Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion should be read in conjunction with the attached financial statements and notes thereto. This Annual Report on Form 10-K, including the following sections, contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties that could cause actual results and events to differ materially from those expressed or implied by such forward-looking statements. For a detailed discussion of these risks and uncertainties, see Item 1A, "Risk Factors" of this Annual Report on Form 10-K. We caution the reader not to place undue reliance on these forward -looking statements, which reflect management's analysis only as of the date of this Annual Report on Form 10-K. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this Annual Report on Form 10-K. Throughout this discussion, unless the context specifies or implies otherwise, the terms "ESSA," "the Company," "we," "us," and "our" refer to ESSA Pharma Inc. and its subsidiaries. For a discussion regarding our financial condition and results of operations for fiscal 2020 as compared to fiscal 2019 see Item 7 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020, filed with the SEC on December 15, 2020.

Overview

ESSA is a clinical stage pharmaceutical company, focused on developing novel and proprietary therapies for the treatment of prostate cancer with an initial focus on patients whose disease is progressing despite treatment with current standard of care therapies, including second-generation antiandrogen drugs such as abiraterone, enzalutamide, apalutamide, and darolutamide. The Company believes its latest series of investigational compounds, including its product candidate EPI 7386, have the potential to significantly expand the interval of time in which patients with castration-resistant prostate cancer ("CRPC") can benefit from anti-hormone-based therapies. Specifically, the compounds are designed to disrupt the androgen receptor ("AR") signaling pathway, the primary pathway that drives prostate cancer growth and prevent AR activation through selective binding to the N-terminal domain ("NTD") of the AR. In this respect, the Company's compounds are designed to differ from classical non-steroid antiandrogens. These antiandrogens interfere either with androgen synthesis (i.e. abiraterone), 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"). A functional NTD is essential for activation of the AR; blocking the NTD inhibits AR-driven transcription and therefore androgen-driven biology.

General Development of the Business

Significant Business Developments for the Year Ended September 30, 2021

On October 14, 2020, the Company issued 1,493,504 Common Shares upon the cashless exercise of 1,493,504 pre-funded warrants.

On October 26, 2020, ESSA Pharma Inc. announced its strategic decision to voluntarily delist its Common Shares from the TSX-V.

On November 25, 2020, the Company filed a Registration Statement on Form S-3 with the SEC to replace the existing Registration Statement on Form F-3, which, once effective, will allow the Company to raise up to $200 million worth of the securities listed therein.

On December 3, 2020, the Company issued 42,207 Common Shares for stock options exercised for gross proceeds of $153,701.

On January 8, 2021, the Company issued 9,000 Common Shares for stock options exercised for gross proceeds of C$44,100.

On January 11, 2021, the Company issued 46,655 Common Shares for stock options exercised for gross proceeds of C$228,610 and 21,345 Common Shares for stock options exercised for gross proceeds of $72,262.

On January 13, 2021, the Company issued 34,716 Common Shares for stock options exercised for gross proceeds of $126,124.

On January 13, 2021, the Company announced a clinical collaboration with Janssen to evaluate EPI-7386 combination for patients with metastatic castration-resistant prostate cancer. Under the terms of the agreement, Janssen may sponsor and conduct up to two Phase 1/2 studies evaluating the safety, tolerability and preliminary efficacy of the combination of EPI-7386 and apalutamide as well as the combination of EPI-7386 with abiraterone acetate plus prednisone in patients with mCRPC who have failed a current second-generation antiandrogen therapy. Janssen will assume all costs associated with the studies, other than the manufacturing costs associated with the clinical drug supply of EPI-7386. The parties will form a joint oversight committee for the clinical studies, which are planned to start in late 2021 or early 2022. ESSA will retain all rights to EPI-7386.

On January 20, 2021, the Company issued 15,000 Common Shares for stock options exercised for gross proceeds of C$73,500 and 15,000 common shares for stock options exercised for gross proceeds of $48,450.

On February 5, 2021, the Company issued 2,965 Common Shares upon the cashless exercise of 3,825 broker warrants.

On February 9, 2021, the Company issued 30,000 Common Shares for stock options exercised for gross proceeds of C$147,000.

On February 11, 2021, the Company presented preclinical and clinical pharmacology data from ESSA's Phase 1 clinical trial of EPI-7386 for the treatment of patients with metastatic castration-resistant prostate cancer ("mCRPC") at the 2021 American Society of Clinical Oncology Genitourinary ("ASCO GU") Cancers Symposium in an oral poster presentation titled, "Preclinical and clinical pharmacology of EPI-7386, an androgen receptor N-terminal domain inhibitor for castration-resistant prostate cancer,". The poster is available on the Company website.

