FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR YEARS ENDED SEPTEMBER 30, 2015 AND 2014

*This management's discussion and analysis ("**MD&A**") of ESSA Pharma Inc. (the "**Company**" or "**ESSA**") for the years ended September 30, 2015 and 2014 and the nine months ended September 30, 2013 is as of December 14, 2015.*

*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, 2015 and 2014 and nine months ended September 30, 2013 and the related notes thereto. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").*

This MD&A may contain certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Please refer to the discussion of forward-looking statements set out under the heading "Forward-Looking and Other Statements", located at the end of this document. As a result of many factors, our actual results may differ materially from those anticipated in these forward-looking statements.

*The Company trades on the Toronto Stock Exchange ("**TSX**") under the symbol "EPI" and the NASDAQ under the symbol "EPIX".*

OVERVIEW OF THE COMPANY

We are a pharmaceutical company, currently entering the clinical development stage, which is 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. We believe our product candidate, EPI-506, can significantly expand the interval of time in which patients suffering from castration-resistant prostate cancer ("CRPC") can benefit from hormone-based therapies. Specifically, EPI-506 acts by disrupting the androgen receptor ("AR") signaling pathway, which is the primary pathway that drives prostate cancer growth. EPI-002, the primary metabolite of EPI-506, prevents AR activation by binding selectively to the N-terminal domain ("NTD") of the AR. A functional NTD is essential for activation of the AR. Blocking the NTD prevents activation of the AR by all of the known mechanisms of activation. In pre-clinical studies, blocking the NTD has demonstrated the capability to prevent AR activation and overcome the known AR-dependent mechanisms of CRPC.

The Company's Investigational New Drug ("**IND**") application to the U.S. Food and Drug Administration ("**FDA**") for EPI-506 to begin a Phase 1/2 clinical trial was accepted in September 2015 with the first clinical patient enrolled in November 2015. We will explore the safety, tolerability, maximum tolerated dose and pharmacokinetics of EPI-506, in addition to tumor response rates in asymptomatic or minimally symptomatic patients who are no longer responding to either abiraterone or enzalutamide treatments, or both. Efficacy endpoints include prostate specific antigen ("**PSA**") reduction, as well as other progression criteria.

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. 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 be suffering from CRPC. Following diagnosis of CRPC, patients are often treated with anti-androgens, which block the binding of androgens to the AR.

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 ligand-binding domain ("**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 and preventing androgen from binding to LBD, but this approach eventually fails and may not block the other two mechanisms of AR activation. By directly and selectively blocking all known means of activating the AR, we believe EPI-506 holds the potential to be effective in cases where current therapies have failed.

According to the Decision Resources Group, in 2014, there were approximately 213,000 prevalent cases of CRPC, and that prevalence is expected to increase to approximately 235,000 in 2023. We expect that EPI-506 could be effective for many of those patients. For the following reasons, we intend to first focus on patients who have failed abiraterone or enzalutamide therapies:

- CRPC treatment remains the prostate cancer market segment with the greatest unmet need and is therefore a potentially large market;
- we believe that the unique mechanism of action of our product candidate is well suited to treat patients who have failed LBD focused therapies; and
- we expect the large number of patients with unmet therapeutic needs in this area will facilitate timely enrollment in our clinical trials.

EPI-506 is a potent pro-drug of EPI-002, a stereoisomer of the discovery compound, EPI-001. A pro-drug is a drug which after administration is converted into an active form through a normal metabolic process. Pro-drugs are typically utilized to administer and more efficiently deliver another drug, which in this case is EPI-002. We believe that EPI-506 can deliver higher concentrations of EPI-002 to the target tissue than EPI-002 itself. In pre-clinical studies, EPI-001 has been shown to shrink benign prostate tissue in mice. The pro-drug EPI-506 has demonstrated similar biological effects at doses that are lower than those required for EPI-002.

The NTD of AR is flexible with a high degree of intrinsic disorder making it extremely difficult to be used for crystal structure-based drug design. To our knowledge, no crystal structure has been identified in the AR NTD that could facilitate development of drugs which interact with this domain. We are not currently aware of any success by other drug development companies in finding drugs that bind to this drug target.

We are currently initiating a Phase 1/2 clinical trial with approximately 150 patients, 30 in the Phase 1 dose-escalation group and 120 in the Phase 2 dose expansion group. Key enrollment criteria are progressive, metastatic CRPC for patients who are no longer responding to abiraterone or enzalutamide. Efficacy endpoints include PSA response and radiographic progression criteria. We will also assess biomarkers of resistance including the splice variant status of patients. 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. If the Phase 1/2 trial is successful, we expect FDA approval would be sought to commence a Phase 3 trial in a similar patient population.

The British Columbia Cancer Agency ("**BCCA**") and the University of British Columbia ("**UBC**") are joint owners of the intellectual property that constitutes our primary asset. We have entered into a joint agreement with those two institutions which provides them with exclusive access to the patent and patent applications to our EPI-series compounds, including EPI-506.

