SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of February 2020

Commission File Number 001-37410

ESSA Pharma Inc.

(Translation of registrant's name into English)

Suite 720, 999 West Broadway, Vancouver, British Columbia, Canada, V5Z 1K5
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

EXHIBITS INCLUDED AS PART OF THIS REPORT

Exhibit

99.1	News Release Dated February 13, 2020
99.2	Condensed Consolidated Interim Financial Statements for the Three Months Ended December 31, 2019 and 2018
99.3	Form 51-102F1 Management's Discussion and Analysis for the Three Months Ended December 31, 2019 and 2018
99.4	Form 52-109FV2 Certification of Interim Filings – Chief Executive Officer
99.5	Form 52-109FV2 Certification of Interim Filings – Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ESSA PHARMA INC.

(Registrant)

Date: February 13, 2020.

By: /s/ DAVID WOOD
Name: David Wood
Title: Chief Financial Officer

ESSA Pharma Provides Corporate Update and Reports Financial Results for Fiscal First Quarter Ended December 31, 2019

VANCOUVER and HOUSTON, TX, Feb. 13, 2020 /CNW/ - ESSA Pharma Inc. ("ESSA", or the "Company") (NASDAQ: EPIX, TSX-V: EPI), a pharmaceutical company focused on developing novel therapies for the treatment of prostate cancer, today provided a corporate update and reported financial results for the fiscal first quarter ended December 31, 2019. All references to "$" in this release refer to United States dollars, unless otherwise indicated.

"This past calendar year was a transformative year for ESSA, and we are excited to continue the momentum into 2020. Preparations for an IND filing are nearly complete and we remain on track to file the IND in the first quarter of 2020 with an initiation of the Phase 1 study of EPI-7386 expected shortly thereafter," stated David Parkinson, MD, President and CEO of ESSA. Dr. Parkinson continued, "From our successful acquisition of Realm Therapeutics and fundraising efforts in 2019, ESSA ended the year with $45.9M in cash. Our current cash balance allows us to complete the Phase 1 monotherapy dose-escalation study and an expansion phase to that study. We expect to enroll approximately 18 patients at multiple well-known US and Canadian medical institutions in a standard 3+3 trial design with an approximate 10 additional patients enrolled in the dose expansion cohort. In addition, we believe the Company is sufficiently funded to also conduct a combination study of EPI-7386 with currently utilized antiandrogens in prostate cancer patients with earlier stages of the disease. We look forward to presenting additional preclinical data at upcoming conferences in the first half of 2020".

Recent Corporate Highlights

- Abstracts were accepted for presentations at the American Association for Cancer Research Special Conference on Advances in Prostate Cancer Research on March 14, 2020 and the 2020 American Urological Association Annual Meeting on May 18, 2020.
- On February 13, 2020, a poster abstract of EPI-7386 was presented at the American Society of Clinical Oncology GU highlighting preclinical data including new data showing EPI-7386 activity in an enzalutamide-resistant patient-derived xenograft model and favorable safety results from our IND-enabling studies.
- In October 2019, the Company paid off the balance of its $3.6M debt facility, leaving the Company with no outstanding debt.

Summary Financial Results

- **Net Income (Loss)**. ESSA recorded a net loss of $4.6 million ($0.22 loss per common share based on 20,762,374 weighted average common shares outstanding) for the quarter ended December 31, 2019, compared to a net loss of $2.7 million ($0.43 loss per common share based on 6,305,283 weighted average common shares outstanding) for the quarter ended December 31, 2018.
- **Research and Development ("R&D") expenditures**. R&D expenditures for the quarter ended December 31, 2019 were $2.6 million compared to $1.3 million for the quarter ended December 31, 2018. The increase in R&D expenditures for the quarter were primarily related to ESSA's efforts in preparing an Investigational New Drug ("IND") application for its recently nominated clinical candidate, EPI-7386. Costs in the comparative period included preclinical research related to the Company's next-generation aniten compounds.
- **General and administration ("G&A") expenditures**. G&A expenditures for the quarter ended December 31, 2019 were $2.1 million compared to $1.2 million for the quarter ended December 31, 2018. The decrease in the quarter is primarily due to share-based payments made as a result of stock options issued in the period.

Liquidity and Outstanding Share Capital

Cash on hand at December 31, 2019 was $45.9 million, with working capital of $45.5 million, reflecting the aggregate gross proceeds of the August 2019 financing of $36 million and the acquisition of Realm Therapeutics plc which provided the Company with $22.2 million in cash, less operating expenses in the intervening period.

As of December 31, 2019, the Company had 20,762,374 common shares issued and outstanding.

In addition, as of December 31, 2019 there were 12,393,092 common shares issuable upon the exercise of warrants and broker warrants. This includes 11,919,404 prefunded warrants at an exercise price of $0.0001, and 473,688 other warrants at a weighted average exercise price of $34.36. There are 5,311,500 common shares issuable upon the exercise of outstanding stock options at a weighted-average exercise price of $3.43 per common share.

About ESSA Pharma Inc.
ESSA is a pharmaceutical company focused on developing novel and proprietary therapies for the treatment of castration-resistant prostate cancer in patients whose disease is progressing despite treatment with current therapies. ESSA's proprietary "aniten" compounds bind to the N-terminal domain of the androgen receptor ("AR"), inhibiting AR driven transcription and the AR signaling pathway in a unique manner which bypasses the drug resistance mechanisms associated with current anti-androgens. The Company is currently progressing IND-enabling studies and expects to file an IND with the U.S. Food and Drug Administration ("FDA") for EPI-7386 in the first calendar quarter of 2020. For more information, please visit www.essapharma.com and follow us on Twitter under @ESSAPharma.

About Prostate Cancer
Prostate cancer is the second-most commonly diagnosed cancer among men and the fifth most common cause of male cancer death worldwide (Globocan, 2018). Adenocarcinoma of the prostate is dependent on androgen for tumor progression and depleting or blocking androgen action has been a mainstay of hormonal treatment for over six decades. Although tumors are often initially sensitive to medical or surgical therapies that decrease levels of testosterone, disease progression despite castrate levels of testosterone generally represents a transition to the lethal variant of the disease, mCRPC, and most patients ultimately succumb to the illness. The treatment of mCRPC patients has evolved rapidly over the past five years. Despite these advances, additional treatment options are needed to improve clinical outcomes in patients, particularly those who fail existing treatments including abiraterone or enzalutamide, or those who have contraindications to receive those drugs. Over time, patients with mCRPC generally experience continued disease progression, worsening pain, leading to substantial morbidity and limited survival rates. In both in vitro and in vivo animal studies, ESSA's novel approach to blocking the androgen pathway has been shown to be effective in blocking tumor growth when current therapies are no longer effective.

Forward-Looking Statement Disclaimer
This release contains certain information which, as presented, constitutes "forward-looking information" within the meaning of the Private Securities Litigation Reform Act of 1995 and/or applicable Canadian securities laws. Forward-looking information involves statements that relate to future events and often addresses expected future business and financial performance, containing words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions and includes, but is not limited to, statements regarding the preparation and expected timing of an IND filing with the FDA for EPI-7386, a Phase 1 study of EPI-7386, a combination study of EPI-7386, presentations with respect to EPI-7386, and other statements surrounding the Company's clinical evaluation of EPI-7386.

Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of ESSA to control or predict, and which may cause ESSA's actual results, performance or achievements to be materially different from those expressed or implied thereby. Such statements reflect ESSA'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, while considered reasonable by ESSA as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. In making forward looking statements, ESSA may make various material assumptions, including but not limited to (i) the accuracy of ESSA's financial projections; (ii) obtaining positive results of clinical trials; (iii) obtaining necessary regulatory approvals; and (iv) general business, market and economic conditions.

Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein and in ESSA's Annual Report on Form 20-F dated December 19, 2019 under the heading "Risk Factors", a copy of which is available on ESSA's profile on the SEDAR website at www.sedar.com, ESSA's profile on EDGAR at www.sec.gov, and as otherwise disclosed from time to time on ESSA's SEDAR profile. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and ESSA undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable Canadian and United States securities laws. Readers are cautioned against attributing undue certainty to forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

ESSA PHARMA INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
Amounts in thousands of United States dollars

	December 31, 2019	September 30, 2019
Cash	$ 45,934	$ 53,323
Prepaid and other assets	1,430	1,451

Total assets	$ 47,364	$ 54,774
Current liabilities	1,228	5,575
Lease liability	27	-
Derivative liability	79	18
Shareholders' deficiency	46,030	49,181
Total liabilities and shareholders' deficiency	$ 47,364	$ 54,774

ESSA PHARMA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
Amounts in thousands of United States dollars, except share and per share data

	Three months ended December 31, 2019	Three months ended December 31, 2018
OPERATING EXPENSES		
Research and development	$ 2,587	$ 1,286
Financing costs	216	177
General and administration	2,144	1,247
Total operating expenses	(4,947)	(2,710)
Gain (loss) on derivative liability	(61)	13
Other items	107	(3)
Net loss before taxes	(4,901)	(2,700)
Income tax recovery (expense)	278	(10)
Net loss for the period	$ (4,623)	$ (2,710)
Basic and diluted loss per common share	$ (0.22)	$ (0.43)
Weighted average number of common shares outstanding	20,762,374	6,305,283

View original content:http://www.prnewswire.com/news-releases/essa-pharma-provides-corporate-update-and-reports-financial-results-for-fiscal-first-quarter-ended-december-31-2019-301004973.html

SOURCE ESSA Pharma Inc

View original content: http://www.newswire.ca/en/releases/archive/February2020/13/c7517.html

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CO: ESSA Pharma Inc

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Exhibit 99.2

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in United States dollars)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018

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

	December 31, 2019	September 30, 2019
ASSETS		
Current		
Cash	$ 45,934,420	$ 53,322,723
Receivables (Note 18)	350,097	360,800
Prepaids (Note 5)	471,810	615,485
	46,756,327	54,299,008
Deposits	274,085	274,085
Right-of-use assets (Note 6)	137,905	—
Intangible assets (Note 7)	196,157	200,731
Total assets	$ 47,364,474	$ 54,773,824
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,095,272	$ 1,565,789
Current lease liability (Note 8)	113,890	—
Current portion of long-term debt (Note 9)	—	3,708,955
Income tax payable	20,000	300,000
	1,229,162	5,574,744
Lease liability (Note 8)	26,613	—
Derivative liabilities (Note 10)	79,176	18,179
Total liabilities	1,334,951	5,592,923
Shareholders' equity		
Share capital (Note 11)	76,208,556	76,212,154
Obligation to issue shares	227,864	—
Reserves (Note 12)	31,102,744	29,856,177
Accumulated other comprehensive loss	(2,076,479)	(2,076,479)
Deficit	(59,433,162)	(54,810,951)
	46,029,523	49,180,901
Total liabilities and shareholders' equity	$ 47,364,474	$ 54,773,824
Nature and continuance of operations (Note 1)		
Commitments (Note 18)		
Subsequent events (Note 20)		

On behalf of the Board on February 13, 2020

"David R. Parkinson" Director *"Franklin Berger"* 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 United States dollars)
FOR THE THREE MONTHS ENDED DECEMBER 31

	2019	2018
OPERATING EXPENSES		
Research and development (Note 19)	$ 2,587,148	$ 1,286,323
Financing costs	215,501	177,434
General and administration (Note 19)	2,143,740	1,247,108
Total operating expenses	(4,946,389)	(2,710,865)
Foreign exchange	6,210	(2,800)
Interest income	100,965	—
(Loss) gain on derivative liability (Note 10)	(60,997)	12,550
Net loss for the period before taxes	(4,900,211)	(2,701,115)
Income tax recovery (expense)	278,000	(9,652)
Net loss and comprehensive loss for the period	$ (4,622,211)	$ (2,710,767)
Basic and diluted loss per common share	$ (0.22)	$ (0.43)
Weighted average number of common shares outstanding - basic and diluted	20,762,374	6,305,283

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 United States dollars)
FOR THE THREE MONTHS ENDED DECEMBER 31

