

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data



ESSA Pharma Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in United States dollars)

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2023

ESSA PHARMA INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)
(Expressed in United States dollars)
AS OF

	<u>June 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 38,466,991	\$ 57,076,475
Short-term investments (Note 4)	114,001,923	110,161,029
Receivables	133,293	6,211
Prepays (Note 5)	688,172	1,815,626
	<u>153,290,379</u>	<u>169,059,341</u>
Deposits	264,661	259,455
Operating lease right-of-use assets (Note 7)	95,158	186,499
Total assets	<u>\$ 153,650,198</u>	<u>\$ 169,505,295</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 3,296,377	\$ 2,176,565
Current portion of operating lease liabilities (Note 7)	111,273	133,834
	<u>3,407,650</u>	<u>2,310,399</u>
Operating lease liabilities (Note 7)	<u>—</u>	<u>76,418</u>
Total liabilities	<u>3,407,650</u>	<u>2,386,817</u>
Shareholders' equity		
Authorized		
Unlimited common shares, without par value		
Unlimited preferred shares, without par value		
Common shares 44,092,374 issued and outstanding (September 30, 2022 – 44,073,076) (Note 8)	278,141,528	278,089,136
Additional paid-in capital (Note 8)	48,203,174	44,043,503
Accumulated other comprehensive loss	(2,122,144)	(2,135,145)
Accumulated deficit	(173,980,010)	(152,879,016)
	<u>150,242,548</u>	<u>167,118,478</u>
Total liabilities and shareholders' equity	<u>\$ 153,650,198</u>	<u>\$ 169,505,295</u>

Nature of operations (Note 1)

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

ESSA PHARMA INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in United States dollars)

	For the three months ended		For the nine months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
OPERATING EXPENSES				
Research and development	\$ 6,271,186	\$ 6,394,534	\$ 16,096,299	\$ 20,063,752
Financing costs (Note 7)	1,527	3,145	5,821	10,996
General and administration	2,639,381	2,895,542	8,889,192	9,775,082
Total operating expenses	(8,912,094)	(9,293,221)	(24,991,312)	(29,849,830)
Foreign exchange	(827)	910	9,944	30,338
Interest and other income	1,614,048	417,872	3,881,974	974,207
Derivative liability gain	—	1,929	—	20,352
Loss for the period before taxes	(7,298,873)	(8,872,510)	(21,099,394)	(28,824,933)
Income tax recovery (expense)	—	45,767	(1,600)	45,667
Net loss for the period	(7,298,873)	(8,826,743)	(21,100,994)	(28,779,266)
OTHER COMPREHENSIVE LOSS				
Unrealized gain (loss) on short-term investments (Note 4)	42,689	(2,951)	13,001	(51,682)
Loss and comprehensive loss for the period	\$ (7,256,184)	\$ (8,829,694)	\$ (21,087,993)	\$ (28,830,948)
Basic and diluted loss per common share	\$ (0.17)	\$ (0.20)	\$ (0.48)	\$ (0.65)
Weighted average number of common shares outstanding – basic and diluted	44,092,374	44,059,700	44,085,941	44,026,502

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 NINE MONTHS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (21,100,994)	\$ (28,779,266)
Items not affecting cash and cash equivalents:		
Amortization of right-of-use asset	91,341	91,340
Amortization/(Accretion) of premiums/discounts on short-term investments, net	(482,843)	170,331
Accretion of lease liability	5,821	10,555
Derivative liability gain	—	(20,352)
Accrued Investment income	(81,350)	(124,310)
Unrealized foreign exchange	(661)	571
Share-based payments	4,161,772	5,954,444
Changes in non-cash working capital items:		
Receivables	(127,082)	469,562
Prepays	1,122,248	1,612,790
Accounts payable and accrued liabilities	1,118,449	92,390
Net cash used in operating activities	<u>(15,293,299)</u>	<u>(20,521,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investments	(258,307,260)	(197,959,710)
Proceeds from short-term investments sold	255,044,760	148,254,180
Net cash used in investing activities	<u>(3,262,500)</u>	<u>(49,705,530)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Options exercised	—	319,832
Shares purchased through employee share purchase plan	50,291	66,926
Lease payments	(104,800)	(99,384)
Net cash provided by financing activities	<u>(54,509)</u>	<u>287,374</u>
Effect of foreign exchange on cash and cash equivalents	824	(16,827)
Change in cash and cash equivalents for the period	(18,609,484)	(69,956,928)
Cash and cash equivalents, beginning of period	<u>57,076,475</u>	<u>137,825,024</u>
Cash and cash equivalents, end of period	<u>\$ 38,466,991</u>	<u>\$ 67,868,096</u>