On February 25, 2021, the Company announced a clinical collaboration with Astellas to evaluate the combination of EPI-7386 and Enzalutamide for patients with metastatic castration-resistant prostate cancer. Under the terms of the agreement, ESSA will sponsor and conduct a Phase 1/2 study to evaluate the safety, tolerability and preliminary efficacy of the combination of EPI-7386 and enzalutamide in mCRPC patients who have not yet been treated with second-generation antiandrogen therapies. Astellas will supply enzalutamide for the trial. ESSA will retain all rights to EPI-7386. The clinical study is expected to start in 2021.

On March 26, 2021, Dr. Ari Brettman, nominee of Clarus Lifesciences III, L.P., resigned from the board of directors.

On April 1, 2021, the Company extended the lease for the South San Francisco office to May 31, 2024.

On April 10, 2021, at the 2021 American Association of Cancer Research (AACR) Annual Meeting, the Company presented an e-poster presentation titled, "Comprehensive in vitro characterization of the mechanism of action of EPI-7386, an androgen receptor N-terminal inhibitor." The poster is available on the Company website.

On April 23, 2021, the Company renewed a lease agreement for the Houston office effective August 1, 2021 through July 31, 2023 with an option to renew for an additional two years.

On April 28, 2021, the Company announced that it had entered into a clinical trial collaboration and supply agreement with Bayer to evaluate EPI-7386 in combination with Bayer's androgen receptor inhibitor, darolutamide, in patients with mCRPC. Under the terms of the agreement, following review of certain clinical data, Bayer may sponsor and conduct a Phase 1/2 study to evaluate the safety, tolerability, pharmacokinetics and preliminary efficacy of the combination of EPI-7386 and darolutamide in mCRPC patients. ESSA will supply EPI-7386 for the trial and will retain all rights to EPI-7386.

Financing and Capital

On February 22, 2021, the Company completed an underwritten public offering for aggregate gross proceeds of $149,999,985 (the "February 2021 Financing"). The Company issued a total of 5,555,555 common shares of the Company at a public offering price of $27.00 per share, which includes the underwriters having exercised their 30-day option to purchase an additional 724,637 common shares. In connection with the February 2021 Financing, the Company paid cash commissions of $8,999,999 and incurred other transaction costs of $150,498.

ESSA has never been profitable and has incurred net losses since inception. ESSA's net losses were $36,805,461 and $23,445,370 and $12,756,832 for the years ended September 30, 2021, 2020 and 2019, respectively. ESSA expects to incur losses for the foreseeable future, and it expects these losses to increase as it continues the development of, and seek regulatory approvals for, its product candidate. Because of the numerous risks and uncertainties associated with product development, ESSA is unable to predict the timing or amount of increased expenses or when, or if, it will be able to achieve or maintain profitability.

Results of Operations

The following table sets forth ESSA's consolidated statements of financial position and consolidated statements of loss and comprehensive loss as at and for the fiscal years ended September 30, 2021, 2020 and 2019:

(US$) Income Statement Data	Year Ended September 30, 2021	Year Ended September 30, 2020	Year Ended September 30, 2019
Revenue	—	—	—
Research and development, net of recoveries	24,258,989	12,145,968	6,696,234
Financing costs	22,220	618,109	602,744
General and administration, net of recoveries	12,884,581	11,373,952	5,455,189
Total operating expenses	(37,165,790)	(24,138,029)	(12,754,167)
Loss before income taxes	(36,839,810)	(23,734,017)	(12,718,912)
Net loss, net of income tax	(36,805,461)	(23,445,370)	(12,756,832)
Balance Sheet Data			
Cash	137,825,024	56,320,763	53,322,723
Prepaids and other current assets	59,773,053	23,921,003	976,285
Deposits	259,455	277,637	274,085
Right of use asset	308,286	55,162	—
Total assets	198,165,818	80,574,565	54,573,093
Accounts payable and accrued liabilities	3,808,944	1,144,230	1,565,789
Income tax payable	—	—	300,000
Lease liabilities, current	120,719	59,094	—
Long-term debt	210,251	—	3,708,955
Derivative liabilities	20,352	127,376	16,520
Shareholders' equity	194,005,552	79,243,865	48,981,829
Total liabilities and shareholders' equity	198,165,818	80,574,565	54,573,093