Our Strategy

Our therapeutic goal is initially 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 recurrent or advanced prostate cancer. We intend to accomplish those objectives while maximizing shareholder value. Specific components of our strategy include:

Rapidly advancing EPI-506 through clinical development and regulatory approval in CRPC patients

We are currently initiating a Phase 1/2 trial to determine the safety, tolerability, maximum tolerated dose, pharmacokinetics and potential therapeutic benefits of EPI-506 in CRPC patients. We expect to complete this trial before the end of calendar 2017.

Developing EPI-506 as an essential component of a new standard of care for the treatment of pre-CRPC and expand usage earlier in the disease stage

The activated AR is required for the growth and survival of most prostate cancer; therefore, we believe the AR NTD is an ideal target for next-generation hormone therapy. If EPI-506 is successful in treating CRPC patients, it is reasonable to expect that EPI-506 may be effective in treating earlier stage patients. Therefore, we may conduct additional clinical studies potentially leading to approval of EPI-506 for use in prostate cancer patients at an earlier disease stage.

Identifying new indication areas with high unmet medical need

Several other diseases and conditions are impacted by activated AR, including certain sub-populations of breast cancer, Kennedy's disease (an orphan neurological condition) and male pattern baldness. While our primary focus will remain the treatment of prostate cancer, we may explore such applications in the future.

Evaluating strategic collaborations to maximize value

We currently retain all commercial rights for our EPI-series drug portfolio. We intend to evaluate potential collaborations that could enhance the value of our prostate cancer program and allow us to leverage the expertise of strategic collaborators. We also intend to explore collaborations in order to develop applications of our product candidate outside prostate cancer.

CORPORATE UPDATE AND OVERALL PERFORMANCE

ESSA is entering the clinical development stage and does not currently generate revenue. During the year ended September 30, 2015, the Company incurred a comprehensive loss of $12,539,196 (2014 - $1,955,029; period ended September 30, 2013 - $1,058,060). As of September 30, 2015, the Company had cash resources of $2,107,560 (2014 - $4,146,938) and working capital of $6,671,253 (2014 - $3,630,874).

This corporate update highlights significant events and transactions for the three months ended September 30, 2015 and for the subsequent period to the date of this report.

Research and Development Milestones

Filing of Investigational New Drug Application for EPI-506

On March 31, 2015, the Company filed an IND application with the FDA related to the Company's proposed clinical trial of EPI-506 in prostate cancer patients. Approval of the IND application is required in order for ESSA to commence human testing of EPI-506 in the U.S.

The IND application is a complete description of the chemistry, non-clinical pharmacodynamics and pharmacokinetics, animal toxicology, manufacturing, and other relevant information related to EPI-506 as a potential treatment for patients with advanced prostate cancer.

On September 23, 2015, the Company received approval from the FDA that the Company's IND application had been approved.

On November 5, 2015, the Company also received a "No Objection Letter" from the Health Protection Branch ("**HPB**") for its Clinical Trial Authorization ("**CTA**") application in Canada to include Canadian sites in the Phase 1/2 study.

In its Phase 1/2 clinical trial, ESSA intends to demonstrate the safety, tolerability, maximum tolerated-dose, pharmacokinetics, and efficacy of EPI-506 in metastatic CRPC patients who have failed abiraterone or enzalutamide therapy or both.

Events Subsequent to September 30, 2015

In October 2015, the Company received the second advance from the CPRIT Grant of US$3,786,667.

In November 2015, the Company opened its first clinical trial sites and enrolled the first patient in the Phase 1/2 clinical study of EPI-506.

Other than as disclosed elsewhere in this report, there were no other significant events subsequent to September 30, 2015 and prior to the date of this report.

DISCUSSION OF OPERATIONS

Programs and Potential Products

Our EPI-Series Drugs

Our product candidate, EPI-506, is a selective, oral small molecule pro-drug that blocks 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 ("*in vitro*" studies) and experimentation done in or on the living tissue of a whole, living organism ("*in vivo*" studies) show that EPI-506 selectively blocks 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, we believe EPI-506 may be able to overcome resistance mechanisms in CRPC.

We are currently initiating a Phase 1/2 clinical trial to determine the safety, tolerability, maximum tolerated dose, pharmacokinetics, and efficacy of EPI-506 in CRPC patients. In Phase 1, the trial will evaluate the benefit of once-daily dosing with EPI-506, in single- and multiple-dose escalations. The Phase 2 portion (dose expansion) of the trial will then evaluate activity in three patient cohorts: post-enzalutamide CRPC, post-abiraterone CRPC, and postenzalutamide and -abiraterone CRPC. The Phase 1/2 trial is expected to enroll approximately 150 patients.

We licensed the EPI- family of drugs from the UBC and 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. While all the stereoisomers are active against the AR NTD, the most effective stereoisomer of EPI-001 is EPI-002 and substantial experimentation with EPI-002 has been completed and published. EPI-506 is a pro-drug of EPI-002, meaning that EPI-506 metabolizes to EPI-002 in vivo once it is dosed orally.

Pre-clinical Studies

We are focused on developing EPI-506 as our clinical development candidate. EPI-506 has been shown to be more potent than EPI-002 by oral dosing. We believe that the improved potency of EPI-506 relates to its high lipophilicity and other drug product characteristics as compared to EPI-002. The *in vivo* efficacy of EPI compounds has been demonstrated using human prostate cancer xenograft models.