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)

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2023 AND 2022

	Number of shares	Common shares	Additional paid-in capital	Accumulated other comprehensive loss	Deficit	Total
Balance, September 30, 2021	43,984,346	\$ 277,415,176	\$ 36,442,620	\$ (2,076,479)	\$ (117,775,765)	\$ 194,005,552
Options exercised	29,080	184,512	(80,188)	—	—	104,324
Shares issued through employee share purchase plan	2,444	45,936	(18,576)	—	—	27,360
Share-based payments	—	—	2,500,091	—	—	2,500,091
Loss for the period	—	—	—	—	(9,097,919)	(9,097,919)
Balance, December 31, 2021	44,015,870	\$ 277,645,624	\$ 38,843,947	\$ (2,076,479)	\$ (126,873,684)	\$ 187,539,408
Options exercised	43,830	384,342	(168,834)	—	—	215,508
Share-based payments	—	—	1,863,353	—	—	1,863,353
Loss for the period	—	—	—	(48,731)	(10,854,604)	(10,903,335)
Balance, March 31, 2022	44,059,700	\$ 278,029,966	\$ 40,538,466	\$ (2,125,210)	\$ (137,728,288)	\$ 178,714,934
Shares issued through employee share purchase plan	13,376	59,170	(19,604)	—	—	39,566
Share-based payments	—	—	1,591,000	—	—	1,591,000
Loss for the period	—	—	—	(2,951)	(8,826,743)	(8,829,694)
Balance, June 30, 2022	<u>44,073,076</u>	<u>\$ 278,089,136</u>	<u>\$ 42,109,862</u>	<u>\$ (2,128,161)</u>	<u>\$ (146,555,031)</u>	<u>\$ 171,515,806</u>
	Number of shares	Common shares	Additional paid-in capital	Accumulated other comprehensive loss	Deficit	Total
Balance, September 30, 2022	44,073,076	\$ 278,089,136	\$ 44,043,503	\$ (2,135,145)	\$ (152,879,016)	\$ 167,118,478
Shares issued through employee share purchase plan	19,298	52,392	(2,101)	—	—	50,291
Share-based payments	—	—	1,563,608	—	—	1,563,608
Loss for the period	—	—	—	29,427	(6,741,882)	(6,712,455)
Balance, December 31, 2022	44,092,374	\$ 278,141,528	\$ 45,605,010	\$ (2,105,718)	\$ (159,620,898)	\$ 162,019,922
Share-based payments	—	—	1,437,091	—	—	1,437,091
Loss for the period	—	—	—	(59,115)	(7,060,239)	(7,119,354)
Balance, March 31, 2023	44,092,374	\$ 278,141,528	\$ 47,042,101	\$ (2,164,833)	\$ (166,681,137)	\$ 156,337,659
Share-based payments	—	—	1,161,073	—	—	1,161,073
Loss for the period	—	—	—	42,689	(7,298,873)	(7,256,184)
Balance, June 30, 2023	<u>44,092,374</u>	<u>\$ 278,141,528</u>	<u>\$ 48,203,174</u>	<u>\$ (2,122,144)</u>	<u>\$ (173,980,010)</u>	<u>\$ 150,242,548</u>

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

ESSA PHARMA INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in United States dollars)

FOR THE NINE MONTHS ENDED JUNE 30, 2023

1. NATURE OF OPERATIONS**Nature of Operations**

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".

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 ("NTD") which were the joint property of the British Columbia Cancer Agency and the University of British Columbia. As of June 30, 2023, no products are in commercial production or use.

2. BASIS OF PRESENTATION**Basis of Presentation**

These accompanying unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with United States' Generally Accepted Accounting Principles ("U.S. GAAP") and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, these condensed consolidated interim financial statements do not include all of the information and footnotes required for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended September 30, 2022 and included in the Company's 2022 Annual Report on Form 10-K filed with the SEC and with the securities commissions in British Columbia, Alberta and Ontario on December 13, 2022.

These unaudited condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of results for the interim periods presented. The results of operations for the nine months ended June 30, 2023 and 2022 are not necessarily indicative of results that can be expected for a full year. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies as those described in the notes to the audited consolidated financial statements of the Company included in the Company's 2022 Annual Report on Form 10-K for the year ended September 30, 2022, with the exception of any policies described in Note 3. Certain prior period amounts in the unaudited condensed consolidated interim statements of cash flows have been reclassified to conform to the current period presentation.