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (4,622,211)	$ (2,710,767)
Items not affecting cash:		
Amortization	32,155	4,574
Loss (gain) on derivative liability	60,997	(12,550)
Finance expense	215,501	177,434
Unrealized foreign exchange gain	(11,510)	(722)
Share-based payments (Note 12)	1,253,621	336,217
Income tax recovery	(278,000)	—
Changes in non-cash working capital items:		
Receivables	10,136	53,021
Prepaid expenses	143,675	92,963
Accounts payable and accrued liabilities	(162,976)	213,849
Income tax payable	(2,000)	(4,722)
Net cash used in operating activities	(3,360,612)	(1,850,703)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	(29,405)	—
Funds received for warrant exercise	227,864	—
Share issuance costs	(314,603)	—
Loan principal repaid (Note 9)	(3,199,799)	(683,203)
Interest and financing costs paid (Note 9)	(720,235)	(119,485)
Net cash used in financing activities	(4,036,178)	(802,688)
Effect of foreign exchange on cash	8,487	(1,525)
Change in cash for the period	(7,388,303)	(2,654,916)
Cash, beginning of period	53,322,723	14,829,144
Cash, end of period	$ 45,934,420	$ 12,174,228

Supplemental Disclosure with respect to Cash Flows (Note 13)

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 United States dollars)

	Number of shares	Share capital	Obligation to issue shares	Reserves		Cumulative translation adjustment	Deficit	Total
				Share-based payments	Warrants			
Balance, September 30, 2018	5,776,098	$40,205,997	$ —	$5,654,126	$ 9,737,514	$(2,076,479)	$(44,369,086)	$ 9,152,072
Pre-funded warrants exercised	535,000	2,140,000	—	—	(2,140,000)	—	—	—
Share-based payments	—	—	—	336,217	—	—	—	336,217
Loss for the period	—	—	—	—	—	—	(2,710,767)	(2,710,767)
Balance, December 31, 2018	6,311,098	$42,345,997	$ —	$5,990,343	$ 7,597,514	$(2,076,479)	$(47,079,853)	$ 6,777,522
Acquisition of Realm	6,718,150	15,989,197	—	—	—	—	—	15,989,197
Financing	6,080,596	12,161,192	—	—	23,838,808	—	—	36,000,000
Share issuance costs	—	(901,298)	—	—	(1,764,982)	—	—	(2,666,280)
Pre-funded warrants exercised	1,652,530	6,617,066	—	—	(6,615,996)	—	—	1,070
Share-based payments	—	—	—	810,490	—	—	—	810,490
Loss for the period	—	—	—	—	—	—	(7,731,098)	(7,731,098)
Balance, September 30, 2019	20,762,374	$76,212,154	$ —	$6,800,833	$23,055,344	$(2,076,479)	$(54,810,951)	$49,180,901
Share issuance costs	—	(3,598)	—	—	(7,054)	—	—	(10,652)
Funds received for warrant exercise	—	—	227,864	—	—	—	—	227,864
Share-based payments	—	—	—	1,253,621	—	—	—	1,253,621
Loss for the period	—	—	—	—	—	—	(4,622,211)	(4,622,211)
Balance, December 31, 2019	20,762,374	$76,208,556	$ 227,864	$8,054,454	$23,048,290	$(2,076,479)	$(59,433,162)	$46,029,523

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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. The Company is listed on the NASDAQ Capital Market ("NASDAQ") under the symbol "EPIX", and on the Toronto Venture Exchange ("TSX-V") under the symbol "EPI".

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, 2019, no products are in commercial production or use.

Acquisition of Realm Therapeutics plc

On July 31, 2019, the Company acquired all of the issued and outstanding shares of Realm Therapeutics plc ("Realm") pursuant to a Scheme of Arrangement as sanctioned on July 29, 2019 by the High Court of Justice in England and Wales (the "Realm Acquisition") (Note 4).

Going Concern

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 net loss of $4,622,211 during the period ended December 31, 2019 and has an accumulated deficit of $59,433,162. 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 obtain adequate financing. As at December 31, 2019, 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. During the year ended September 30, 2019, the Company completed a financing and acquired capital resources in the Realm Acquisition which are anticipated to provide funds to deliver on an operating plan through the next fiscal year and beyond.

The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's operations and research programs are dependent on the Company's ability to receive financial support once the current resources have been depleted.

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 International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION (cont'd...)

Statement of Compliance (cont'd...)

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, 2019. The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements except for those adopted as of October 1, 2019 as described in Note 3.

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts expressed in these condensed consolidated interim financial statements and the accompanying notes are expressed in United States dollars, except per share data and where otherwise indicated. References to "$" are to United States dollars and references to "C$" are to Canadian dollars.

Basis of Consolidation and Functional Currency

Subsidiaries

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully condensed consolidated interim from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

The condensed consolidated interim financial statements comprise the accounts of ESSA Pharma Inc., the parent company, and its wholly owned subsidiaries.

Functional Currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates.

The functional currency of the Company and its subsidiaries have been determined as follows:

	Country of Incorporation	Effective Interest	Functional Currency
ESSA Pharmaceuticals Corp.	USA	100%	US Dollar
Realm Therapeutics plc [(1)]	United Kingdom	100%	Pound Sterling
Realm Therapeutics Inc. [(1)]	USA	100%	US Dollar

[(1)] In the process of liquidation and dissolution as at December 31, 2019.

2. BASIS OF PRESENTATION (cont'd...)

Estimates and Judgments

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 results 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.

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 has met certain terms and conditions as detailed in Note 18 to qualify for the grant funding. The Company has therefore recognized in profit or loss, as recoveries of research and development expenditures, 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.

Income tax

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Changes in facts and circumstances as a result of income tax audits, reassessments, changes to corporate structure and associated domiciling, jurisprudence and any new legislation may result in an increase or decrease the provision for income taxes. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

2. BASIS OF PRESENTATION (cont'd...)

Estimates and Judgments (cont'd...)

Derivative financial instruments

Certain warrants are treated as derivative financial liabilities. The estimated fair value, based on the Black-Scholes model, is adjusted on a quarterly basis with gains or losses recognized in the statement of loss and comprehensive loss. The Black-Scholes model is based on significant assumptions such as volatility, dividend yield, expected term and liquidity discounts (Note 10).

Functional Currency

The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment. The functional currencies of the Company's entities have been judged as detailed in Note 2.

Acquisition of Realm

The acquisition of Realm required management to make a judgment as to whether Realm constituted a business combination or an asset acquisition under the definitions of IFRS 3. The assessment required management to assess the inputs, processes and ability of Realm to produce outputs at the time of acquisition. Pursuant to the assessment, Realm was considered an asset acquisition (Note 4).

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 has applied estimates with respect to the valuation of pre-funded warrants issued for cash. Pre-funded warrants are valued at an amount equal to the cash proceeds received.

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 Company has made reference to prices quoted on the TSX-V and NASDAQ. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 12.

3. SIGNIFICANT ACCOUNTING POLICIES

IFRS 16, *Leases*

The Company adopted IFRS 16 - *Leases* ("IFRS 16") on October 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

IFRS 16, *Leases (cont'd...)*

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability was measured at October 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets was measured at the amount equal to the lease liability on October 1, 2019.

The following leases accounting policies have been applied as of October 1, 2019 on adoption of IFRS 16:

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset.

As a lessee, we recognize a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

IFRS 16, *Leases (cont'd...)*

Impact of transition to IFRS 16:

Effective October 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2019 has not been restated. The cumulative effect of initial application is recognized in deficit at October 1, 2019. Comparative amounts for 2019 remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liabilities. Lease liabilities have been measured by discounting future lease payments at the incremental borrowing rate at October 1, 2019. The incremental borrowing rate applied was 12% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

As of the initial date of application of IFRS 16, the Company has an office lease. The remaining non-cancellable period of the lease was18 months. The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets of $165,486 (Note 6) and lease liabilities (Note 8) with no net impact on deficit.

4. REALM ACQUISITION

On July 31, 2019, the Company acquired all of the issued and outstanding shares of Realm. Realm shareholders received a total of 6,718,150 common shares of the Company ("New ESSA Shares") at a ratio of 0.05763 of a New ESSA Share per share of Realm (or 1.4409 New ESSA Shares for every one Realm ADS, representing 25 Realm shares). The fair value of the New ESSA Shares issued on July 31, 2019 was $15,989,197.

Realm is not considered to be a business under IFRS 3 *Business Combinations*; accordingly, the Realm Acquisition is accounted for as an asset acquisition.

Consideration:		
6,718,150 common shares	$	15,989,197
Transaction costs		1,925,145
		17,914,342
Net assets of Realm acquired:		
Cash		22,244,248
Receivables and other current assets		240,000
Accounts payable and accrued liabilities		(2,236,952)
Total net assets		20,247,296
Gain on Realm Acquisition	$	2,332,954

Included in accounts payable and accrued liabilities as at December 31, 2019 is $nil (September 30, 2019 - $246,906) in costs associated with the termination of Realm's office lease, which was completed in September 2019, and $20,000 (September 30, 2019 - $300,000) in taxes payable.

(Expressed in United States dollars)

5. PREPAID EXPENSES

	December 31, 2019	September 30, 2019
Prepaid insurance	$ 382,063	$ 524,257
Other deposits and prepaid expenses	89,747	91,228
Balance	$ 471,810	$ 615,485

6. RIGHT-OF-USE ASSETS

	Right-of-use assets (Office lease)
Cost	
Balance, September 30, 2018 and 2019	$ —
Adoption of IFRS 16 (Note 3)	165,486
Balance, December 31, 2019	$ 165,486
Accumulated Amortization	
Balance, September 30, 2018 and 2019	$ —
Amortization expense	27,581
Balance, December 31, 2019	$ 27,581
Net Book Value	
Balance, September 30, 2019	$ —
Balance, December 31, 2019	$ 137,905

Amortization expense has been recorded in “general and administrative expenses” in the statement of loss and comprehensive loss (Note 19).

7. INTANGIBLE ASSETS

	NTD Technology
Cost	
Balance, September 30, 2018, 2019 and December 31, 2019	$ 361,284
Accumulated Amortization	
Balance, September 30, 2018	$ 142,256
Amortization expense	18,297
Balance, September 30, 2019	$ 160,553
Amortization expense	4,574
Balance, December 31, 2019	$ 165,127

(Expressed in United States dollars)

7. INTANGIBLE ASSETS (cont'd...)

		NTD Technology
Net Book Value		
Balance, September 30, 2019	$	200,731
Balance, December 31, 2019	$	196,157

Amortization expense has been recorded in "general and administrative expenses" in the statement of loss and comprehensive loss (Note 19).

The NTD Technology is held under a license agreement signed in fiscal 2010 (the "License Agreement"). 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 annual minimum advance royalty payments of C$85,000. In addition, there are certain milestone payments for the first compound, to be paid in stages as to C$50,000 at the start of a Phase II clinical trial, C$900,000 at the start of a Phase III clinical trial, C$1,450,000 at application for marketing approval, and with further milestone payments on the second and additional compounds.

8. LEASE LIABILITY

Pursuant to the adoption of IFRS 16 (Note 3), the Company has recognized the impact of off-balance lease obligations as of September 30, 2019:

Reconciliation of lease liabilities		October 1, 2019
Off-balance sheet lease obligations as of September 30, 2019	$	179,958
Discounting		(14,472)
Lease liabilities on application of IFRS 16 as of October 1, 2019	$	165,486

The Company has applied an incremental borrowing rate of 12%.

Lease liabilities		
Balance, October 1, 2019	$	165,486
Finance expense		4,422
Lease payments		(29,405)
Balance, December 31, 2019	$	140,503
Current balance (less than one year)		113,890
Long-term balance		26,613

(Expressed in United States dollars)

9. LONG-TERM DEBT

On November 18, 2016, Silicon Valley Bank ("SVB") entered into a $10,000,000 capital term loan facility agreement ("SVB Term Loan") with the Company. The Company drew down $8,000,000 from the SVB Term Loan. The option to draw an additional $2,000,000 lapsed on July 31, 2017.

The SVB Term Loan bore interest at the Wall Street Journal Prime Rate ("WSJ Prime Rate") plus 3% per annum and with a maturity date of September 1, 2020. The SVB Term Loan required a final payment of 8.6% of the amount advanced ("Final Payment"), due upon the earlier of the maturity or termination of the SVB Term Loan. The Company was required to make interest only payments until December 31, 2017. The SVB Term Loan contained a voluntary prepayment option whereby the principal amount can be prepaid in whole, or in part, for a fixed fee if a prepayment is made on or before the second anniversary of the SVB Term Loan. In the period ended December 31, 2019, the Company repaid the SVB Term Loan in full totalling $3,652,471, comprising $2,953,968 in principal, $10,503 in accrued interest, and the Final Payment of $688,000.

In connection with the $8,000,000 draw, the Company granted an aggregate of 7,477 warrants to SVB (the "SVB Warrants"), exercisable at a price of $42.80 per share for a period of seven years until November 18, 2023, with an initial fair value of $167,022, which was recognized as a derivative liability (Note 10). The Company incurred total additional transaction costs of $220,898 related to the SVB Term Loan and First Amendment. The transaction costs and Final Payment were amortized into profit and loss over the estimated term of the facility, being the legal term, at an effective interest rate of 12.6% (2018 - 12.15%).