Our initial work to support the CRPC indication consisted of pre-clinical studies and bioanalytical development, as well as GLP ("**Good Laboratory Practices**") and non-GLP toxicology trials in three species. To date, EPI-506 appears to be well-tolerated after daily oral administration. Formulation development work and bioanalytical development for pre-clinical studies have been conducted in Vancouver, Canada.

To formally assess any potential safety issues related to EPI-506, we have conducted various dose-ranging non-GLP and IND enabling 28-day GLP toxicity trials in rodents and non-rodents, dose-ranging trials that lead to 28-day GLP toxicology trials. Consistent with the development of other oncology therapies at this early stage, no reproductive toxicology trials are required, given the patient population to be treated. The toxicology trials incorporate toxicokinetic data in order to correlate potential toxic effects with EPI-506 exposure. *In vitro* metabolism data using hepatocytes has been generated. A radiolabeled form of EPI-506 is available and will be used for further metabolism and distribution work *in vivo*.

We have used Southwest Research Institute in San Antonio, Texas for cGMP manufacturing of EPI-506 for early clinical trials. Formulation and cGMP production of the final drug product for clinical trials is performed by Catalent Pharma Solutions, St. Petersburg, Florida.

Planned Clinical Development Program

Phase 1/2 Clinical Trial Design for treating CRPC patients

The Company's IND application to the FDA for EPI-506 to begin a Phase 1/2 clinical trial to determine the safety, tolerability, maximum tolerated dose, pharmacokinetics and potential therapeutic benefits of EPI-506 in CRPC patients was accepted in September 2015 with the first clinical patient enrolled in November 2015. Additionally, we received a "no objection letter" from the Therapeutic Products Directorate of Health Canada ("**TPD**") in response to the CTA for EPI-506 allowing the clinical trial to be conducted in Canada.

The Phase 1 portion of the trial is expected to enroll approximately 30 patients with CRPC. Following single-dose evaluation, patients are expected to then receive once-daily oral dosing for 28 days to assess safety for dose escalation. Further, patients will continue to receive the trial drug for 12 weeks or longer to assess efficacy. The endpoints of this part of the trial will be to assess safety, tolerability, maximum tolerated dose and pharmacokinetics of EPI-506. Efficacy endpoints include PSA response and radiographic progression criteria. We plan to conduct this Phase 1 portion of the trial at five sites and expect it to be completed by approximately Q3 of calendar 2016 depending on the enrollment rate and number of dose escalation steps.

The Phase 2 portion is initially expected to enroll approximately 120 patients with CRPC. Additional patient cohorts may be added to address relevant questions on patients' tumor response and molecular profile (e.g. AR splice variant status). This trial is currently expected to focus on CRPC patients with progressive metastatic disease and rising PSA who are no longer responding to abiraterone or enzalutamide, or both. The main outcomes to be measured are expected to be:

- PSA response (reduction in blood PSA level of 50% or more);
- PSA progression;
- radiographic progression; and
- objective responses.

We expect to collect circulating tumor cells so that the status of AR splice variant and other relevant biological markers related to AR signaling can be determined. We expect to conduct this trial in 25 to 30 sites and expect the study completion by December 2017.

Phase 3 Clinical Trial

In order to obtain regulatory approval, we will be required to carry out at least one Phase 3 trial. At this time, we expect that these patients will be a similar population of CRPC patients that were enrolled in the Phase 1/2 trial. However, the results of the Phase 1/2 trial may require modification of the initial patient population based on response and biomarker assessment. In the Phase 3 clinical trials, the key end-point is expected to be overall survival relative to patients receiving the standard-of-care. It is expected the Phase 3 clinical trial will be conducted at many 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, 2015.

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, 2015, September 30, 2014, and nine months ended September 30, 2013 has been derived from our audited consolidated financial statements and accompanying notes, in each case prepared in accordance with IFRS. In 2013, the Company changed its fiscal year end from December 31 to September 30, commencing with the 2013 fiscal year and to continue each year going forward. This was done to better align the Company's financial reporting with its operations cycles.

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

	Year ended September 30, 2015	Year ended September 30, 2014	Nine months ended September 30, 2013
Revenue	$ Nil	$ Nil	$ Nil
Research and development expenses	5,891,249	706,014	765,105
Total operating expenses	12,501,249	1,962,162	1,051,496
Net loss	11,502,764	1,961,506	1,058,060
Comprehensive loss	12,539,196	1,955,029	1,058,060
Loss per share – basic and diluted	0.63	0.13	0.07
Total assets	10,061,827	4,709,415	677,309
Total long-term liabilities	1,325,290	1,838,507	Nil
Cash dividends declared per-share	Nil	Nil	Nil

Years ended September 30, 2015 and 2014 and the nine months ended September 30, 2013

The Company incurred a comprehensive loss of $12,539,196 for the year ended September 30, 2015 compared to a comprehensive loss of $1,955,029 for the year ended September 30, 2014 and $1,058,060 for the nine months ended September 30, 2013. Significant changes are as follows:

Research and Development

- The overall Research and Development ("**R&D**") expense for the year ended September 30, 2015 was $5,891,249 compared to $706,014 for the year ended September 30, 2014 and $765,105 for the nine months ended September 30, 2013. The gross expense for 2015 was $12,765,916 (2014 - $2,106,940; nine months ended September 30, 2013 - $1,207,033) before recognition of qualifying Cancer Prevention and Research Institute of Texas ("**CPRIT**") Product Development and Relocation Grant (the "**CPRIT Grant**") funds of $6,802,260 (2014 - $1,165,456; nine months ended September 30, 2013 - $nil) and Scientific Research & Development ("**SRED**") tax credits of $72,407 (2014 - $235,470; nine months ended September 30, 2013 - $441,928) from the Canadian government. This signifies a significantly higher investment in research and development activities, inclusive of preclinical work, from the amounts expended in the comparative periods.

- In the fourth quarter of fiscal 2014, the Company established office space and began to hire staff in Houston, Texas in order to undertake the preclinical work needed for the IND submission as well as developing the clinical protocol for the Phase 1/2 study that will be administered from ESSA's Houston office. Overall, R&D activity is higher than in the comparative period as financing secured in late fiscal 2014 and fiscal 2015 permitted a more robust research program compared to the prior period when the Company was focusing on achieving the CPRIT Grant and financing objectives.

- Analytical studies, formulation and testing costs of $2,838,098 (2014 - $419,288; nine months ended September 30, 2013 - $570,252) and manufacturing costs of $3,934,469 (2014 - $447,582; nine months ended September 30, 2013 - $29,530) have increased compared to the comparative periods. These costs relate to contracted lab facilities to conduct testing and experimentation on the Company's EPI-series drugs. The investment for the current 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. Expenditures in the three months ended September 30, 2015 included additional studies to produce data required by the FDA for approval of the IND received in September 30, 2015.

- Clinical costs of $370,723 (2014 - $nil; nine months ended September 30, 2013 - $nil) related to work performed by the clinical research organization in preparation for the Phase 1/2 clinical trial which commenced subsequent to year end, in November 2015.

- Consulting fees have increased to $1,371,842 (2014 - $336,192; nine months ended September 30, 2013 - $178,031) as the Company has engaged qualified professionals to conduct specific R&D services for the

Company in relation to the IND filing, in addition to regular payments made to the Company's Chief Scientific Officer and Chief Technical Officer over the three periods.

- Legal patents and license fees have increased to $674,888 (2014 - $336,196; nine months ended September 30, 2013 - $138,043) as 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 to patents for the protection of new technologies, products and processes. The Company anticipates that there will be ongoing investment into patent applications.

- Annual royalties of $40,000 during the years ended September 30, 2015 and 2014 (nine months ended September 30, 2013 - $nil) under the license agreement among us, the UBC and the BCCA, dated December 2, 2010, and amended on February 10, 2011 and May 27, 2014, for certain patent rights and technology (the "**License Agreement**").

- Salaries and benefits relate to establishment of payroll for the Company's Chief Medical Officer, Executive VP of Research and 12 additional preclinical and clinical staff in Texas. The Company has invested significantly over the past year to develop a team to efficiently advance the IND application and preparation for Phase 1/2 clinical trials.

Research and development expenses include the following major expenses by nature for the years ended September 30, 2015 and 2014 and the nine months ended September 30, 2013:

	Year ended September 30, 2015	Year ended September 30, 2014	Nine months ended September 30, 2013
Analytical studies, formulation and testing	$ 2,838,098	$ 419,288	$ 570,252
Clinical	370,723	-	-
Consulting	1,371,842	336,192	178,031
Legal patents and license fees	674,888	336,196	138,043
Manufacturing	3,934,469	447,582	29,530
Other	56,210	29,310	6,000
Royalties	40,000	40,000	-
Salaries and benefits	2,052,538	101,087	-
Share-based payments	889,544	327,774	248,795
Travel	537,605	69,511	36,382
SRED tax credits	(72,407)	(235,470)	(441,928)
CPRIT grant claimed on eligible expenses	(6,802,260)	(1,165,456)	-
Total	$ 5,891,249	$ 706,014	$ 765,105

Share-based payments expense of $889,544 (2014 - $327,774; nine months ended September 30, 2013 - $248,795) 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, 2015 increased to $6,505,596 from $1,158,440 in fiscal 2014 and $286,391 in the nine months ended September 30, 2013. Significant components of the expense in the current year included:

- Consulting and subcontractor fees of $366,543 (2014 - $403,037; nine months ended September 30, 2013 - $168,082). In the current year, the costs related to ongoing administrative support and intellectual property

consulting, and one-time professional recruiting services. In the prior periods, costs were related to the CEO and CFO who have since been converted to full time employees included in salaries and benefits.

- Director fees of $161,458 (2014 - $nil; nine months ended September 30, 2013 - $nil) commencing with the Company becoming publicly-listed on the TSX Venture Exchange ("**TSX-V**") in January 2015.