Results of Operations for the Fiscal Years Ended September 30, 2021 and 2020

There was no revenue in any of the fiscal years as reported. The Company incurred a comprehensive loss of $36,805,461 for the year ended September 30, 2021 compared to a comprehensive loss of $23,445,370 for the year ended September 30, 2020. Variations in ESSA's expenses and net loss for the periods resulted primarily from the following factors:

Research and Development Expenditures

R&D expense included the following major expenses by nature:

	Year ended	
	September 30, 2021	September 30, 2020
Clinical	$ 4,597,114	$ 1,689,143
Consulting	596,271	512,790
Legal patents and license fees	1,051,379	755,867
CMC	6,867,397	2,898,911
Other	116,537	72,275
Preclinical and data analysis	4,760,269	2,823,117
Research grants and administration	157,080	153,379
Royalties	66,759	65,186
Salaries and benefits	1,731,852	1,264,855
Share-based payments	3,643,382	1,878,372
Travel and other	441,748	32,073
Impairment of CPRIT receivable	229,201	-
Total	$ 24,258,989	$ 12,145,968

The overall R&D expense for the year ended September 30, 2021 was $24,258,989 compared to $12,145,968 for the year ended September 30, 2020 and includes non-cash expense related to share-based payments expense of $3,643,382 (2020 - $1,878,372). R&D expense in 2021 reflects the ongoing clinical trial of EPI-7386 and in 2020 was incurred primarily in preclinical research with work directed to the completion of the IND filing in March 2020 and chemistry and manufacturing cost in preparation for the Phase 1 study.

The share-based payments expense of $3,643,382 (2020 - $1,878,372), which is a non-cash expense, relates to the value assigned to stock options and employee share purchase rights granted to key management personnel and consultants of the Company. The expense is recognized in relation to the grant and vesting of these equity instruments, net of expiries and forfeitures, and allocated to research and development, general and administration and financing expenditures relative to the activity of the underlying optionee.

Clinical costs of $4,597,114 (2020 - $1,689,143) were generated in relation to expenditures associated with the Company's clinical research organizations conducting the Phase 1 clinical trial of EPI-7386. In the prior period, the costs related to clinical consulting work in preparation and completion of the IND and CTA filings and preparation for the Phase 1 clinical trial of EPI-7386 which began in July 2020.

Preclinical costs of $4,760,269 (2020 - $2,823,117) were incurred in the identification of the lead compound EPI-7386 in 2019 and the subsequent filing of the IND in 2020. In the current year, the amount includes pharmacokinetic data analysis on data from the clinical trial related to the Phase I study.

CMC costs of $6,867,397 (2020 - $2,898,911) for the year ended September 30, 2021 includes amount for cGMP manufacturing of EPI 7386 drug supply to support the ongoing clinical trial as well as costs incurred in formulation and chemistry work around the Company's pharmaceutical characteristics of EPI-7386.

Consulting costs increased to $596,271 (2020 - $512,790) for the year ended September 30, 2021 primarily resulting from contract project management services. In the comparative period, costs were related to consulting fees for scientific advisors in connection with candidate selection and preparation of the IND filing, including contract project management services.

Salaries and benefits, related to preclinical and clinical staff, have increased to $1,731,852 (2020 - $1,264,855) as a result of an increased number of preclinical and clinical staff involved in the development of the Company's next-generation Aniten compounds.

Legal patents and license fees were increased to $1,051,379 (2020 - $755,867). 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 costs reflect that ongoing investment and the timing of associated maintenance costs. The Company anticipates that there will be continued investment into patent applications.

General and Administration Expenditures

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

	Year ended September 30, 2021	Year ended September 30, 2020
Amortization	$ 109,464	$ 110,324
Consulting and subcontractor fees	218,262	135,181
Director fees	355,805	377,000
Insurance	943,848	594,170
Investor relations	646,058	344,233
Office, insurance, IT and communications	342,026	313,922
Professional fees	1,228,456	919,335
Regulatory fees and transfer agent	110,553	159,744
Rent	45,418	59,747
Salaries and benefits	3,036,894	2,619,120
Share-based payments	5,832,731	5,644,235
Travel and other	15,066	96,941
Total	$ 12,884,581	$ 11,373,952

General and administration expenses increased to $12,884,581 for the year ended September 30, 2021 from $11,373,952 in the year ended September 30, 2020 and included non-cash expense related to share-based payments of $5,832,731 (2020 - $5,644,235). This non-cash expense relates to the value assigned to stock options and employee share purchase rights granted to key management and consultants of the Company. The expense is recognized in relation to the grant and vesting of these equity instruments, net of expiries and forfeitures, and allocated to research and development, general and administration and financing expenditures relative to the activity of the underlying optionee.