		SVB Term Loan
Balance, September 30, 2018	$	6,316,963
Principal repaid		(2,808,823)
Interest paid		(401,929)
Accretion		602,744
Balance, September 30, 2019	$	3,708,955
Principal repaid		(3,199,799)
Interest and financing costs paid		(720,235)
Accretion		211,079
Balance, December 31, 2019	$	—

10. DERIVATIVE LIABILITIES

7-Year Warrants

In January 2016, the Company issued units pursuant to a financing which included 227,273 cash and cashless exercise warrants exercisable until January 12, 2023 (the "7-Year Warrants"). The 7-Year Warrants have an exercise price of $66.00 per common share. The holders of the 7-Year Warrants may elect, in lieu of exercising the 7-Year Warrants for cash, a cashless exercise option, in whole or in part, to receive common shares equal to the fair value of the 7-Year Warrants based on the number of 7-Year Warrants to be exercised multiplied by a ten-day weighted average market price less the exercise price with the difference divided by the weighted average market price. If a warrant holder exercises this option, there will be variability in the number of shares issued per 7-Year Warrant.

(Expressed in United States dollars)

10. DERIVATIVE LIABILITIES (cont'd...)

7-Year Warrants (cont'd...)

Additionally, the 7-Year Warrants contain provisions which may require the Company to redeem the 7-Year Warrants, at the option of the holder, in the event of a major transaction, such as a change of control or sale of the Company's assets ("Major Transaction"). The redemption value would be subject to a Black-Scholes valuation at the time of exercise. In the event the consideration for a Major Transaction payable to the common shareholders is in cash, in whole or in part, the redemption of the 7-Year Warrants would be made in cash pro-rata to the composition of the consideration. The potential for a cash settlement for the 7-Year Warrants, in accordance with IFRS, requires the 7-Year Warrants to be treated as financial liabilities measured at fair value through profit or loss.

The 7-Year Warrants are not traded in an active market. A liquidity discount of 20% has been applied to the per warrant fair value to account for the lack of marketability of the instruments. As at December 31, 2019, the 7-Year Warrants derivative liability had a fair value of $73,153 (September 30, 2019 - $16,521). The Company has recorded the resulting change in fair value of $56,632 (2018 - $11,338) in the statement of loss and comprehensive loss.

SVB Warrants

In connection with the $8,000,000 draw on the SVB Term Loan (Note 9), the Company granted an aggregate of 7,477 warrants to SVB (the "**SVB Warrants**"), exercisable at a price of $42.80 per share for a period of seven years until November 18, 2023. The holders of the SVB Warrants may elect, in lieu of exercising the SVB Warrants for cash, a cashless exercise option, in whole or in part, to receive common shares equal to the fair value of the SVB Warrants based on the number of SVB Warrants to be exercised multiplied by a five-day weighted average market price less the exercise price with the difference divided by the weighted average market price. If a warrant holder exercises this option, there will be variability in the number of shares issued per SVB Warrant.

Additionally, the SVB Warrants contain provisions which require the Company to redeem the SVB Warrants, on a cashless basis, at the option of the holder, in the event of a major transaction, such as a change of control or sale of the Company's assets ("Acquisition") where the Company's shareholders receive cash or shares or a combination thereof, and the five-day weighted average market price is greater than the exercise price.

The SVB Warrants are not traded in an active market. A liquidity discount of 20% has been applied to the per warrant fair value to account for the lack of marketability of the instruments. As at December 31, 2019, the SVB Warrants derivative liability had a fair value of $6,024 (September 30, 2019 - $1,659). The Company has recorded the resulting change in fair value of $4,365 (2018 - $1,212) in the statement of loss and comprehensive loss.

Valuation

The Company uses the Black-Scholes option pricing model to estimate fair value. The following weighted average assumptions were used to estimate the fair value of the derivative warrant liabilities on September 30, 2019 and December 31, 2019:

	December 31, 2019	September 30, 2019
Risk-free interest rate	1.69%	1.55%
Expected life	3.06 years	3.31 years
Expected annualized volatility	82.2%	74.7%
Dividend	—	—

(Expressed in United States dollars)

10. DERIVATIVE LIABILITIES (cont'd...)

Sensitivity

The derivative warrants are a recurring Level 3 fair value measurement. The key level 3 inputs used by management to determine the fair value are the market price and expected volatility. If the market price were to increase by a factor of 10% this would increase the obligation by approximately $18,239 as at December 31, 2019. If the market price were to decrease by a factor of 10% this would decrease the obligation by approximately $16,485 as at December 31, 2019. If the volatility were to increase by 10%, this would increase the obligation by approximately $41,166 as at December 31, 2019. If the volatility were to decrease by 10%, this would decrease the obligation by approximately $32,718 as at December 31, 2019.

The following table is a continuity schedule of changes to the Company's derivative liabilities:

		Total
Balance, September 30, 2018	$	19,648
Change in fair value		(1,469)
Balance, September 30, 2019	$	18,179
Change in fair value		60,997
Balance, December 31, 2019	$	79,176
Derivatives with expected life of less than one year	$	—
Derivatives with expected life greater than one year	$	79,176

11. SHAREHOLDERS' EQUITY

Authorized

Unlimited common shares, without par value.

Unlimited preferred shares, without par value.

August 2019 Financing

On August 27, 2019, the Company closed a public offering of equity securities of the Company in Canada and a concurrent private placement of equity securities in the United States (the "**August 2019 Financing**"). The Company issued a total of 6,080,596 common shares and 11,919,404 pre-funded warrants in lieu of common shares of the Company at a price of $2.00 per security for aggregate gross proceeds of $36,000,000. Each pre-funded warrant entitles the holder thereof to acquire one common share at a nominal exercise price for a period of five years. In connection with the August 2019 Financing, the Company paid cash commissions of $1,978,770 and incurred other financing costs of $687,510.

Realm Acquisition

On July 31, 2019, the Company issued 6,718,150 shares in relation to the Realm Acquisition (Note 4).

11. SHAREHOLDERS' EQUITY (cont'd...)

Nomination Rights

In connection with a January 2016 private placement of 227,273 Units, a Unit consisting of one common share, one 7-year warrant and one-half of one 2-year warrant, of the Company, Clarus Lifesciences III, L.P. ("**Clarus**") acquired 106,061 common shares. Clarus is entitled to nominate two directors to the board of directors of the Company, one of which must be an independent director and preapproved by the Company. These nomination rights will continue for so long as Clarus holds greater than or equal to 53,030 common shares, subject to adjustment in certain circumstances.

12. RESERVES

Equity incentive plans

Stock option plan

The Company has adopted a Stock Option Plan consistent with the policies and rules of the TSX-V and NASDAQ. Pursuant to the Stock Option Plan, options may be granted with expiry terms of up to 10 years, and vesting criteria and periods are approved by the Board of Directors at its discretion. The options issued under the Stock Option Plan are accounted for as equity-settled share-based payments.

Restricted share units plan

The Company has adopted a Restricted Share Unit Plan ("RSU Plan") consistent with the policies and rules of the TSX-V and NASDAQ. Pursuant to the RSU Plan, RSUs may be granted with vesting criteria and periods are approved by the Board of Directors at its discretion. The RSUs issued under the RSU Plan may be accounted for as either equity-settled or cash-settled share-based payments. At December 31, 2019, there are no RSUs outstanding.

As at December 31, 2019 the Stock Option Plan and RSU Plan have a combined maximum of 2,563,991 common shares which may be reserved for issuance.

Employee Share Purchase Plan

The Company has adopted an Employee Share Purchase Plan ("ESPP") under which qualifying employees may be granted purchase rights ("Purchase Rights") to the Company's common shares at not less of 85% of the market price at the lesser of the date the Purchase Right is granted or exercisable. A Purchase Right will have a purchase period of between three and 24 months. Purchase Rights are administered by the Board of Directors within the terms and limitations of employee participation. As at December 31, 2019, there are no Purchase Rights outstanding.

As at December 31, 2019, the ESPP has a maximum of 284,447 common shares reserved for issuance.

12. RESERVES (cont'd...)

Stock options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price*
Balance, September 30, 2018	900,459	$ 4.80
Options granted	255,000	3.77
Options expired/forfeited	(32,998)	(4.10)
Balance, September 30, 2019	1,122,461	$ 4.59
Options granted	4,218,000	3.31
Options expired/forfeited	(28,961)	(30.30)
Balance outstanding, December 31, 2019	5,311,500	$ 3.43
Balance exercisable, December 31, 2019	680,716	$ 3.70

*Options exercisable in Canadian dollars as at December 31, 2019 are translated at current rates to reflect the current weighted average exercise price in US dollars for all outstanding options.

At December 31, 2019, options were outstanding enabling holders to acquire common shares as follows:

Exercise price		Number of options	Weighted average remaining contractual life (years)
$	2.20	5,000	9.45
$	3.23	3,953,000	9.72
$	3.58	12,000	0.24
$	3.585	40,000	9.80
$	3.81	193,000	8.90
$	4.00	552,500	7.97
$	4.67	225,000	9.84
C$	4.90	286,000	7.81
C$	5.06	45,000	9.12
		5,311,500	9.38

Share-based compensation

During the period ended December 31, 2019, the Company granted a total of 4,218,000 (2018 - 12,000) stock options with a weighted average fair value of $2.63 per option (2018 - $3.22). The Company recognized share-based payments expense for options granted and vesting, net of recoveries on cancellations of unvested options, during the periods ended December 31, 2019 and 2018 with allocations to its functional expense as follows:

	2019	2018
Research and development expense (Note 19)	$ 152,406	$ 90,052
General and administrative (Note 19)	1,101,215	246,165
	$ 1,253,621	$ 336,217

(Expressed in United States dollars)

12. RESERVES (cont'd...)

Share-based compensation (cont'd...)

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted:

	2019	2018
Risk-free interest rate	1.54%	2.89%
Expected life of options	10.00 years	10.00 years
Expected annualized volatility	77.00%	84.10%
Dividend	—	—

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2018	2,663,937	$ 6.13
Warrants granted	11,919,404	0.0001
Warrants exercised	(2,188,999)	0.002
Warrants expired	(1,250)	31.17
Balance outstanding and exercisable, September 30, 2019 and December 31, 2019	12,393,092	$ 1.31

At December 31, 2019, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants		Exercise Price	Expiry Date
227,273	(1)	$ 66.00	January 14, 2023
7,477	(1)	42.80	November 18, 2023
175,938	(2)	4.00	January 9, 2023
63,000	(3)	4.00	January 16, 2023
11,919,404		0.0001	August 23, 2024
12,393,092			

(1) Detailed terms are included in Note 10.
(2) 41,215 exercised subsequent to December 31, 2019 (Note 20).
(3) 15,750 exercised subsequent to December 31, 2019 (Note 20).

(Expressed in United States dollars)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash financing or investing activities during the three months ended December 31, 2019.

During the three months ended December 31, 2018, the Company issued 535,000 common shares upon the exercise of 535,000 pre-funded warrants at a value of $2,140,000.

14. RELATED PARTY TRANSACTIONS

Key management personnel of the Company include the President and Chief Executive Officer ("CEO"), Executive VP and Chief Operating Officer ("COO"), Chief Financial Officer ("CFO"), former Chief Technical Officer, former Chief Scientific Officer, Chief Medical Officer ("CMO"), and Directors of the Company. Compensation paid to key management personnel is as follows:

	2019	2018
Salaries, consulting fees, and director fees	$ 472,777	$ 397,897
Share-based payments, net of cancellations [(a)]	1,032,732	286,806
Total compensation	$ 1,505,509	$ 684,703

[(a)] Share-based payments to related parties represents the fair value of options granted and vested in the period to key management personnel net of expense reversed for options cancelled before vesting.

During the three months ended December 31, 2019, the Company granted 3,330,000 (2018 - 12,000) 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 $1,032,732 (2018 - $286,806).

Included in accounts payable and accrued liabilities at December 31, 2019 is $85,600 (September 30, 2019 - $108,331) due to related parties with respect to key management personnel compensation and expense reimbursements. Amounts due to related parties are non-interest bearing, with no fixed terms of repayment.

Commitments

The CEO is entitled to a payment of one year of base salary upon termination without cause. Additionally, the CEO is entitled to 18 months of salary if 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, COO and CMO are entitled to a payment of one year of base salary upon termination without cause. Additionally, the CFO, COO and CMO are entitled to 18 months of salary if termination without cause occurs within 18 months after a change of control event.