- Investor relations expense of $273,271 (2014 - $nil; nine months ended September 30, 2013 - $nil). In the current year, in relation to the Company's listing on the TSX-V, the Company engaged several investor relations consultants and incurred costs for shareholder communications and news releases.

- Professional fees for legal and accounting services of $2,232,235 (2014 - $481,812; nine months ended September 30, 2013 - $64,350) were incurred in conjunction with the corporate activities in fiscal 2015. These services have been engaged to support the Company's financing activities and work toward listing on the TSX-V (occurred in January 2015), the NASDAQ (occurred in July 2015) and graduation to the TSX (occurred in July 2015). The Company has worked expediently with its professional service providers to develop corporate structures and compliance standards to meet new and developing reporting requirements as a public company. Consequently, regulatory fees and transfer agent costs have increased for initial listing fees and associated transaction costs to $694,844 (2014 - $10,300; nine months ended September 30, 2013 - $nil).

- Rent expense of $352,432 (2014 - $39,261; nine months ended September 30, 2013 - $16,843) relating primarily to the establishment of the Houston office at the end of fiscal 2014.

- Salaries and benefits expense of $999,086 (2014 - $95,164; nine months ended September 30, 2013 - $nil) relates primarily to the establishment of the CEO and CFO as full time employees of the organization.

- Other expense categories have increased and been established as overall corporate activity has increased. These expenses predominantly relate to costs toward becoming a reporting issuer and publicly listed company.

General and administrative expenses include the following major expenses by nature for the years ended September 30, 2015 and 2014 and the nine months ended September 30, 2013:

	Year ended September 30, 2015	Year ended September 30, 2014	Nine months ended September 30, 2013
Amortization	$ 52,490	$ 25,323	$ 18,993
Consulting and subcontractor fees	366,543	403,037	168,082
Director fees	161,458	-	-
Investor relations	273,271	-	-
Office, insurance, IT and communications	493,170	53,294	13,947
Professional fees	2,232,235	481,812	64,350
Regulatory fees and transfer agent	694,844	10,300	-
Rent	352,432	39,261	16,843
Salaries and benefits	999,086	95,164	-
Share-based payments	742,455	127,596	-
Travel and entertainment	282,921	13,818	4,176
CPRIT grant claimed on eligible expenses	(145,310)	(91,165)	-
Total	$ 6,505,596	$ 1,158,440	$ 286,391

Share-based payments expense of $742,455 (2014 - $127,596; nine months ended September 30, 2013 - $nil) 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 liability

The 2015 Special Warrant Financing has increased the Company's net financial assets denominated in U.S. dollars and exposure to fluctuations in the U.S./Canadian exchange rate. In conjunction with the 2015 Special Warrant Financing, the Company issued 257,018 broker warrants exercisable at a price of US$2.75 per Common Share. As these broker warrants are denominated in U.S. dollars and are exercisable into Common Shares which are listed in Canadian dollars, the instrument contains an embedded derivative liability. These warrants are measured at fair value with changes recognized in the statement of net loss and comprehensive loss at each reporting date. During the year ended September 30, 2015, the Company recorded a loss of $995,046 with respect to the derivative liability.

QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight quarters, prepared in accordance with IFRS:

	For the Quarters Ended			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Total assets	$ 10,061,827	$ 9,672,990	$ 13,906,485	$ 4,621,182
Long-term liabilities	1,325,290	2,796,853	1,115,262	344,521
Research and development expense	(1,059,238)	3,108,000	3,121,607	720,880
General and administration	2,817,981	1,275,955	1,621,411	790,249
Comprehensive loss	(177,342)	(6,202,916)	(4,621,458)	(1,537,480)
Basic and diluted loss per share	0.03	(0.35)	(0.24)	(0.10)

	For the Quarters Ended			
	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Total assets	$ 4,709,415	$ 766,156	$ 547,963	$ 549,440
Long-term liabilities	1,838,507	-	-	-
Research and development expense	(126,671)	653,681	31,448	147,556
General and administration	605,916	341,450	112,069	99,005
Comprehensive loss	(509,226)	(1,046,992)	(152,476)	(246,335)
Basic and diluted loss per share	(0.03)	(0.07)	(0.01)	(0.02)

Share-based payments expense for prior quarters has been reclassified in the statement of loss and comprehensive loss to be assigned to the functional expense (research and development, general and administrative, or financing) to which the underlying optionee relates. Consequently, the total expense for the functional expense items has been amended from the management's discussion and analysis filed for quarters prior to March 31, 2015. The allocation of share-based payments expense is detailed in note 10 of the accompanying consolidated financial statements.

From the quarters ended December 31, 2013 through June 30, 2014, the Company relied on funds raised in 2012 and tax credit refunds to meet the Company's operating and research and development plans. There were therefore minimal changes in the capitalization of the Company during that time. In the quarter ended September 30, 2014, the Company received its first tranche of the grant from CPRIT of US$2,792,533 which was recorded as a long-term liability for recognition against qualifying expenditures as those expenditures are made. In the quarter ended September 30, 2015, the Company recorded a receivable of US$3,786,667 for its second tranche of the CPRIT Grant, which was recognized as recoveries of research and development expenditures. The CPRIT Grant is detailed in the accompanying consolidated financial statements. The CPRIT Grant agreement was executed by the Chief Executive Officer of CPRIT on July 9, 2014 (the "**CPRIT Agreement**").