These accompanying unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated upon consolidation.

The accompanying condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value.

All amounts expressed in these accompanying 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.

Use of Estimates

The preparation of the accompanying condensed consolidated interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, expenses, contingent assets and contingent liabilities as of the end of, or during, the reporting period. Actual results could significantly differ from those estimates. Significant areas requiring management to make estimates include the valuation of equity instruments issued for services. Further details of the nature of these assumptions and conditions may be found in the relevant notes to these condensed consolidated interim financial statements.

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. Estimates and assumptions are reviewed quarterly.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements not yet adopted

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's condensed consolidated interim financial statements.

Recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates (“GICs”) held at financial institutions purchased in accordance with the Company’s treasury policy. These GICs and term deposits bear interest at 4.23%-4.85% per annum and have maturities of up to 12 months.

Short-term investments also consist of U.S. treasury securities, corporate debt securities and commercial paper. The Company has classified these investments as available-for-sale, as the sale of such investments may be required prior to maturity to implement management strategies, and therefore has classified all investment securities as current assets. Those investments with maturity dates of three months or less at the date of purchase are presented as cash equivalents in the accompanying balance sheets. Short-term investments are carried at fair value with the unrealized gains and losses included in accumulated other comprehensive loss as a component of shareholders’ equity (deficit) until realized. Any premium or discount arising at purchase is amortized or accreted to investment income as an adjustment to yield using the straight-line method over the life of the instrument. The Company records an allowance for credit losses when unrealized losses are due to credit-related factors. Realized gains and losses are calculated using the specific identification method and recorded as investment income.

	As of June 30, 2023				
	Amortized Cost	Gains	Unrealized Losses	Accrued Investment Income	Estimated Fair Value
U.S. Treasury securities	\$ 71,863,705	\$ —	\$ (44,453)	\$ 303,365	\$ 72,122,617
GICs and Term deposits	40,578,413	—	—	219,276	40,797,689
Corporate debt securities	1,079,832	—	(14)	1,799	1,081,617
Balance, end of period	<u>\$ 113,521,950</u>	<u>\$ —</u>	<u>\$ (44,467)</u>	<u>\$ 524,440</u>	<u>\$ 114,001,923</u>

	As of September 30, 2022				
	Amortized Cost	Gains	Unrealized Losses	Accrued Investment Income	Estimated Fair Value
GICs and Term deposits	\$ 89,688,690	\$ —	\$ —	\$ 316,960	\$ 90,005,650
U.S. Treasury securities	11,149,053	—	(39,590)	39,720	11,149,183
Corporate debt securities	3,034,417	—	(19,076)	29,258	3,044,599
Commercial paper	5,961,597	—	—	—	5,961,597
Balance, end of period	<u>\$ 109,833,757</u>	<u>\$ —</u>	<u>\$ (58,666)</u>	<u>\$ 385,938</u>	<u>\$ 110,161,029</u>

As of June 30, 2023, short-term investments have an aggregate fair market value of \$114.0 million (September 30, 2022 – \$110.2 million) were in an aggregate gross unrealized loss position of \$44,467 (September 30, 2022 - \$58,666). The Company considers the decline in market value for the securities to be primarily attributable to current economic and market conditions. These particular investments have been in an unrealized loss position for less than 12 months and it is not more likely than not that the Company will be required to sell any of its securities prior to maturity. Accordingly, no allowance for credit losses has been recorded as of June 30, 2023 and no realized gains or losses on sales of short-term investments have been recorded through June 30, 2023.

5. PREPAIDS

	<u>June 30, 2023</u>	<u>September 30, 2022</u>
Prepaid insurance	\$ 179,955	\$ 1,611,516
Prepaid CMC and clinical expenses and deposits	181,835	181,835
Other deposits and prepaid expenses	<u>326,382</u>	<u>22,275</u>
Balance, end of period	<u>\$ 688,172</u>	<u>\$ 1,815,626</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>June 30, 2023</u>	<u>September 30, 2022</u>
Accounts payable	\$ 2,050,602	\$ 954,598
Accrued expenses	769,316	807,484
Accrued vacation	<u>476,459</u>	<u>414,483</u>
Balance, end of period	<u>\$ 3,296,377</u>	<u>\$ 2,176,565</u>