Stock options held by the CEO, CFO, COO, and CMO vest immediately upon a change of control.

15. SEGMENTED INFORMATION

The Company works in one industry being the development of small molecule drugs for prostate cancer. The Company's right-of-use assets are located in the USA.

16. CAPITAL MANAGEMENT

The Company considers its capital to include working capital, and the components of shareholders' equity. The Company extinguished outstanding long-term debt in the period ended December 31, 2019. The Company determined to exercise the voluntary prepayment option (Note 9). The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms. 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 ended December 31, 2019. The decision to extinguish the long-term debt was made within the Company' capital management strategy. As at December 31, 2019, the Company is not subject to externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, long-term debt and derivative liabilities. The fair value of cash, receivables and accounts payable and accrued liabilities approximates their carrying values due to their short term to maturity. The derivative liabilities are measured using level 3 inputs (Note 10).

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 is materially the balance remaining on the CPRIT Grant (Note 18). The Company limits its exposure to credit loss by placing its cash with major financial institutions. Amounts due from government agencies are considered to have minimal credit risk.

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, 2019, the Company had a working capital of $45,527,165. The Company does not generate revenue and will be reliant on external financing to fund operations. Debt and equity financing are dependent on market conditions and may not be available on favorable terms.

Market risk

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

(a) Interest rate risk

As at December 31, 2019, the Company has cash balances which are interest bearing. Interest income is not significant to the Company's projected operational budget and related interest rate fluctuations are not significant to the Company's risk assessment.

17. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

Financial risk factors (cont'd...)

Market risk (cont'd...)

(b) Foreign currency risk

The Company's foreign currency risk exposure relates to net monetary assets denominated in Canadian dollars. The Company maintains its cash in US dollars and converts on an as needed basis to discharge Canadian denominated expenditures. A 10% change in the foreign exchange rate between the Canadian and U.S. dollar would result in a fluctuation of $35,360 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.

18. COMMITMENTS

Product Development and Relocation Grant

In February 2014 the Company received notice that it had been awarded a product development and relocation grant by CPRIT whereby the Company is eligible to receive up to $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.

As at September 30, 2016, the Company had received the first two tranches of the CPRIT Grant, totalling $6,578,000, which have been recognized as research and development recoveries in the statements of loss and comprehensive loss over fiscal years 2014, 2015, and 2016. During the year ended September 30, 2017, the Company received $5,192,799, representing a partial payment of the third and final tranche of the grant of $5,422,000. The remaining balance of $229,201 has been recorded as a receivable as at September 30, 2018, 2019 and December 31, 2019.

If the Company is found to have used any grant proceeds for purposes other than intended, is in violation of the terms of the grant, or fails to maintain the required level of operations in the State of Texas for three years following the final payment of grant funds, then the Company could be required to repay any grant proceeds received.

Under the terms of the grant, the Company is also required to pay a royalty to CPRIT, comprised of 4% of revenues the Company receives from sale of commercial product or commercial service, until aggregate royalty payments equal $24,000,000, and 2% of revenues thereafter. The Company has the option to terminate the grant agreement by paying a one-time, non-refundable buyout fee, based on certain factors including the grant proceeds, and the number of months between the termination date and the buyout fee payment date.

(Expressed in United States dollars)

18. COMMITMENTS (cont'd...)

Product Development and Relocation Grant (cont'd...)

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

Contractual obligations	2020	2021	2022	2023	2024
Minimum annual royalty per License Agreement (Note 7)	C$ 85,000	C$ 85,000	C$ 85,000	C$ 85,000	C$ 85,000

Advisory Contract

In April 2019 the Company executed an Engagement Letter with Oppenheimer & Co. Inc. ("Oppenheimer"), an investment bank, to retain their services to act as its lead financial advisor for which it obtained a percentage of funds raised on successful completion of the financing in August 2019. Oppenheimer would receive compensation on certain capital transactions while the Engagement Letter is in effect. The Company may terminate the agreement on 30 days' written notice. Oppenheimer retains a right of first refusal as lead agent on all future financings occurring up to 12 months following the termination of the agreement.

19. EXPENSES BY NATURE

Research and development expenses include the following major expenses by nature:

For the three months ended December 31	2019	2018
Clinical	$ 101,143	$ —
Consulting	73,596	74,331
Legal patents and license fees	237,700	273,536
Manufacturing	847,190	1,312
Other	41,262	6,240
Preclinical	773,171	657,861
Salaries and benefits	345,198	178,403
Share-based payments (Note 12)	152,406	90,052
Travel	15,482	4,588
Total	$ 2,587,148	$ 1,286,323

(Expressed in United States dollars)

19. EXPENSES BY NATURE (cont'd...)

General and administrative expenses include the following major expenses by nature:

For the three months ended December 31	2019	2018
Amortization	$ 32,155	$ 4,574
Consulting and subcontractor fees	32,805	26,165
Director fees	92,500	63,000
Insurance	133,595	114,278
Investor relations	57,739	41,287
Office, IT and communications	50,232	14,526
Professional fees	195,118	249,473
Regulatory fees and transfer agent	10,320	16,995
Rent	15,644	42,915
Salaries and benefits	376,363	371,309
Share-based payments (Note 12)	1,101,215	246,165
Travel and entertainment	46,054	56,421
Total	$ 2,143,740	$ 1,247,108

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company issued 61,965 common shares for 61,965 warrants exercised for gross proceeds of $247,860, of which $227,864 had been recorded as an obligation to issue shares as at December 31, 2019.

Exhibit 99.3

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018

ESSA Pharma Inc.
900 West Broadway, Suite 720
Vancouver, BC
V5Z 1K5
Canada

ESSA Pharmaceuticals Corp.
1001 Texas Ave., Suite 1400
Houston, TX
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USA

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018

*This management's discussion and analysis ("**MD&A**") of ESSA Pharma Inc. (the "**Company**" or "**ESSA**") for the three months ended December 31, 2019 and 2018 is dated as of February X, 2020.*

*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 unaudited condensed consolidated interim financial statements for the three months ended December 31, 2019 and 2018 and the audited consolidated financial statements for the years ended September 30, 2019, 2018 and 2017, and the related notes thereto. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**USD**" or "**$**" or "**US$**"), unless otherwise indicated. Canadian dollars are presented as "C$" or "CAD", where indicated.*

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

*The Company's common shares traded on the TSX Venture Exchange ("**TSX-V**") under the symbol "EPI" and the Nasdaq Capital Market ("**Nasdaq**") under the symbol "EPIX".*

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- the Company's ability to obtain funding for operations, including research funding, and the timing of potential sources of such funding;
- the initiation, timing, cost, location, progress and success of, strategy and plans with respect to, ESSA's research and development programs (including research programs and related milestones with regards to next-generation drug candidates and compounds), preclinical studies and clinical trials;
- the therapeutic benefits, properties, effectiveness, pharmacokinetic profile and safety of the Company's product candidate and potential future product candidates, including the expected benefits, properties, effectiveness, pharmacokinetic profile and safety of the Company's next-generation Aniten compounds;
- the Company's ability to advance its product candidate and potential future product candidates through, and successfully complete, clinical trials;
- the Company's ability to achieve profitability;
- the grant ("**CPRIT Grant**") under the Cancer and Prevention Research Institute of Texas ("**CPRIT**") and payments thereunder, including residual obligations;
- the Company's use of proceeds from funding and financings;
- the Realm Acquisition and the Company's ability to effectively liquidate Realm (as such terms are defined herein) and assume the related obligations;
- the use of proceeds from the August 2019 Financing (as defined herein);
- the Company's ability to recruit sufficient numbers of patients for future clinical trials, and the benefits expected therefrom;
- 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, including strategic plans with respect to patent applications and strategic collaborations partnerships;
- the Company's ability to identify, 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, including the Company's plans with respect to anticipated regulatory filings;
- whether the Company will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada and other jurisdictions;
- the accuracy of the Company's estimates of the size and characteristics of the markets that may be addressed by the Company's product candidate and potential future product candidates;
- the rate and degree of market acceptance and clinical utility of the Company's potential future product candidates, if any;
- the timing of, and the Company's ability and the Company's collaborators' ability, if any, to obtain and maintain regulatory approvals for the Company's product candidate and potential future product candidates;
- the Company's expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- the Company's ability to engage and retain the employees required to grow its business;
- the compensation that is expected to be paid to the Company's employees;
- the Company's future financial performance and projected expenditures;
- developments relating to the Company's competitors and its industry, including the success of competing therapies that are or may become available; and
- estimates of the Company's financial condition, expenses, future revenue, capital requirements, its needs for additional financing and potential sources of capital and funding.

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

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

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined under the heading "*Risk Factors*" in the Company's Annual Report on Form 20-F for the fiscal year ended September 30, 2019. Some of these risks and assumptions include, among others:

- risks related to the Company's ability to identify a product candidate through preclinical studies and obtain regulatory approval of an IND application to commence a clinical trial;

- risks related to the Company's future success being dependent primarily on identification through preclinical studies, regulatory approval, and commercialization of a single product candidate;
- risks related to the Company's ability to continue to license its product candidates or technology from third parties;
- uncertainty related to the Company's ability to obtain required regulatory approvals for ESSA's proposed products;
- risks related to the Company's ability to successfully identify and develop product candidates in a timely manner;
- risks related to clinical drug development;
- risks related to the Company's ability to conduct a clinical trial or submit a future NDA/NDS or IND/CTA (as such terms are defined herein);
- risks related to the Company's ability to successfully commercialize future product candidates;
- the possibility that the Company's product candidate and potential future product candidates may have undesirable side effects;
- risks related to the Company's ability to enroll subjects in future clinical trials;
- risks that the FDA (as defined herein) may not accept data from trials conducted in such locations outside the United States;
- risks related to the Company's ongoing obligations and continued regulatory review;
- risks related to potential administrative or judicial sanctions;
- the risk of increased costs associated with prolonged, delayed or terminated clinical trials;
- the risk that third parties may not carry out their contractual duties;
- risks related to the possibility that the Company's relationships with clinical research organizations (as defined herein) and academic institutions may terminate;
- risks related to the Company's lack of experience manufacturing product candidates on a large clinical or commercial scale and its lack of manufacturing facility;
- risks related to the Company's failure to obtain regulatory approval in international jurisdictions;
- risks related to recently enacted and future legislation in the United States that may increase the difficulty and cost for the Company to obtain marketing approval of, and commercialize, its product candidate and potential future products and affect the prices the Company may obtain;
- risks related to new legislation, new regulatory requirements, and the continuing efforts of governmental and third party payors to contain or reduce the costs of healthcare;
- uncertainty as to the Company's ability to raise additional funding;
- risks related to the Company's ability to raise additional capital on favorable terms;
- risks related to the Realm Acquisition, the liquidation of Realm, and the assumption of related obligations;
- risks that the Company may default on the residual obligations of the agreement providing for the CPRIT Grant, which may result in the Company not receiving the remaining CPRIT Grant funds and/or having to reimburse all of the CPRIT Grant, if such default is not waived by CPRIT;
- risks related to the Company's incurrence of significant losses in every quarter since its inception and the Company's anticipation that it will continue to incur significant losses in the future;
- risks related to the Company's limited operating history;
- risks related to the Company's reliance on proprietary technology;
- risks related to the Company's ability to protect its intellectual property rights throughout the world;
- risks related to claims by third parties asserting that the Company, or its employees or consultants have misappropriated their intellectual property, or claiming ownership of what the Company regards as its intellectual property;
- risks related to the Company's ability to comply with governmental patent agency requirements in order to maintain patent protection;
- risks related to computer system failures or security breaches;
- risks related to business disruptions that could seriously harm the Company's future revenues and financial condition and increase ESSA's costs and expenses;
- risks related to the Company's dependence on the use of information technologies;
- risks related to the Company's ability to attract and maintain highly-qualified personnel;
- third-party coverage and reimbursement and health care cost containment initiatives and treatment guidelines may constrain the Company's future revenues;

- risks related to potential conflicts of interest between the Company and its directors and officers;
- risks related to competition from other biotechnology and pharmaceutical companies;
- risks related to movements in foreign currency exchange rates;
- risks related to the Company's ability to convince public payors and hospitals to include ESSA's product candidate and potential future products on their approved formulary lists;
- risks related to the Company's ability to establish an effective sales force and marketing infrastructure, or enter into acceptable third-party sales and marketing or licensing arrangements;
- risks related to the Company's ability to manage growth;
- risks related to the Company's ability to achieve or maintain expected levels of market acceptance for its products;
- risks related to the Company's ability to realize benefits from acquired businesses or products or form strategic alliances in the future;
- risks related to collaborations with third parties;
- risks that employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for ESSA and harm its reputation;
- risks related to product liability lawsuits;
- risks related to compulsory licensing and/or generic competition;
- risks related to the increased costs and effort as a result of ESSA being a public company;
- risks inherent in foreign operations;
- laws and regulations governing international operations may preclude the Company from developing, manufacturing and selling certain product candidates outside of the United States and Canada and require ESSA to develop and implement costly compliance programs;
- risks related to laws that govern fraud and abuse and patients' rights;
- risks related to the Company's ability to comply with environmental, health and safety laws and regulations;
- risks related to the different disclosure obligations for a U.S. domestic reporting company and a foreign private issuer such as ESSA;
- risks relating to the Company's ability to maintain its status as a foreign private issuer in the future;
- risks related to the Company being a "passive foreign investment company;"
- risks related to the Company's status as an emerging growth company;
- risks related to United States investors' ability to effect service of process or enforcement of actions against the Company;
- risks related to the Company's ability to maintain compliance with Nasdaq listing requirements;
- risks related to market price and trading volume volatility;
- risks related to the Company's dividend policy;
- risks associated with future sales of the Company's securities;
- risks related to the Company's ability to implement and maintain effective internal controls;
- risks related to the Company's ability to maintain an active trading market for its common shares;
- risks related to share price volatility associated with the Company's thinly traded common shares; and
- risks related to analyst coverage.