Also in the three months ended September 30, 2014, the Company completed a financing involving the issuance of 1,185,400 Preferred Shares at a price of $2.00 per Preferred Share for gross proceeds of $2,370,800 ("**2014 Preferred Shares Financing**") which supplemented the Company's financial resources. In the three months ended December 31, 2014, the Company completed an offering of 679,640 special warrants at $2.00 per special warrant for gross proceeds of $1,359,280 ("**2014 Special Warrant Financing**"). On January 16, 2015, the Company issued 4,363,634 special warrants at a price of US$2.75 per special warrant for gross proceeds of $14,215,155 ("**2015 Special Warrant Financing**"). Accordingly, with these additional resources, the Company has accelerated its work relating to the IND filing resulting in a significant increase in comprehensive loss over prior periods. 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.

Three months ended September 30, 2015 and 2014

The Company incurred a comprehensive loss of $177,342 for the three months ended September 30, 2015 compared to a comprehensive loss of $509,303 for the three months ended September 30, 2014.

The detailed changes for the research and development expenses for the three months ended September 30, 2015 and 2014 are included in the table below. Most significantly, the Company made significant increased investment in research and development costs, including analytical studies, formulation and testing costs of $452,708 (2014 - $157,327) and manufacturing costs of $1,367,348 (2014 - $232,336). In the current period, the Company continued working toward the commencement of the clinical program, incurring clinical research organization costs of $370,723 (2014 - $nil), salaries and benefits expense of $719,661 (2014 - $98,259) in relation to a total of 14 employees at the Houston office compared to 3 employees in the comparative period. In general, the Company has increased R&D activity as it leverages momentum from pre-clinical development work discussed above and financings completed in the current fiscal year. Expenditures in the three months ended September 30, 2015 included continuing generation of chemistry and pharmaceutical data as required by the FDA for approval of the IND. The Company also recognized recoveries of $5,053,307 (2014 - $1,165,456) from the second advance of the CPRIT Grant (US$3,786,667), which was recorded as a receivable at September 30, 2015 and received subsequent to year end.

Research and development expenses include the following major expenses by nature for the three months ended September 30, 2015 and 2014:

	2015	2014
Analytical studies, formulation and testing	$ 452,708	$ 157,327
Clinical	370,723	-
Consulting	422,655	119,751
Legal patents and license fees	132,414	96,342
Manufacturing	1,367,348	232,336
Other	37,047	21,310
Royalties	40,000	40,000
Salaries and benefits	719,661	98,259
Share-based payments	268,180	235,051
Travel	191,677	38,409
SRED tax credits	(8,344)	-
CPRIT grant claimed on eligible expenses	(5,053,307)	(1,165,456)
Total expenses (recovery)	$ 1,059,238	$ (126,671)

General and administrative expenses have increased over the prior period as the context of the Company has changed significantly. The Company completed its TSX-V listing in January 2015 and NASDAQ listing in July 2015 which has resulted in a higher overall corporate burden and engagement of professional services. Professional fees of $743,215 and regulatory and transfer agent fees of $616,097 in the three months ended September 30, 2015 related to support in achieving a NASDAQ listing and subsequent graduation to the TSX, including initial listing fees and transaction costs. In the three months ended September 30, 2014, the Company expended $260,890 in professional fees with respect to executing the CPRIT Agreement and preparing for an equity financing completed in July 2014. The Company established formal payroll in August 2014 for its key executives which has led to a recurring salaries and benefits expense. Rent expense increased as a result of the establishment of the Houston office in September 2014.

General and administrative expenses include the following major expenses by nature for the three months ended September 30, 2015 and 2014:

	2015	2014
Amortization	$ 23,886	$ 6,330
Consulting and subcontractor fees	208,975	203,946
Director fees	70,458	-
Investor relations	98,833	-
Office, insurance, IT and communications	179,400	14,373
Professional fees	743,215	260,890
Regulatory fees and transfer agent	616,097	10,300
Rent	206,503	15,500
Salaries and benefits	197,095	95,164
Share-based payments	418,950	86,090
Travel and entertainment	111,082	4,488
CPRIT grant claimed on eligible expenses	-	(91,165)
Total	$ 2,874,494	$ 605,916

During the three month period ended September 30, 2015, the Company recorded a gain of $1,471,563 with respect to the derivative liability described above.

USE OF PROCEEDS

During the year ended September 30, 2015 and up to the date of this report, the Company received total net proceeds of $14,552,400 from the following financings:

- In October 2014, the Company received net proceeds of $1,215,319 in relation to the 2014 Special Warrant Financing.
- In January 2015, the Company received net proceeds of $13,337,081 in relation to the 2015 Special Warrant Financing.