Consulting and subcontractor fees of $218,262 (2020 - $135,181) were incurred for administrative and legal support in conjunction with increased corporate activities.

Insurance expense of $943,848 (2020 - $594,170) relates to increased cost of 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. The Company has realized an increase in premiums which is in line with market trends.

Investor relations expense increased to $646,058 (2020 - $344,233) due to the cost of additional investor communications support engaged in the current year.

Professional fees of $1,228,456 (2020 - $919,335) were incurred for legal and accounting services in conjunction with increased corporate activities. Over the periods presented, the Company prepared for and implemented changes with respect to its transition to a domestic issuer from foreign private issuer, including the transition of financial statements to U.S. GAAP. The Company is now a US domestic issuer and has ongoing costs to support compliance and contracts.

Salaries and benefits expense increased to $3,036,894 (2020 - $2,619,120) reflecting merit related salary adjustment and bonuses paid to employees and additional support staff costs.

Results of Operations for the Fiscal Years Ended September 30, 2020 and 2019

There was no revenue in any of the fiscal years as reported. The Company incurred a comprehensive loss of $23,445,370 for the year ended September 30, 2020 compared to a comprehensive loss of $12,756,832 for the year ended September 30, 2019. Variations in ESSA's expenses and net loss for the periods resulted primarily from the following factors:

Research and Development Expenditures

R&D expense included the following major expenses by nature:

	Year ended September 30, 2020	Year ended September 30, 2019
Clinical	$ 1,689,143	$ 80,021
Consulting	512,790	301,817
Legal patents and license fees	755,867	781,133
CMC	2,898,911	946,705
Other	72,275	111,750
Preclinical	2,823,117	2,789,753
Research grants and administration	153,379	254,970
Royalties	65,186	65,405
Salaries and benefits	1,264,855	1,012,344
Share-based payments	1,878,372	304,786
Travel and other	32,073	47,550
Total	$ 12,145,968	$ 6,696,234

The overall R&D expense for the year ended September 30, 2020 was $12,145,968 compared to $6,696,234 for the year ended September 30, 2019 and included non-cash expense related to share-based payments expense of $1,878,372 (2019 - $304,786). R&D expense in 2020 and 2019 was incurred primarily in preclinical research and IND-enabling work on the Company's next-generation Aniten compounds, with expenditures in 2020 reflecting ongoing preclinical work on IND candidate EPI-7386 and the increased expenditure on chemistry and manufacturing of drug product at third party vendors, in anticipation of the Phase 1 clinical trial which commenced with the dosing of the first patient in July 2020.

The share-based payments expense of $1,878,372 (2019 - $304,786), which is a non-cash expense, relates to the value assigned to stock options and employee share purchase rights granted to key management and consultants of the Company. The expense is recognized in relation to the grant and vesting of these equity instruments, net of expiries and forfeitures, and allocated to research and development, general and administration and financing expenditures relative to the activity of the underlying optionee.

Clinical costs of $1,689,143 (2019 - $80,021) relate to clinical consulting work in preparation for the IND filing in March 2020, clinical site activation costs, and commencement of the Phase I clinical trial of EPI-7386 in July 2020. Only minor preparatory clinical costs were incurred in late 2019 following selection of EPI-7386 as a clinical candidate in March 2019.

Preclinical costs of $2,823,117 (2019 - $2,789,753) were incurred in the identification of the lead compound EPI-7386 in 2019 and the subsequent filing of the IND in 2020.

CMC costs of $2,898,911 (2019 - $946,705) for the year ended September 30, 2020 were incurred in formulation and chemistry work around the Company's next-generation Aniten compounds, and specifically the pharmaceutical characteristics of EPI-7386. In 2020 costs included additional formulation work and cGMP manufacturing of EPI-7386 drug supply in preparation for the clinical trial.

Consulting costs increased to $512,790 for the year ended September 30, 2020 (2019 - $301,817) relating to consulting fees for scientific advisors in connection with candidate selection and preparation of the IND filing, including contract project management services.

Salaries and benefits, related to preclinical and clinical staff, have increased to $1,264,855 (2019 - $1,012,344) as a result of the increased number of 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.

Legal patents and license fees are comparable at $755,867 (2019 - $781,133). 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 costs in the current period reflect that ongoing investment and the Company anticipates that there will be continued investment into patent applications.