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

OVERVIEW OF THE COMPANY

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

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 or surgical castration; this approach is termed "androgen deprivation therapy", or "ADT". Most advanced prostate cancer patients initially respond to androgen ablation therapy; however, many experience a recurrence in tumor growth despite the reduction of testosterone to castrate levels, and at that point are considered to have CRPC. Following diagnosis of CRPC, patients have been generally treated with anti-androgens that block the binding of androgens (darolutamide, enzalutamide, apalutamide or bicalutamide) to the AR, or inhibit synthesis of androgens (abiraterone). More recently, significant improvements in progression-free survival have been achieved by utilizing this latest generation of anti-androgens in combination with ADT in newly diagnosed metastatic prostate cancer.

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

Through their potential to directly and selectively block all known means of activating the AR, the Company believes the Aniten series of compounds hold the potential to be effective in cases where current therapies have failed. Both preclinical and clinical studies support this belief. In preclinical studies, the Aniten series of compounds has been shown to shrink prostate cancer xenografts, including tumors both sensitive and resistant to the second-generation anti-androgens such as enzalutamide. Recent studies have also suggested the potential for combinations of ESSA's Aniten compounds with anti-androgens to potentially inhibit AR-driven biology more completely in unique and complementary mechanisms by affecting opposite ends of the AR receptor.

The Phase I clinical trial of first-generation ralaniten acetate ("**EPI-506**"), has indicated the safety and tolerability for this mechanism of transcription inhibition of AR-driven biology as patients tolerated doses of the drug at overall exposures consistent with those associated with efficacy in animal models. Possible proof of concept was shown with short duration PSA declines of up to 37% being observed in some patients whose disease was highly refractory to second-generation anti-androgens treatment. However, unlike in animals, this first-generation drug was significantly metabolized in humans, leading to a very short half-life of circulating drug and suboptimal drug exposures. Consequently, very high doses were required to achieve modest drug exposures, with the relatively short half-life limiting the therapeutic level exposure of the drug within a 24-hour period. This limitation, together with unfavorable pharmaceutical properties, led to the Company's decision to discontinue EPI-506 development in favor of focusing on the development of the next generation of Anitens. The Company is now focused on developing this next generation of anitens, including more potent drugs with potentially increased resistance to metabolism as well as advanced pharmaceutical properties, including expected advancements in manufacturability, stability and likelihood of successful commercial formulation.

The NTD of the AR is flexible with a high degree of intrinsic disorder making it difficult for use in crystal structure-based drug design. The Company is not currently aware of any success by other drug development companies in finding drugs that bind specifically to this drug target. The nature of the highly specific binding of the Aniten compounds to the NTD, and the biological consequences of that binding, have been defined in recent scientific studies. The selectivity of the binding, based on *in vivo* imaging as well as *in vitro* studies, is consistent with the clean toxicological profile observed with the first-generation EPI-506 and the subsequent safety profile in the Phase 1 trial.

The incidence of both metastatic and non-metastatic CRPC continues to rise, and using a dynamic progression model, Scher et al[†] have projected a 2020 incidence of 546,955 and prevalence of 3,072,480. The Company expects that the Aniten series of compounds could be effective for many of those patients. In its early clinical development, the Company intends to initially focus on patients who have failed second-generation anti-androgen therapies (i.e. abiraterone and/or lutamides) for the following reasons:

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

Furthermore, ESSA believes that a successful Phase I clinical trial will facilitate the early study of the combination of ESSA's Aniten compound with second-generation anti-androgens. The Company and its collaborators have developed preclinical in vitro and in vivo evidence supporting the combination of NTD inhibitors together with the LBD inhibiting anti-androgens. The application of two independent, complementary mechanisms of AR transcription inhibition may result in greater suppression of androgen activity and the delay or prevention of drug resistance. Recent progress in the clinical treatment of prostate cancer has resulted from the earlier utilization of anti-androgens in combination with classic androgen deprivation therapy ("ADT"), consistent with the premise that more effective androgen suppression yields clinical benefit. The introduction of NTD inhibitors would have the potential of further improving androgen suppression and delaying the emergence of resistance.

The Company is party to a license agreement with the British Columbia Cancer Agency ("**BCCA**") and the University of British Columbia ("**UBC**") dated December 22, 2010, as amended (the "**License Agreement**"), which provides the Company with exclusive world-wide rights to the issued patents and patent applications related to the EPI-002 compound.

The Company believes that it has developed a strong and defensive intellectual property position for multiple EPI and Aniten structural classes, with 16 pending and maintained patent families different structural motifs/analogues.

[†] Scher HI, Solo K, Valant J, Todd MB, Mehra M (2015) Prevalence of Prostate Cancer Clinical States and Mortality in the United States: Estimates Using a Dynamic Progression Model. PLoS ONE 10(10): e0139440. doi:10.1371/journal.pone.0139440

Patent applications are pending in the United States and in contracting states to the Patent Cooperation Treaty for the Aniten next-generation NTD inhibitors, with expiry between 2036-2040.

Completed Phase I Clinical Study of EPI-506

The Company conducted an initial proof-of-concept Phase I clinical study utilizing the first-generation Aniten compound, EPI-506. The objective of the EPI-506 Phase I clinical trial was to explore the safety, tolerability, maximum tolerated dose and pharmacokinetics of EPI-506, in addition to anti-tumor activity in asymptomatic or minimally symptomatic patients with mCRPC who were no longer responding to either abiraterone or enzalutamide treatments, or both. Efficacy endpoints, such as PSA reduction, and other disease progression criteria were evaluated. Details relating to the design of the Phase I/II clinical trial of EPI-506 are available on the U.S. National Institutes of Health clinical trials website (see https://clinicaltrials.gov).

The Investigational New Drug ("**IND**") application to the U.S. Food and Drug Administration ("**FDA**") for EPI-506, to begin a Phase I clinical trial, was accepted in September 2015, with the first clinical patient enrolled in November 2015. The Company's Canadian Clinical Trial Application ("**CTA**") submission to Health Canada was subsequently also accepted. Based on allometric scaling, an initial dose level of EPI-506 of 80 mg was determined. However, following the enrollment of the initial cohorts, it became apparent that EPI-506 exposure was much lower in humans than projected. EPI-506 dosing was escalated aggressively to allow patients in the clinical study greater exposure to the drug. The highest dose patients ultimately received was 3600 mg of EPI-506, administered in a single dose or split into two doses daily. The initial data from the Phase I clinical trial was presented at the European Society of Medical Oncology meeting in September 2017.

Conducted at five sites in the United States and Canada, the open-label, single-arm, dose-escalation study evaluated the safety, pharmacokinetics, maximum-tolerated dose and anti-tumor activity of EPI-506 in men with end-stage mCRPC who had progressed after prior enzalutamide and/or abiraterone treatment and who may have received one prior line of chemotherapy. Twenty-eight patients were available for analysis, with each patient having received four or more prior therapies for prostate cancer at the time of study entry. Patients self-administered oral doses of EPI-506 ranging from 80 mg to 3600 mg, with a mean drug exposure of 85 days (range of eight to 535 days). Four patients underwent prolonged treatment (with a median of 318 days; and a range of 219 to 535 days at data cut-off), following intra-patient dose escalation. PSA declines, an indication of efficacy, ranging from 4% to 37% were observed in five patients, which occurred predominantly in the higher dose cohorts (≥1280 mg.

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

Although the safety profile and possible signs of anti-tumor activity at higher-dose levels support the concept that inhibiting the AR-NTD may provide a clinical benefit to mCRPC patients, the pharmacokinetic and metabolic studies revealed that the challenges encountered in achieving exposures similar to those associated with anti-tumor activity in the animal models were due to the greatly increased metabolism of EPI-506 in patients as compared to rodents. In light of these discoveries, ESSA concluded that prioritizing the development of one of its Aniten next-generation NTD inhibitors that, in the Company's discovery program, had demonstrated greater potency, reduced metabolism and other enhanced pharmaceutical properties offered a more compelling regulatory and commercial pathway forward. As a result, the Company announced on September 11, 2017 its decision to discontinue the further clinical development of EPI-506 and to implement a corporate restructuring plan to focus research and development resources on its next-generation Anitens targeting the AR-NTD. The restructuring included a decrease in headcount and a reduction of operational expenditures related to the clinical program.

ESSA's next-generation Aniten compounds represent multiple chemical scaffold changes to the first-generation drugs and appear to retain NTD inhibition of the AR. However, they have demonstrated an ability to advance upon a number of attributes of the first-generation compound, EPI-506. In *in vitro* assays measuring inhibition of AR transcriptional activity, these drugs demonstrate greater than 20 times higher potency than EPI-506 or its active metabolite, EPI-002. In addition, the compounds demonstrated resistance to metabolism in preclinical studies, suggesting likely longer half-lives in humans. Lastly, the compounds demonstrated significantly superior pharmaceutical properties relative to EPI-506. They represent potential advancements in ease and cost of large-scale manufacture, drug product stability, and suitability for commercialization globally. From this series of next-generation compounds, EPI-7386 was selected as the IND candidate and preparations for IND filing are currently underway.

Strategy

The Company's initial therapeutic goal is to develop a safe and effective therapy for prostate cancer patients whose tumors have progressed on current anti-androgen therapy. However, the action of the NTD-inhibiting Aniten compounds suggests that there may ultimately be additional therapeutic advantage to combining these agents with anti-androgens at an earlier stage of treatment. Therefore, while the first priority is to characterize and enter into Phase I development of an optional NTD inhibitor, in parallel the Company is also conducting preclinical studies of combination therapy with academic and industry collaborators as well as exploring other potential applications for AR-NTD inhibitors, including breast cancer.

Identifying and characterizing an Aniten compound to take into clinical trials

The purpose of the next-generation program has been to identify drug candidates with increased potency, reduced metabolic susceptibility and superior pharmaceutical properties compared to ESSA's first-generation compounds. Structure-activity relation studies conducted on the chemical scaffold of ESSA's first-generation compounds have resulted in the generation of a new series of compounds that have demonstrated higher potency and predicted longer half-lives. Multiple changes in the chemical scaffold have also been incorporated with the goal of improving ADME and pharmaceutical properties of the chemical class.

In preclinical models of AR inhibition, several candidate molecules met these goals, and on March 26, 2019, the Company announced the nomination of EPI-7386 as its lead clinical candidate for the treatment of mCRPC through inhibition of the NTD of the androgen receptor. In preclinical studies, EPI-7386 has displayed activity *in vitro* in numerous prostate cancer models including models where second-generation anti-androgens are inactive and compared to ESSA's first-generation compound, EPI-506, EPI-7386 is significantly more potent, metabolically stable and more effective in preclinical studies. In addition, EPI-7386 has demonstrated a favorable tolerability profile in all animal studies of the compound conducted to date.