The following table sets out a comparison of how the Company used the proceeds following the 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 1/2 clinical program through the end of calendar year 2015.	The proceeds have been used as intended to further the development of EPI-506 Phase 1/2 clinical program while meeting administrative requirements. During the year ended September 30, 2015, the Company incurred $5,891,249 in research and development costs, net of recoveries in relation to the development of the EPI-506 Phase 1/2 clinical program. An additional $6,505,596 has been incurred for general and administrative costs in support of the Company's research and development activities. The Company intends to use the remaining funds towards the completion of the Phase 1/2 clinical program.

LIQUIDITY AND CAPITAL RESOURCES

Operational activities during the year ended September 30, 2015 were financed mainly by proceeds from equity financings completed in July 2014, October 2014 and January 2015, and the CPRIT Grant. At September 30, 2015, the Company had available cash reserves of $2,107,560 and $5,137,298 in accounts receivable related primarily to the second CPRIT advance refund of US$3,786,667, received subsequent to year end, and GST input tax credits, to settle current liabilities of $2,790,656. This compares to cash reserves of $4,146,938 and $72,295 in accounts receivable related to refund of GST input tax credits at September 30, 2014 to settle current liabilities of $658,305.

Cash used in operating activities for the year ended September 30, 2015 was $16,515,600 (2014 - $2,264,820; nine months ended September 30, 2013 - $588,976). Working capital items used cash of $4,940,016 (2014 - $328,472 cash generated; nine months ended September 30, 2013 - $201,296 cash generated), including $1,669,643 prepaid towards a deposit on the upcoming clinical program, offset by an accounts payable increase aligned with the increase of administration and research and development activities.

Cash used in investing activities for the year ended September 30, 2015 was $212,142 (2014 - $nil; nine months ended September 30, 2013 - $nil) as the Company invested in equipment in the ongoing establishment of its Houston office.

Cash provided by financing activities for the year ended September 30, 2015 was $14,866,315 (2014 - $6,170,437; nine months ended September 30, 2013 - $nil). The Company received gross proceeds of $1,359,280 and $14,215,155 (US$12,000,000) from the 2014 Special Warrant Financing and 2015 Special Warrant Financing, respectively, each as previously described above, offset by $1,022,035 in share issuance costs. The Company also received $104,761 and $209,580 in proceeds on the exercise of options and warrants during the year, respectively. In fiscal 2014, the Company received $3,048,694 from the CPRIT Grant, gross proceeds of $2,370,800 from the 2014 Preferred Shares Financing and gross proceeds of $1,000,000 from issuance of a convertible debenture, offset by $249,057 in issuance costs.

Management continues to seek sources of additional financing which would assure continuation of the Company's operations and research programs. However, there is no certainty that such financing will be provided or provided on favourable terms. The Company believes that it will complete one or more of these arrangements in sufficient time to continue to execute its planned expenditures without interruption.

Future cash requirements may vary materially from those expected due to a number of factors, including the costs associated with pre-clinical studies, and the ensuing costs associated with Phase 1/2 clinical trials of up to 150 patients in 2015-2016 and to take advantage of strategic opportunities. As a result, it will be necessary to raise additional funds. 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 we will successfully raise funds to continue the development and commercialization of EPI-506 and our operational activities.

CONTRACTUAL OBLIGATIONS

As of September 30, 2015, and in the normal course of business, we have the following obligations to make future payments, representing contracts and other commitments that are known and committed.

Contractual obligations	2016	2017	2018	2019	2020
Minimum annual royalty per License Agreement [(1)]	$ 65,000	$ 85,000	$ 85,000	$ 85,000	$ 85,000
Lease on Vancouver office space	48,510	48,510	48,510	48,510	48,510
Total	$ 113,510	$ 133,510	$ 133,510	$ 133,510	$ 133,510
Lease on US office spaces (In USD)	$ 241,009	$ 245,690	$ 250,372	$ 255,053	$ 57,789

Notes:

(1) ESSA has the worldwide, exclusive right to develop products based on Licensed IP, as defined in, and pursuant to, the License Agreement. The Company must pay a minimum annual royalty of $65,000 in the 2015 and 2016 calendar years, increasing to $85,000 in 2017 and for each year thereafter.

OFF-BALANCE SHEET ARRANGEMENTS & PROPOSED TRANSACTIONS

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

We have no material proposed transactions that have, or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

Key management personnel of the Company include Robert Rieder, the Chief Executive Officer, David Wood, Chief Financial Officer, Dr. Frank Perabo, Chief Medical Officer, Paul Cossum, Executive VP of Research and Development, Dr. Marianne Sadar, Chief Scientific Officer and Director, Dr. Raymond Andersen, Chief Technology Officer and Director, Richard Glickman, Director and Chairman of the Board, Gary Sollis, Director, Franklin Berger, Director, and David Parkinson, Director. Compensation paid to key management personnel for the years ended September 30, 2015 and 2014 and nine months ended September 30, 2013 are as follows:

	Year ended September 30, 2015	Year ended September 30, 2014	Nine months ended September 30, 2013
Salaries, consulting fees, and director fees	$ 1,821,525	$ 476,559	$ 180,000
Share-based payments [(a)]	1,311,458	274,009	212,385
Total compensation	$ 3,132,983	$ 750,568	$ 392,385

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

During the year ended September 30, 2015, the Company granted 250,000 options 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 $851,615.