7. OPERATING LEASE

Operating lease right-of-use assets

Balance, September 30, 2021	\$ 308,286
Amortization	(91,340)
Balance, June 30, 2022	\$ 216,946
Balance, September 30, 2022	\$ 186,499
Amortization	(91,341)
Balance, June 30, 2023	\$ 95,158

Operating lease liabilities

Balance, September 30, 2021	\$ 330,970
Accretion	10,555
Lease payments	(99,384)
Balance, June 30, 2022	\$ 242,141
Balance, September 30, 2022	\$ 210,252
Accretion	5,821
Lease payments	(104,800)
Balance, June 30, 2023	\$ 111,273
Operating lease liabilities with expected life of less than one year	\$ 111,273
Operating lease liabilities with expected life greater than one year	\$ —

The Company recognizes a right-of-use asset for the right to use the underlying asset for the lease term, and a lease liability, which represents the present value of the Company's obligation to make payments over the lease term. The present value of the lease payments is calculated using an incremental borrowing rate as the Company's leases do not provide an implicit interest rate. At June 30, 2023, the Company's incremental borrowing rate was 5.0% and the remaining lease term for the South San Francisco office was 11 months and Houston office was 1 month.

Accretion expense of \$5,821 (2022 - \$10,555) has been recorded in "financing costs" in the condensed consolidated interim statements of operations and comprehensive loss.

8. SHAREHOLDERS' EQUITY

Authorized

Unlimited common shares, without par value.

Unlimited preferred shares, without par value.

Omnibus incentive plans

The Company has adopted an omnibus incentive plan (“Omnibus Plan”) consistent with the policies and rules of the Nasdaq. Pursuant to the Omnibus Plan, the Company may issue stock options, share appreciation rights, restricted shares, restricted share units and other share-based awards. As of June 30, 2023, the Company has not issued any instruments other than stock options under the Omnibus Plan.

As of June 30, 2023, the Omnibus Plan has a maximum of 8,410,907 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. The Company currently holds offerings consisting of six month periods commencing on January 1 and July 1 of each calendar year, with a single purchase date at the end of the purchase period on June 30 and December 31 of each calendar year.

Eligible employees are able to contribute up to 15% of their gross base earnings for purchases under the ESPP through regular payroll deductions. Purchase of shares under the ESPP are limited for each employee at \$25,000 worth of the Company’s common shares (determined using the lesser of (i) the market price of a common share on the first day of an applicable purchase period and (ii) the market price of a common share on the purchase date) for each calendar year in which a purchase right is outstanding.

As of June 30, 2023, the ESPP has a maximum of 217,300 (2022 –236,598) common shares reserved for issuance. During the nine months ended June 30, 2023, the Company issued 19,298 shares (2022 –15,820) upon the exercise of Purchase Rights. Subsequent to June 30, 2023, the Company issued 8,464 shares for the exercise of Purchase Rights for the purchase period ending on June 30, 2023. The Company recognizes compensation expense for purchase rights on a straight-line basis over the service period.

	For the three months ended		For the nine months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Research and development expense	\$ 754	\$ 3,650	\$ 2,106	\$ 15,783
General and administrative	42	6,152	536	13,109
	<u>\$ 796</u>	<u>\$ 9,802</u>	<u>\$ 2,642</u>	<u>\$ 28,892</u>

The Company measures the purchase rights based on their estimated grant date fair value using the Black-Scholes option pricing model and the estimated number of shares that can be purchased. The following weighted average assumptions were used for the valuation of purchase rights:

	2023	2022
Risk-free interest rate	3.47 %	0.44 %
Expected life of share purchase rights	6 months	6 months
Expected annualized volatility	119.34 %	93.66 %
Dividend	—	—

Stock options

Pursuant to the Omnibus 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.

Stock option transactions are summarized as follows:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price*</u>
Balance, September 30, 2021	6,803,230	\$ 5.20
Options granted	1,347,500	4.55
Options exercised	(72,910)	(4.41)
Options expired/forfeited	<u>(175,759)</u>	<u>(3.60)</u>
Balance, September 30, 2022	7,902,061	\$ 5.13
Options granted	300,000	2.97
Options expired/forfeited	<u>(51,787)</u>	<u>(5.03)</u>
Balance outstanding, June 30, 2023	8,150,274	\$ 5.05
Balance exercisable, June 30, 2023	<u>6,058,158</u>	<u>\$ 4.82</u>

* Options exercisable in Canadian dollars as of June 30, 2023 are translated at current rates to reflect the current weighted average exercise price in US dollars for all outstanding options.