On October 28, 2019 at the 2019 AACR-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics, an oral poster presentation titled "Treatment of castrated resistant prostate cancer, with EPI-7386, a second generation N-terminal domain androgen receptor inhibitor ", presented a deeper preclinical characterization of EPI-7386. The poster showed that pre-clinical studies demonstrate that EPI-7386 (i) displays similar *in vitro* IC50 potency compared to the lutamide class of antiandrogens in an *in vitro* androgen receptor (AR) inhibition assay; (ii) shows *in vitro* activity in several enzalutamide-resistant prostate cancer cell models; (iii) exhibits a favorable metabolic profile across three preclinical animal species (which suggests that EPI-7386 will have high exposure and a long half-life in humans) (iv) provides similar antitumor activity to enzalutamide in the enzalutamide-sensitive LNCaP prostate cancer xenograft model, and (v) provides superior antitumor activity to enzalutamide, as a single agent or in combination with enzalutamide, in the enzalutamide emerging-resistant VCaP prostate cancer xenograft model, specifically showing AR inhibition with both an N-terminal domain inhibitor (EPI-7386) and a ligand binding domain inhibitor (enzalutamide), induces deeper and more consistent anti-tumor responses in the enzalutamide emerging-resistant VCaP xenograft model; (vi) antitumor activity in enzalutamide-resistant prostate cancer xenograft models, 22Rv1 and LNCaP95, with no antitumor activity, as expected, in a non-functional androgen receptor PC-3 prostate cancer xenograft model; (vii) wide therapeutic index as demonstrated by a broad dose response in the VCaP model; (viii) high plasma exposures in animal studies using a new suspension formulation.

IND-enabling studies are currently underway, and ESSA expects to file an IND in the first calendar quarter of 2020.

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

Following IND approval of a development candidate, the Company intends to conduct a Phase I clinical trial to determine the safety, tolerability, maximum tolerated dose, pharmacokinetics and potential therapeutic benefits of the drug in mCRPC patients. Depending on the number of cohorts enrolled, the Phase I clinical trial is expected to take nine to twelve months. At this time, it is expected that the design of the Phase I clinical trial will be the standard three patients per dose cohort. All patients will be characterized biologically for underlying tumor genomic characteristics, for evidence of AR pathway activation and for dose-related pharmacological and pharmacodynamic effects. Once the Phase I clinical trial is complete, the Company plans to review the data, including the safety, tolerability, evidence of efficacy and pharmacological and biomarker data. This information will inform the final size, design, timing and clinical as well as biological characteristics of the patients to be entered into a potential Phase II clinical trial.

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

An activated AR is required for the growth and survival of most prostate cancer, and NTD inhibition of AR-directed biology occurs both in full length AR, vARs and in the setting of the multiple resistance mechanisms affecting the anti-androgens which work through the opposite end of the AR. The Company, therefore, believes that the AR-NTD is an ideal target for next-generation anti-androgen hormone therapy. If ESSA's product candidate is successful in treating CRPC patients, it is reasonable to expect that such clinical candidate may be effective in treating earlier stage patients. Therefore, the Company may conduct additional clinical studies potentially, leading to the approval of a clinical candidate for use in prostate cancer patients at an earlier disease stage likely in combination with second-generation anti-androgens. The Company is currently generating *in vitro* and *in vivo* data in collaboration with academic and industry investigators in this regard. Preliminary data indicates that there may be potential benefits to combining an NTD inhibitor, such as an Aniten compound, with an anti-androgen that works through inhibition of the LBD of the AR. Other emerging potential clinical applications for NTD inhibitors are in combination with other agents, such as poly ADP ribose polymerase inhibitors, as well as in the subset of metastatic breast cancer patients whose tumors have been demonstrated to have activation of the AR pathway.

Evaluating strategic collaborations to maximize value

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

CORPORATE UPDATE AND OVERALL PERFORMANCE

ESSA is a preclinical stage company and does not currently generate revenue. During the three months ended December 31, 2019, the Company recorded a comprehensive loss of $4,622,211 (2018 - $2,710,767). As of December 31, 2019, the Company had cash resources of $45,934,420 (September 30, 2019 - $53,322,723) and working capital of $45,527,165 (September 30, 2019 - $48,724,264).

This corporate update highlights significant events and transactions for the three months ended December 31, 2019 and for the subsequent period to the date of this MD&A.

Corporate and Finance Highlights

SVB Term Loan Repayment

On October 17, 2019, the Company repaid, early and at its option, its capital term loan under which the Company had received total net proceeds of $7,779,063 from Silicon Valley Bank in the year ended September 30, 2017 (the "**SVB Term Loan**"). The Company repaid the balance of principal of $2,953,968 and remaining finance costs of $698,503.

Stock Option Grants

The Company granted 1,441,530 stock options to directors, officers, employees and consultants at an exercise price of $3.23 for a period of 10 years. Additionally, the board of directors approved an amended stock option and amended restricted share unit plan to provide for a maximum of 6,251,469 common shares. The Company granted 2,551,470 stock options under the amended stock option plan to certain employees at a weighted average price of $3.23 for a period of 10 years. Options granted under the amended stock option plan may not be exercised by the optionees until the amended plan is approved by the shareholders and regulators.

On October 17, 2019, the Company amended 42,000 stock options held by a former director such that they were immediately vested, and the expiry date was extended for a period of one year from date of resignation.

On October 30, 2019, the Company granted 225,000 stock options to non-executive members of the board of directors at an exercise price of $4.67 for a period of 10 years. Options granted under the amended stock option plan may not be exercised by the optionees until the amended plan is approved by the shareholders and regulators. The Company anticipates obtaining shareholder approval for the granted options at the Company's annual general meeting being held on February 27, 2020.

Changes to the Company's Board of Directors

On October 17, 2019, Dr. Ari Brettman, nominee of Clarus Lifesciences III, L.P., was appointed to the board of directors.

Research and Development Milestones

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

During the period from the fourth calendar quarter of 2017 to the first calendar quarter of 2020, the Company has conducted and will continue to conduct preclinical studies on the next-generation Aniten compounds. During such period, there are two key research and development milestones that the Company aims to achieve:

- First milestone: the selection of a most promising candidate from the Aniten compounds, which will need to meet specific criteria, for the Company to take into the clinical trial stage. The Company announced the selection of EPI-7386 as its IND candidate in March 2019.
- Second milestone: the filing and approval with respect to the selected candidate of an IND with the FDA. IND-enabling studies on EPI-7386 are currently underway and the Company expects to file an IND in the first calendar quarter of 2020.

DISCUSSION OF OPERATIONS

Preclinical Studies

The Company is focused on the advancement of EPI-7386, a next-generation Aniten NTD inhibitor.

This next-generation compound was discovered through significant chemical structure-based activity efforts. In an *in vitro* AR-based gene transcription assay, EPI-7386 exhibited greater than 20 times higher potency than EPI-002. The ability of EPI-7386 to reduce tumor growth was confirmed in a human prostate cancer xenograft model. In this preclinical study, the next-generation compound reduced tumor growth compared to the control using low daily doses of the drug. This next-generation compound also inhibited *in vitro* cellular proliferation of an enzalutamide-resistant cell line.

In addition to higher potency, EPI-7386 and other next-generation compounds are designed to reduce the metabolism of these agents following oral dosing compared to EPI-002. Excessive metabolism of a drug candidate may reduce the effective exposure levels of a drug and necessitate frequent and excessive dose administration. Specific modifications in the chemical structure were made in an attempt to block the known sites of metabolism of EPI-002. A series of *in vitro* studies examining drug metabolism were conducted with EPI-7386 and other next-generation compounds. Results indicated that several of these compounds, including EPI-7386, may be metabolized more slowly than EPI-002 in humans. The Company has conducted animal pharmacokinetic studies which verify the initial *in vitro* metabolism results and predict a drug half-life in patients over 24 hours.

Importantly, the next-generation compounds exhibiting less *in vitro* metabolism were tested against off-target screening. Significant off-target binding of drug candidates could lead to unanticipated toxicity. Broad characterization of EPI-7386 and other Anitens has demonstrated minimal non-specific binding properties in this off-target screening, indicating a favorable selectivity profile for further development. Following the preclinical characterization of the most promising of these next-generation compounds, the Company selected EPI-7386 as its IND candidate and IND-preparation toxicology studies are being conducted.

Future Clinical Development Program

Phase I/II Clinical Trial Design for treating CRPC patients

The Company has selected EPI-7386 as its IND candidate and IND-preparatory studies are underway. If the Company successfully attains approval of any IND or CTA, the Company will conduct a Phase I clinical trial to determine the safety, tolerability, maximum tolerated dose, pharmacokinetics, and efficacy of the compound in CRPC patients. In a Phase I study, it is expected the clinical trial will evaluate the safety, tolerability, pharmacokinetics, and maximum-tolerated dose of the compound, in multiple-dose escalations. Learnings from the Phase I clinical trial of EPI-506 will be incorporated into the design and conduct of the Phase I and future trials. The Company plans to include, for example, extensive biological characterization of the patients entered into the trial. If the Phase I portion of the clinical trial is successful, the Phase II portion (dose expansion) of the clinical trial will evaluate activity in a target group of biologically-characterized mCRPC patients and it is the Company's intent to conduct early studies of EPI-7386 in combination with anti-androgens.

Early Conduct of a Combination Phase I/II Clinical Trial

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

Phase III Clinical Trial

In order to ultimately obtain full regulatory approval, the Company expects that at least one Phase III clinical trial will be required, most likely in patients similar to the population of mCRPC patients who will have been enrolled in the planned Phase I/II clinical trial. However, the results of the Phase I/II clinical trial may also suggest modification of the initial patient population based on anti-tumor response and biomarker assessment. In a Phase III clinical trial, the key end-point is expected to be progression-free survival or overall survival relative to patients receiving the standard-of-care. It is expected that such a Phase III clinical trial would be conducted at numerous sites around the world.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight quarters, prepared in accordance with IFRS. The Company has not earned any revenues or declared dividends as of December 31, 2019.

	For the Quarters Ended			
	December 31, 2019	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
Total assets	$ 47,364,474	$ 54,773,824	$ 7,072,204	$ 9,612,421
Long-term liabilities	105,789	18,179	1,413,047	2,215,701
Research and development expense	2,587,148	2,004,750	1,951,084	1,454,077
General and administration	2,143,740	1,251,000	1,213,166	1,762,212
Comprehensive loss	$ (4,622,211)	$ (999,527)	$ (3,301,784)	$ (3,429,787)
Loss per share - basic and diluted	(0.22)	(0.07)	(0.52)	(0.54)

	For the Quarters Ended			
	December 31, 2018	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**
Total assets	$ 13,214,847	$ 16,017,074	$ 18,512,377	$ 22,334,083
Long-term liabilities	2,824,827	3,520,664	4,134,529	4,797,841
Research and development expense	1,286,323	926,839	987,792	1,989,107
General and administration	1,247,108	1,211,159	1,579,420	2,179,717
Comprehensive loss	$ (2,710,767)	$ (2,276,430)	$ (2,880,113)	$ (4,382,956)
Loss per share - basic and diluted	(0.43)	(0.39)	(0.50)	(0.83)

The Company's quarterly results have varied and may, in the future, vary depending on numerous factors, including the rate of expenditure relative to financial capacity and operational plans, fluctuations in the Company's derivative liabilities, and whether the Company has granted any stock options. Certain of these factors may not be predictable to the Company. Fluctuations on derivative liabilities are discussed below under the subheading "*Derivative liabilities*" section below. The granting of stock options results in share-based payment charges, reflecting the vesting of such stock options.

In the quarter ended September 30, 2019, the Company completed the Realm Acquisition, acquiring net assets of $20,247,296, incurring professional fees of $1,925,145 and recognizing a gain on acquisition of $2,332,954. In addition, on August 27, 2019, the Company also closed a public offering of equity securities of the Company in Canada and a concurrent private placement of equity securities in the United States (the "**August 2019 Financing**"). The Company issued a total of 6,080,596 common shares in the capital of the Company and 11,919,404 pre-funded common share purchase warrants of the Company in lieu of common share sof the Company at a price of $2.00 per security for aggregate gross proceeds of $36,000,000, resulting in an increase in assets.

In the quarter ended September 30, 2018, the Company recorded the partial receipts of the third tranche of the CPRIT Grant of $229,201, which was recognized as recoveries of R&D expenditures. The CPRIT Grant is detailed in the accompanying condensed consolidated interim financial statements and risks relating to the CPRIT Grant, including risk that the Company may default on the residual obligations of the agreement providing for the CPRIT Grant, are described under the heading "*Risk Factors*" in the Company's Annual Report on Form 20-F for the fiscal year ended September 30, 2019, which is available on SEDAR at www.sedar.com and on the SEC's Electronic Data Gathering and Retrieval System, or "**EDGAR**" website at www.sec.gov.

In the quarter ended March 31, 2018, the Company completed the January 2018 Financing for gross proceeds of approximately $26,040,000, resulting in an increase in assets.