During the year ended September 30, 2014, the Company granted 970,000 options 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 $181,905.

During the period ended September 30, 2013, the Company granted 600,000 options to two directors and senior officers that vest monthly over a period of two years. 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 $212,385.

The balance of the share-based payments expense included in related party compensation in the period relates to the vesting of stock options granted in prior periods.

Included in accounts payable and accrued liabilities at September 30, 2015 is $109,982 (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.

Mr. Rieder, 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. 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. Mr. 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. Cossum, Executive Vice-President of Research and Development, is entitled to a payment of six months of base salary upon termination without case, and a payment of one year of base salary upon termination caused by a change of control event. Stock options held by the CEO, CFO, CMO and Executive Vice-President of Research and Development 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 are detailed in Notes 2 and 3 of of the Company's annual consolidated financial statements for the year ended September 30, 2015.

New standards, interpretations and amendments adopted

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
IAS 39	New standard for financial instruments including embedded derivatives

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

New standards not yet adopted

IFRS 9 Financial Instruments (Revised)

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 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 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 (Note 17) 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. Prior to listing on the TSX-V, the fair value of the underlying common shares was assessed as the most recent issuance price per common share for cash proceeds. Following listing on the TSX-V, the Company makes reference to prices quoted on the TSX-V. 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 broker's 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 and expected term as detailed in Note 8 of the accompanying unaudited condensed consolidated interim financial statements.

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.

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 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 September 30, 2015, the Company had a current assets of $9,461,909 to settle current liabilities of $2,790,656. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not generate revenue and will be reliant on equity financing and proceeds from the CPRIT Grant to fund operations. Equity financing is dependent on market conditions and may not be available on favorable terms. The CPRIT Grant is dependent on the Company completing all the milestones (see 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

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 September 30, 2015, the Company had cash of US$1,563,963, accounts receivable of US$3,786,667 and accounts payable and accrued liabilities of US$1,670,016. The Company anticipates that, pursuant to the product development and relocation grant disclosed in Note 17 of the accompanying consolidated financial statements, the transactions of the Company will be increasingly subject to fluctuations in the U.S. dollar. Additionally, the Company has broker warrants outstanding which are denominated in United States dollars (Note 8 of the accompanying consolidated financial statements).

A 10% change in the foreign exchange rate between the Canadian and U.S. dollar would result in a fluctuation of $492,325 in the net loss realized for the period.

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 can be found on Sedar at www.sedar.com, the website of the United States Securities and Exchange Commission at www.sec.gov and the Company's website at www.essapharma.com.

OUTSTANDING SHARE CAPITAL

Equity instruments outstanding as of the date of this MD&A:

Common shares	22,630,047
Stock options	3,493,519
Warrants	281,713

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 located on SEDAR at www.sedar.com and the U.S. Securities and Exchange Commission's ("**SEC**") Electronic Document Gathering and Retrieval System ("**EDGAR**") website at www.sec.gov/edgar., 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 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. Our 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 "*Forward-Looking and Other Statements*."

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 Administration regulations, as at September 30, 2015. 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 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.

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 Exchange Act and the rules of NASDAQ. Our Board has determined that Dr. Glickman 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 ("COSO") *Internal Control – Integrated Framework* (2013).

The Company did not have any significant changes to its ICFR systems in the period from July 9, 2015 to September 30, 2015.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, 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.

FORWARD-LOOKING AND OTHER STATEMENTS

This MD&A, including the documents incorporated by reference herein, contains forward-looking statements or forward-looking information within the meaning of the U.S. 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", or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our 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:

- the initiation, timing, cost, progress and success of ESSA's research and development programs, pre-clinical studies and clinical trials;
- the Company's ability to advance its product candidate into, and successfully complete, clinical trials;
- the Company's ability to achieve profitability;
- the Company's ability to obtain funding for operations, including research funding;
- the Company's ability to recruit sufficient numbers of patients for future clinical trials;
- the Company's ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;

- the implementation of the Company's business model and strategic plans;
- the Company's ability to develop and commercialize product candidates;
- the Company's commercialization, marketing and manufacturing capabilities and strategy;
- the Company's ability to protect its intellectual property and operate its business without infringing upon the intellectual property rights of others;
- the Company's expectations regarding federal, state, provincial and foreign regulatory requirements;
- whether the Company will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, the European Union and other jurisdictions;
- the therapeutic benefits, effectiveness and safety of the Company's product candidate;
- the accuracy of the Company's estimates of the size and characteristics of the markets that may be addressed by the Company's product candidate;
- the rate and degree of market acceptance and clinical utility of the Company's product candidate, 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 product candidate;
- 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.
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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 our 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:

- our ability to obtain positive results of clinical trials;
- our ability to obtain required regulatory approvals;
- our 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;
- our ability to attract and retain skilled staff;
- market competition;
- the products and technology offered by the Company's competitors; and
- our ability to protect patents and proprietary rights.

If one or more of these risks or uncertainties occur, of if our 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 our views as of the date of this document. While we may elect to update these forward-looking statements In the future, we have no current intention to do so except as to the extent required by applicable law.