,800 and 257,018 broker warrants. Each broker warrant is exercisable to purchase one Common Share until January 16, 2017 at a price of US$2.75 per broker warrant.

Listing on the TSX-V

On January 27, 2015, the Company completed its listing on the TSX-V and began trading under the symbol "EPI".

Drag-along, tag-along and anti-dilution rights on the Company's Common Shares expired in conjunction with the listing.

Immediately prior to the listing, all of the Company's 2,382,540 issued and outstanding Preferred Shares were converted into Common Shares.

10,595,034 Common Shares of the Company are subject to an Escrow Agreement with the TSX-V. 10% of the Common Shares subject to escrow will be released upon the date of listing with the remaining Common Shares to be released in 15% increments every 6 months thereafter.