At June 30, 2023, options were outstanding enabling holders to acquire common shares as follows:

<u>Exercise price</u>	<u>Number of options</u>	<u>Weighted average remaining contractual life (years)</u>
\$ 2.39	50,000	9.21
\$ 2.70	20,000	9.84
\$ 2.71	20,000	9.82
\$ 2.91	175,000	9.58
\$ 2.97	15,000	9.90
\$ 3.05	50,000	9.94
\$ 3.23	3,629,400	6.27
\$ 3.59	26,667	6.30
\$ 3.60	922,500	9.01
\$ 3.75	20,000	9.43
\$ 3.81	185,816	5.62
\$ 4.00	539,518	4.48
\$ 4.67	168,227	6.34
\$ 5.99	190,000	8.82
\$ 7.00	1,458,646	7.45
\$ 8.47	120,000	8.29
\$ 9.76	50,000	8.64
\$ 13.96	190,000	7.54
\$ 29.63	100,000	7.83
\$ 31.62	75,000	7.92
C\$ 4.90	124,500	3.88
C\$ 5.06	20,000	5.62
	<u>8,150,274</u>	<u>6.93</u>

Share-based compensation

During the nine months ended June 30, 2023, the Company granted a total of 300,000 (2022 –1,297,500) stock options with a weighted average fair value of \$2.82 per option (2022 - \$3.25).

The Company recognized share-based payments expense for options granted and vesting, net of recoveries on cancellations of unvested options, during the period ended June 30, 2023 and 2022 with allocations to its functional expense as follows:

	For the three months ended		For the nine months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Research and development expense	\$ 598,867	\$ 868,881	\$ 2,138,866	\$ 3,237,958
General and administrative	561,410	712,317	2,020,267	2,687,594
	<u>\$ 1,160,277</u>	<u>\$ 1,581,198</u>	<u>\$ 4,159,133</u>	<u>\$ 5,925,552</u>

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

	2023	2022
Risk-free interest rate	3.78 %	2.72 %
Expected life of options	10.00 years	10.00 years
Expected annualized volatility	186.50 %	79.11 %
Dividend	—	—

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2021 and September 30, 2022	3,234,750	\$ 4.84
Warrants expired	(307,273)	(49.86)
Balance outstanding and exercisable, June 30, 2023	<u>2,927,477</u>	<u>\$ 0.11</u>

At June 30, 2023, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
7,477	\$ 42.80	November 18, 2023
2,920,000	\$ 0.0001	August 23, 2024
<u>2,927,477</u>		

9. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at June 30, 2023 is \$91,887 (September 30, 2022 - \$81,225) 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.

10. 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.

11. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and cash equivalents, short-term investments, receivables and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, GICs and term deposits included in short-term investments, receivables and accounts payable and accrued liabilities approximates their carrying values due to their short term to maturity. The fair value of U.S. treasury securities, corporate debt securities and commercial paper included in short-term investments and the fair value of the money market funds included in cash equivalents are measured using Level 2 inputs based on standard observable inputs, including reported trades, broker/dealer quotes, and bids and/or offers (Note 4).

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 cash equivalents, short-term investments and receivables. The Company limits its exposure to credit loss by placing its cash, to the extent possible in segregated funds with major financial institutions. The Company considers highly liquid investments with a maturity of up to twelve months when purchased to be short-term investments. Short-term investments includes investments that may have maturity dates exceeding one year at the date of purchase; however, the Company may liquidate investment positions prior to maturity to implement management strategies. The Company maintains an investment policy which requires certain minimum investment grades over its investment instruments.

As of June 30, 2023, cash and cash equivalents consisted of cash in Canada and the United States, money market funds in the United States and investments in certain instruments which have a maturity of less than three months at the date of purchase. Balances in cash accounts exceed amounts insured by the Canada Deposit Insurance Corporation for up to C\$100,000 and by the Federal Deposit Insurance Corporation for up to \$250,000. 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 of June 30, 2023, the Company had working capital of \$149,882,729. 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 of June 30, 2023, the Company has cash and cash equivalents balances and short-term investments which are interest bearing. Interest income is not central to the Company's capital management strategy and not significant to the Company's projected operational budget. 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 and Euro. The Company maintains its cash and cash equivalents in U.S. dollars and converts on an as needed basis to discharge Canadian denominated expenditures. A 10% change in the foreign exchange rate between the Canadian dollar and U.S. dollar in relation to Canadian dollar held at June 30, 2023 would result in a fluctuation of \$14,752 in the net gain recognized for the period. The Company does not currently engage in hedging activities.