Three months ended December 31, 2019 and 2018

The Company incurred a comprehensive loss of $4,622,211 for the three months ended December 31, 2019 compared to a comprehensive loss of $2,710,767 for the three months ended December 31, 2018. Significant differences between the periods include R&D expenditures of $2,587,148 (2018 - $1,286,323), financing costs of $215,501 (2018 - $177,434), general and administrative expenses of $2,143,740 (2018 - $1,247,108), interest income of $100,965 (2018 - $nil) and a loss in derivative liability of $60,997 (2018 - $12,550 gain). Other significant changes in comprehensive loss are as follows:

Research and Development

- The overall R&D expense for the three months ended December 31, 2019 was $2,587,148 compared to $1,286,323 for the three months ended December 31, 2018. R&D expense in 2019 was incurred primarily in increased preclinical work on the Company's clinical candidate EPI-7386 which was selected in March 2019. In the three months ended December 31, 2018, the Company was continuing its research and development of its next-generation Aniten compounds in order to make a candidate selection.

- Clinical costs of $101,143 in 2019 (2018 - $nil) relate to clinical consulting work in preparation for the expected IND filing and Phase I clinical trial of EPI-7386.

- Consulting fees were $73,596 for the three months ended December 31, 2019 compared to $74,331 for the three months ended December 31, 2018 and include amounts paid to the former Chief Scientific Officer and former Chief Technical Officer for monthly consulting fees and bonuses pursuant to their respective consulting agreements (see "*Related Party Transactions*" below) and some additional external support in the current period.

- Legal patents and license fees have decreased to $237,700 for the three months ended December 31, 2019 compared to $273,536 for the three months ended December 31, 2018. In the prior period, the Company submitted a number of patent applications on its next-generation compounds for which the Company owns the rights. The Company has adopted a tiered patent strategy to protect its intellectual property as the pharmaceutical industry places significant importance on patents for the protection of new technologies, products and processes. The Company anticipates that there will be ongoing investment into patent applications. The costs in the current period reflect that ongoing investment.

- Preclinical costs of $773,171 (2018 - $657,861) and manufacturing and chemistry costs of $847,190 (2018 - $1,312) for the three months ended December 31, 2019 were incurred in the development of the Company's next-generation Aniten compounds, including cGMP manufacturing of EPI-7386. Preclinical costs in 2018 were primarily incurred internally and under the collaborative research agreements with the BCCA and UBC - see the discussion of research grants and administration costs below.

- Salaries and benefits have increased to $345,198 (2018 - $178,403) for the three months ended December 31, 2019 as a result of increased preclinical and clinical staff involved in the development of the Company's next-generation Aniten compounds, including the appointment of the Company's Chief Medical Officer in July 2019.

R&D expenses include the following major expenses for the three months ended December 31, 2019 and 2018:

For the three months ended December 31	**2019**	**2018**
Clinical	$ 101,143	$ —
Consulting	73,596	74,331
Legal patents and license fees	237,700	273,536
Manufacturing and chemistry	847,190	1,312
Other	41,262	6,240
Preclinical	773,171	657,861
Salaries and benefits	345,198	178,403
Share-based payments (Note 12*)	152,406	90,052
Travel	15,482	4,588
Total	$ 2,587,148	$ 1,286,323

* See the Notes set out in the accompanying condensed consolidated interim financial statements for the three months ended December 31, 2019 and 2018.

Share-based payments of $152,406 (2018 - $90,052) for the three months ended December 31, 2019 relate 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 three months ended December 31, 2019 increased to $2,143,740 from $1,247,108 in the comparative period in 2018. Significant components of such expenses in the current period included:

- Director fees of $92,500 (2018 - $63,000) were incurred in relation to various meetings held by the board of directors and various committees during the period. On July 31, 2019, in connection with the Realm Acquisition, the Company appointed three additional members to the board of directors.
- Investor relations expense of $57,739 (2018 - $41,287) was incurred in relation to investor relations consultants, shareholder communications and news releases.
- Professional fees for legal and accounting services of $195,118 (2018 - $249,473) were incurred in conjunction with the corporate activities in the current period.
- Rent expense of $15,644 (2018 - $42,915) has decreased relative to the previous period as a consequence of adopting IFRS 16. Rent expense previously incurred on the South San Francisco office is now classified as a lease payment.
- Salaries and benefits expense is comparable at $376,363 (2018 - $371,309) and includes corporate staffing such as the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer, as disclosed under the heading "Related Party Transactions", and additional general administrative support staff.
- Insurance expense of $133,595 (2018 - $114,278) relates to insurance coverage for directors and officers of the Company as a reporting issuer and publicly listed company in the United States, as well as general liability insurance.

General and administrative expenses include the following major expenses for the three and three months ended December 31, 2019 and 2018:

For the three months ended December 31	2019	2018
Amortization	$ 32,155	$ 4,574
Consulting and subcontractor fees	32,805	26,165
Director fees	92,500	63,000
Insurance	133,595	114,278
Investor relations	57,739	41,287
Office, IT and communications	50,232	14,526
Professional fees	195,118	249,473
Regulatory fees and transfer agent	10,320	16,995
Rent	15,644	42,915
Salaries and benefits	376,363	371,309
Share-based payments (Note 12*)	1,101,215	246,165
Travel and entertainment	46,054	56,421
Total	$ 2,143,740	$ 1,247,108

* See the Notes set out in the accompanying condensed consolidated interim financial statements for the three months ended December 31, 2019 and 2018.

Share-based payments expense of $1,101,215 (2018 - $246,165) for the three months ended December 31, 2019 relates to the value assigned to stock options granted to key management and consultants of the Company. The expense is recognized in relation to the grant and vest of these equity instruments as measured by the Black-Scholes pricing model.

Derivative liabilities

The Company has certain warrants treated as derivatives for financial reporting purposes. Consequently, the Company's financial results are impacted by fluctuations in the market price of the Company's common stock. These warrants, as well as some broker warrants, are measured at fair value, with changes recognized in the statement of loss and comprehensive loss at each reporting date. During the three months ended December 31, 2019, the Company recorded the resulting change in fair value, largely resulting from the increase in stock price during the period, of $60,997 (2018 - gain of $12,550) in the statement of loss and comprehensive loss.

Derivative warrant liabilities are discussed under the heading "*Critical Accounting Estimates*" and Note 10 of the accompanying condensed consolidated interim financial statements for the three months ended December 31, 2019, and 2018.

USE OF PROCEEDS

The Company did not complete any financings during the three months ended December 31, 2019.

During the year ended September 30, 2019, the Company received total net proceeds of $36,000,000 pursuant to the August 2019 Financing. The Company issued a total of 6,080,596 common shares and 11,919,404 pre-funded warrants in lieu of common shares of the Company at a price of $2.00 per security. Each pre-funded warrant entitles the holder thereof to acquire one common share at a nominal exercise price for a period of five years.

During the year ended September 30, 2018, the Company received total net proceeds of $23,654,101 from an equity financing of 4,321,000 common shares and 2,189,000 pre-funded warrants at a price of $4.00 each, for total gross proceeds $26,040,000 (the "**January 2018 Financing**").

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

Intended Use of Proceeds	**Actual Use of Proceeds**
Preclinical development of next-generation Aniten compounds	The proceeds under the January 2018 Financing were intended for use toward the advancement of the preclinical and clinical development of the Company's next-generation Aniten compounds. Additionally, the funds were intended for use for the interest and principal payments on the Company's SVB Term Loan and general corporate purposes. Having selected EPI-7386 in March 2019, the August 2019 Financing will be used primarily to complete the Phase 1 dose-escalation and extension studies, Phase 1 combination studies with recent anti-androgens and preparatory work on Phase II studies. In addition, the Company plans to conduct preclinical studies with EPI-7386 in additional prostate and breast cancer models as well as to continue the preclinical development of additional Aniten molecules. According to current plans, the net proceeds combined with the company's current cash reserves are expected to provide sufficient cash resources through 2022. During the three months ended December 31, 2019, the Company incurred $2,434,742 in cash R&D costs in relation to the preclinical costs of the Aniten next generation compound. An additional $1,010,370 has been incurred for cash general and administrative costs in support of the Company's research and development activities. The Company also completed $3,199,799 and $32,235 in principal and interest payments, respectively, as well as the final payment of $688,000 on the SVB Term Loan, which is now fully repaid.

Intended Use of Proceeds	Actual Use of Proceeds
	During the year ended September 30, 2019, the Company incurred $6,391,448 in cash R&D costs in relation to the preclinical costs of the Aniten next generation compound. An additional $4,613,268 has been incurred for cash general and administrative costs in support of the Company's research and development activities. The Company also completed $2,808,823 and $401,929 in principal and interest payments, respectively, on the SVB Term Loan, pursuant to which the Company initially drew down $8,000,000. During the year ended September 30, 2018, the Company incurred $4,873,335 in cash R&D costs, net of recoveries, in relation to the preclinical costs of the Aniten next generation compound, as well as close-out costs related to the termination of the EPI-506 Phase I/II clinical trial program. An additional $5,928,671 has been incurred for cash general and administrative costs in support of the Company's research and development activities. The Company also completed $1,991,378 and $563,298 in principal and interest payments, respectively, on the SVB Term Loan. As at December 31, 2019, the Company has not yet fully expended the funds raised in its August 2019 Financing towards the preclinical development of its next-generation Aniten compounds.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company has working capital of $45,527,165 (September 30, 2019 - $48,724,264). Operational activities during the three months ended December 31, 2019 were financed mainly by proceeds from the August 2019 Financing. At December 31, 2019, the Company had available cash reserves of $45,934,420 (September 30, 2019 - $53,322,723) and accounts receivable of $350,097 (September 30, 2019 - $360,800) related primarily to the final CPRIT Grant payment and GST input tax credits, to settle current liabilities of $1,229,162 (September 30, 2019 - $5,274,744). The Company believes that it has sufficient capital to satisfy its obligations as they become due and execute its planned expenditures through the fiscal 2022 year, provided there are no significant changes in capital structure and debt obligations.

Cash used in operating activities for the three months ended December 31, 2019 was $3,360,612 (2018 - $1,850,703). Working capital items used cash of $6,041 (2018 - provided $318,129).

Cash used in financing activities for the three months ended December 31, 2019 was $4,036,178 (2018 - $802,688), including $314,603 in share issuance costs, and $3,199,799 (2018 - $683,203) and $720,235 (2018 - $119,485) in principal and interest paid in relation to the SVB Term Loan. The Company received $227,864 (2018 - $nil) with respect to broker warrants exercised and issued subsequent to December 31, 2019. The Company made lease payments of $29,405 (2018 - $nil) which had been classified as rent expense prior to the adoption of IFRS 16 (See "*Changes in or Adoption of Accounting Policies*").

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

CONTRACTUAL OBLIGATIONS

As of December 31, 2019, and in the normal course of business, the Company has the following obligations to make future payments, representing contracts and other commitments that are known and committed.

Contractual obligations	2020	2021	2022	2023	2024	After 5 years
Minimum annual royalty per License Agreement (CAD)[1]	C$ 85,000	C$ 85,000	C$ 85,000	C$ 85,000	C$ 85,000	C$ 595,000
Total (in CAD)	C$ 85,000	C$ 85,000	C$ 85,000	C$ 85,000	C$ 85,000	C$ 595,000
Total (in USD) [2]	$ 64,445	$ 64,445	$ 64,445	$ 64,445	$ 64,445	$ 458,115
Lease on U.S. office spaces (USD)	$ 89,979	$ 60,574	$ —	$ —	$ —	$ —
Total (USD)	$ 155,424	$ 126,019	$ 65,445	$ 65,445	$ 65,445	$ 458,115

Notes:

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

(2) Converted based on the indicative exchange rate of the Bank of Canada of C$1.00 = $0.7699 as at December 31, 2019.