Research grants and administration costs were $153,379 (2019 - $254,970) and relate to amounts payable pursuant to collaborative research agreements with the BCCA and UBC. The amounts incurred vary in relation to the timing of milestone payments pursuant to such agreements.

General and Administration Expenditures

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

	Year ended September 30, 2020	Year ended September 30, 2019
Amortization	$ 110,324	$ -
Consulting and subcontractor fees	135,181	142,780
Director fees	377,000	252,000
Insurance	594,170	471,852
Investor relations	344,233	319,373
Legal patents and license fees	50,323	-
Office, insurance, IT and communications	313,922	155,208
Professional fees	869,012	675,412
Regulatory fees and transfer agent	159,744	91,764
Rent	59,747	192,479
Salaries and benefits	2,619,120	2,072,746
Share-based payments	5,644,235	841,921
Travel and other	96,941	239,654
Total	$ 11,373,952	$ 5,455,189

General and administration expenses increased to $11,373,952 for the year ended September 30, 2020 from $5,455,189 in the year ended September 30, 2019 and included non-cash expense related to share-based payments of $5,644,235 (2019 - $841,921). This non-cash expense relates to the value assigned to stock options and employees share purchase rights granted to key management and consultants of the Company. The expense is recognized in relation to the grant and vesting of these equity instruments, net of expiries and forfeitures, and allocated to research and development, general and administration and financing expenditures relative to the activity of the underlying optionee.

Director fees of $377,000 (2019 - $252,000) were incurred for remuneration paid to directors for attendance at meetings and participation in 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 who receive compensation as directors and members of board committees, which resulted in increased fees in 2020.

Salaries and benefits expense of $2,619,120 (2019 - $2,072,746) in 2020 reflects merit related salary adjustment and bonuses paid to employees and additional support staff costs.

Insurance expense of $594,170 (2019 - $471,852) relates to the increased cost of 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. The Company has realized an increase in premiums which is in line with market trends.

Professional fees of $869,012 (2019 - $675,412) were incurred for legal and accounting services in conjunction with increased corporate activities compared to activities in 2019. Specifically, in the current year, the Company incurred costs to implement an at-the-market equity offering facility. The Company also prepared for, and implemented changes with respect to its transition to a domestic issuer from foreign private issuer, including the transition of financial statements to US GAAP.

Rent expense of $59,747 (2019 - $192,479) decreased relative to the previous period as a consequence of adopting new lease standards for accounting. Rent expense previously incurred on the South San Francisco office is now classified as a lease payment. Concurrently, the Company recognized amortization of $110,324 (2019 - $Nil) for the related operating lease right-of-use asset.

Liquidity and Capital Resources

ESSA is a clinical stage company and does not currently generate revenue.

As at September 30, 2021, the Company had working capital of $193,668,414 (2020 - $79,093,604). Operational activities during the year ended September 30, 2021 were financed mainly by proceeds from the July 2020 Financing and February 2021 Financing. At September 30, 2021, the Company had available cash reserves and short-term investments of $194,927,183 (2020 - $78,332,100) to settle current liabilities of $3,929,663 (2020 - $1,203,324). At September 30, 2021, the Company believed that it had sufficient capital to satisfy its obligations as they became due and execute its planned expenditures for more than twelve months.

ESSA's future cash requirements may vary materially from those now expected due to a number of factors, including the costs associated with future preclinical work and to take advantage of strategic opportunities, such as partnering collaborations or mergers and acquisitions activities. In the future, it may be necessary to raise additional funds. These funds may come from sources such as entering into strategic collaboration arrangements, the issuance of shares from treasury, or alternative sources of financing. However, there can be no assurance that ESSA will successfully raise funds to continue its operational activities. See "Risk Factors" in Item 1A. elsewhere in this Annual Report.

Critical Accounting Policies and Estimates

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions that have been made that relate to the following key estimates:

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.

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 as detailed in Note 10 of the 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 of grant and the cost is recorded when 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 fair value of the underlying Common Shares is assessed as the most recent issuance price per common share for cash proceeds.

Trend Information

ESSA is a clinical development stage company and does not currently generate revenue. 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 Licensed IP. As at the date of this Annual Report, no products are in commercial production or use. The Company's financial success will be dependent upon its ability to continue development of its compounds through preclinical and clinical stages to commercialization.

Off-Balance Sheet Arrangement

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

Safe Harbor

See "*Cautionary Note Regarding Forward-Looking Statements*" in the introduction to this Annual Report.