OFF-BALANCE SHEET ARRANGEMENTS & PROPOSED TRANSACTIONS

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

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

RELATED PARTY TRANSACTIONS

Compensation accrued and paid to key management personnel for the three months ended December 31, 2019 and 2018 was as follows:

Name and Relationship	Nature of compensation	2019	2018
Richard Glickman, Director and Chairman of the Board	Director fees[1]	$ 16,500	$ 16,500
Gary Sollis, Director	Director fees[1]	12,500	12,750
Franklin Berger, Director	Director fees[1]	13,500	12,750
Scott Requadt, Director	Director fees[1]	11,750	11,750
Otello Stampacchia, Director	Director fees[1][3]	1,458	9,250
Alex Martin, Director	Director fees[1]	8,750	—
Marella Thorell, Director	Director fees[1]	8,750	—
Sanford Zweifach, Director	Director fees[1] [2]	12,000	—
Dr. Ari Brettman, Director	Director fees[1]	7,294	—
Dr. Marianne Sadar, former Director and Chief Scientific Officer	Consulting fees and bonus[4]	—	34,626
Dr. Raymond Andersen, former Director and Chief Technical Officer	Consulting fees and bonus[5]	—	34,626
Dr. David R. Parkinson, Chief Executive Officer	Salary and bonus[6]	118,586	112,940
David Wood, Chief Financial Officer	Salary and bonus[7]	61,594	58,718
Peter Virsik, Executive Vice-President and Chief Operating Officer	Salary and bonus[8]	100,095	93,987
Dr. Alessandra Cesano, Chief Medical Officer	Salary and bonus[9]	100,000	—
Directors and officers	Share-based payments [10]	1,032,732	286,806
Total compensation		$ 1,505,509	$ 684,703

Notes:

(1) The Company compensated, until October 2019, its independent directors as follows: annual retainer of $25,000; an additional annual retainer of $25,000 for the Chairman of the Board; an additional annual retainer of $10,000 for committee chairs; $1,500 per board meeting attended in person; and $1,000 for all other board and subcommittee meetings. In October 2019, the board of directors adopted a revised compensation plan as follows: an annual retainer of $35,000 for each non-executive director; an additional annual retainer of $25,000 for the Chairman of the Board; an annual retainer for the audit committee chair of $15,000 ($7,000 for each member of the audit committee); an annual retainer for the compensation committee chair of $12,000 ($6,000 for each member of the compensation committee); an annual retainer for the corporate governance and nomination committee chair of $8,000 ($4,000 for each member of the corporate governance and nomination committee).

(2) Amounts are paid to Pelican Consulting Group, Inc. which is a company controlled by Sanford Zweifach.

(3) Amounts are payable to Omega Fund Management LLC, a company in which Dr. Stampacchia is the Managing Director. Dr. Stampacchia resigned from the board of directors on October 17, 2019.

(4) Under a consulting agreement, effective February 1, 2018, Dr. Sadar will receive an annual consulting fee of C$180,000 (C$15,000 monthly) for the first and second year of the term and an annual consulting fee of C$120,000 (C$10,000 monthly) for the third and fourth year of the term. Dr. Sadar is also eligible for a bonus of up to 25% of the annual consulting fee upon accomplishment of certain objectives as agreed upon by all parties. Dr. Sadar did not stand for re-election to the board of directors of the Company at the annual general meeting held on June 26, 2019.

(5) Under a consulting agreement, effective February 1, 2018, Dr. Andersen will receive an annual consulting fee of C$180,000 (C$15,000 monthly) for the first and second year of the term and an annual consulting fee of C$120,000 (C$10,000 monthly) for the third and fourth year of the term. Dr. Andersen is also eligible for a bonus of up to 25% of the annual consulting fee upon accomplishment of certain objectives as agreed upon by all parties. Dr. Andersen resigned from the board of directors of the Company on July 31, 2019 upon the closing of the Realm Acquisition.

(6) Dr. David R. Parkinson receives a base salary of $474,346 per annum, increased from $451,758 effective January 1, 2019, and a performance-based bonus per annum of up to 50% of his base salary.
(7) David Wood receives a base salary of $246,376 per annum, increased from $236,900 effective January 1, 2019, and a performance-based bonus per annum of up to 40% of his base salary.
(8) Peter Virsik receives a base salary of $400,387 per annum, increased from $375,950 effective January 1, 2019, and a performance-based bonus per annum of up to 40% of his base salary.
(9) Dr. Alessandra Cesano receives a base salary of $400,000 per annum, and a performance-based bonus per annum of up to 40% of her base salary. Dr. Cesano was appointed as the CMO of the Company effective July 1, 2019.
(10) Share-based payments to related parties represents the fair value of options granted and vested in the period to key management personnel.

Key management personnel include: Dr. David R. Parkinson, Chief Executive Officer ("**CEO**"); David Wood, Chief Financial Officer ("**CFO**"); Peter Virsik, Executive Vice-President and Chief Operating Officer ("**COO**"); Dr. Alessandra Cesano, CMO (appointed July 1, 2019), Dr. Marianne Sadar, Director (who did not stand for re-election on June 26, 2019); Dr. Raymond Andersen, Director (who resigned upon the closing of the Realm Acquisition effective July 31, 2019); Richard Glickman, Director and Chairman of the Board; Gary Sollis, Director; Franklin Berger, Director; Scott Requadt, Director, Dr. Otello Stampacchia, Director (appointed October 18, 2018 and resigned October 17, 2019), Alex Martin, Director (appointed upon the closing of the Realm Acquisition effective July 31, 2019); Marella Thorell, Director (appointed upon the closing of the Realm Acquisition effective July 31, 2019); Sanford Zweifach, Director (appointed upon the closing of the Realm Acquisition effective July 31, 2019); and Dr. Ari Brettman, Director (appointed October 17, 2019).

During the three months ended December 31, 2019, the Company granted 3,330,000 (2018 - 12,000) 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 $1,032,732 (2018 - $286,806).

Included in accounts payable and accrued liabilities as at December 31, 2019 is $85,600 (September 30, 2019 - $108,331) due to Alex Martin, Marella Thorell, Richard Glickman, Gary Sollis, Franklin Berger, Scott Requadt, Clarus Ventures, LLC, and Pelican Consulting Group, Inc. with respect to key management personnel compensation and expense reimbursements. Amounts due to related parties are non-interest bearing, with no fixed terms of repayment.

Dr. Parkinson, CEO, is entitled to a payment of one year of base salary upon termination without cause. This amount increases to 18 months if the termination without cause occurs after a change of control event or within 60 days prior to a change of control event where such event was under consideration at the time of termination. Mr. Wood, CFO, Mr. Virsik, COO, and Dr. Cesano, CMO, are entitled to a payment of one year of base salary upon termination without cause. This amount increases to 18 months of salary if termination without cause occurs within 18 months after a change of control event. Stock options held by the CEO, CFO, COO, and CMO vest immediately upon a change of control.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements for the three months ended December 31, 2019 and 2018 are consistent with those policies detailed in Notes 2 and 3 of the Company's annual consolidated financial statements for the years ended September 30, 2019, 2018 and 2017, except for the following:

IFRS 16 Leases

The Company adopted IFRS 16 - *Leases* ("IFRS 16") on October 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability was measured at October 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets was measured at the amount equal to the lease liability on October 1, 2019.

The following leases accounting policies have been applied as of October 1, 2019 on adoption of IFRS 16:

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assess whether the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset.

As a lessee, we recognize a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

Impact of transition to IFRS 16:

Effective October 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2019 has not been restated. The cumulative effect of initial application is recognized in deficit at October 1, 2019. Comparative amounts for 2019 remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liabilities. Lease liabilities have been measured by discounting future lease payments at the incremental borrowing rate at October 1, 2019. The incremental borrowing rate applied was 12% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

As of the initial date of application of IFRS 16, the Company has an office lease. The remaining non-cancelable period of the lease was18 months. The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets of $165,486 and lease liabilities with no net impact on deficit.

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 has met certain terms and conditions to qualify for the grant 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.

Income tax

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Changes in facts and circumstances as a result of income tax audits, reassessments, changes to corporate structure and associated domiciling, jurisprudence and any new legislation may result in an increase or decrease the provision for income taxes. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

Functional Currency

The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment. The functional currencies of the Company's entities have been judged as detailed in Note 2 of the accompanying consolidated financial statements.

Acquisition of Realm

On July 31, 2019, the Company completed the acquisition (the "**Realm** Acquisition") of Realm Therapeutics plc ("**Realm**") pursuant to a scheme of arrangement under Part 26 of the U.K. Companies Act 2006 ("**Scheme**") as sanctioned by the High Court of Justice in England and Wales, on July 29, 2019. Under the terms of the Realm Acquisition, ESSA acquired all of the issued and outstanding shares of Realm, and Realm shareholders received a total of 6,718,150 common shares of the Company ("**New ESSA Shares**") at a ratio of 0.5763 New ESSA Share per each one share of Realm (or 1.4409 New ESSA Shares for every one Realm ADS (as defined in the Scheme), representing 25 Realm shares), based on a 60-day volume-weighted average price of $3.19 per share of ESSA on May 14, 2019.

The acquisition of Realm required management to make a judgment as to whether Realm constituted a business combination or an asset acquisition under the definitions of IFRS 3 *Business Combinations*. The assessment required management to assess the inputs, processes and ability of Realm to produce outputs at the time of acquisition. Pursuant to the assessment, Realm was considered an asset acquisition (Note 4 of the accompanying consolidated financial statements).

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 has applied estimates with respect to the valuation of pre-funded warrants issued for cash. Pre-funded warrants are valued at an amount equal to the cash proceeds received.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The Company makes reference to prices quoted on the TSX-V, as applicable, and Nasdaq. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 12 of the accompanying consolidated financial statements. Share-based payments are recorded under R&D and G&A expenditures.

Derivative financial instruments

Certain warrants are treated as derivative financial liabilities. The estimated fair value, based on the Black-Scholes model, is adjusted on a quarterly basis with gains or losses recognized in the statement of net loss and comprehensive loss. The Black-Scholes model is based on significant assumptions such as volatility, dividend yield, expected term and liquidity discounts as detailed in Note 10 of the accompanying financial statements. See discussion under the heading "*Selected Quarterly Financial Information - Derivative liabilities*."

FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, long-term debt and derivative liabilities. The fair value of cash, receivables and accounts payable and accrued liabilities approximates their carrying values due to their short term to maturity. The derivative liabilities are measured using level 3 inputs. During the three months ended December 31, 2019, the Company recognized a loss on derivative liability of $60,997 (2018 - gain of $12,550) through profit or loss.

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

Financial risk factors

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

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company's receivables is materially the balance remaining on the CPRIT Grant. The Company limits its exposure to credit loss by placing its cash with major financial institutions. Amounts due from government agencies are considered to have minimal credit risk.

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, 2019, the Company had a working capital of $45,527,165. Debt and equity financings are dependent on market conditions and may not be available on favorable terms.

Market risk

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

(a) Interest rate risk

As at December 31, 2019, the Company has cash balances which are interest-bearing. Interest income is not significant to the Company's projected operational budget and related interest rate fluctuations are not significant to the Company's risk assessment.

(b) Foreign currency risk

The Company's foreign currency risk exposure relates to net monetary assets denominated in Canadian dollars. The Company maintains its cash in US dollars and converts on an as needed basis to discharge Canadian denominated expenditures. A 10% change in the foreign exchange rate between the Canadian and U.S. dollar would result in a fluctuation of $35,360 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 regarding the Company can be found on SEDAR at www.sedar.com, the website of the SEC at www.sec.gov and the Company's website at www.essapharma.com. The Company's Annual Report on Form 20-F for the fiscal year ended September 30, 2019 also provides additional information on the Company, and can be accessed through SEDAR at www.sedar.com or the website of the SEC at www.sec.gov.

OUTSTANDING SHARE CAPITAL

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

Equity instruments:	
Common shares	20,824,339
Stock options	5,311,500
Warrants	12,331,127

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 for the fiscal year ended September 30, 2019, which is posted on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out in the aforementioned Annual Report on Form 20-F to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company.

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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 of directors and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under Canadian securities laws, as at December 31, 2019. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings, interim filings, and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

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

Internal Control over Financial Reporting ("ICFR")

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As at December 31, 2019, the Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the design and operating effectiveness of the Company's internal control over financial reporting, as required under Canadian securities laws. Based on such evaluation, the Company's certifying officers concluded that the Company's internal control over financial reporting was effective.

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

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

The Company did not have any significant changes to its ICFR systems in the period from October 1, 2019 to December 31, 2019 that materially affected, or are reasonably likely to materially affect the Company's ICFR.

Limitations of Controls and Procedures

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

Form 52-109FV2
Certification of Interim Filings
Venture Issuer Basic Certificate

I, David R. Parkinson, Chief Executive Officer of **ESSA Pharma Inc.,** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of ESSA Pharma Inc. (the "Issuer") for the interim period ended December 31, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

Date: February 13, 2020

"David R. Parkinson"
David R. Parkinson
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52- 109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109FV2
Certification of Interim Filings
Venture Issuer Basic Certificate

I, David Wood, Chief Financial Officer of **ESSA Pharma Inc.,** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of ESSA Pharma Inc. (the "Issuer") for the interim period ended December 31, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

Date: February 13, 2020

"David Wood"
David Wood
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52- 109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.