Management's Discussion and Analysis

For the Year Ended March 31, 2018

DATE OF REPORT: June 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") has been prepared as of June 26, 2018, and should be read in conjunction with the consolidated audited financial statements of Medicenna Therapeutics Corp. ("Medicenna", the "Company", "we", "our", "us" and similar expressions) for the year ended March 31, 2018. The consolidated audited statements of Medicenna as at March 31, 2018 and March 31, 2017, were prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise noted. Unless stated otherwise, all references to "$" are to Canadian dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements within the meaning of applicable securities laws. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All statements contained herein that are not clearly historical in nature are forward-looking, and the words such as "plan", "expect", "is expected", "budget", "scheduled", "estimate", "forecast", "contemplate", "intend", "anticipate", or "believe" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might", "shall" or "will" be taken, occur or be achieved and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's:

- requirements for, and the ability to obtain, future funding on favorable terms or at all;
- business strategy;
- expected future loss and accumulated deficit levels;
- projected financial position and estimated cash burn rate;
- expectations about the timing of achieving milestones and the cost of the Company's development programs;
- observations and expectations regarding the effectiveness of MDNA55 and the potential benefits to patients;
- expectations regarding the completion of enrolment of the Company's Phase 2b clinical trial;
- expectations about the timing with respect to commencement of additional clinical trials;
- expectations about the Company's products safety and efficacy;
- expectations regarding the Company's ability to arrange for the manufacturing of the Company's products and technologies;
- expectations regarding the progress and successful and timely completion of the various stages of the regulatory approval process;
- ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- strategy to acquire and develop new products and technologies and to enhance the safety and efficacy of existing products and technologies;
- plans to market, sell and distribute the Company's products and technologies;
- expectations regarding the acceptance of the Company's products and technologies by the market;
- ability to retain and access appropriate staff, management, and expert advisers;
- expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by the Company or to the Company in respect of such arrangements; and
- strategy and ability with respect to the protection of the Company's intellectual property.

all as further and more fully described under the section of this MD&A titled "Risk Factors". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ

materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Although the forward-looking statements contained in this MD&A are based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements.

Any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by securities laws.

All references in this MD&A to "the Company", "Medicenna", "we", "us", or "our" refer to Medicenna Therapeutics Corp. and the subsidiaries through which it conducts its business, unless otherwise indicated.

COMPANY OVERVIEW

Medicenna Therapeutics Corp. is the company resulting from a "three-cornered" amalgamation involving A2 Acquisition Corp ("A2"), 1102209 B.C. Ltd., a wholly-owned subsidiary of A2 and Medicenna Therapeutics Inc. ("MTI"), a privately held clinical stage biotechnology company. A2 was formed by articles of incorporation under the Business Corporations Act (Alberta) ("ABCA") on February 2, 2015, and following its initial public offering, was a "capital pool company" listed on the Toronto Stock Exchange Venture ("TSXV"). As a capital pool company, A2 had no assets other than cash and did not carry on any operations. On March 1, 2017, the Company changed its name to Medicenna Therapeutics Corp. and completed a consolidation of its share capital on the basis of one post-consolidation common share for every 14 pre-consolidation common shares (the "Consolidation"). Medicenna completed its qualifying transaction pursuant to the policies of the TSXV by way of reverse takeover of A2 by the shareholders of MTI on March 1, 2017 (the "Transaction").

MTI was identified for accounting purposes as the acquirer, and accordingly the entity is considered to be a continuation of MTI and the net assets of A2 at the date of the Transaction are deemed to have been acquired by MTI. The consolidated financial statements include the results of operations of Medicenna from March 1, 2017. The comparative figures are those of MTI prior to the Transaction. On August 2, 2017 Medicenna graduated to the main board of the Toronto Stock Exchange ("TSX") and on October 18, 2017 Medicenna was listed on the OTCQX International ("OTCQX"). On November 13, 2017, Medicenna continued under the Canada Business Corporations Act.

Medicenna has three wholly owned subsidiaries, MTI, Medicenna Biopharma Inc. (Delaware) and Medicenna Biopharma Inc. (British Columbia).

Medicenna is a clinical stage immunotherapy company developing novel highly selective versions of IL-2, IL-4 and IL-13 Superkines™ and first in class Empowered Cytokines™ (ECs). Our mission is to become the leader in the development and commercialization of targeted Empowered Cytokines™ and Superkines for the treatment of a broad range of cancers and immune-mediated diseases. We seek to achieve these successful treatments by drawing on our expertise, and that of world-class collaborators, to develop a unique set of Superkines. These Superkines can be developed either on their own as short or long-acting therapeutics or fused with pro-apoptotic proteins in order to precisely deliver potent cell-killing agents to the cancer cells as well as the immunosuppressive tumor micro-environment and the cancer stem cells without harming healthy cells. Superkines can also be fused with other types of proteins such as antibodies to generate novel "immunocytokines" or combined with other treatment modalities such as CAR-T or oncolytic viruses to stimulate tumor-killing immune cells or overcome the immunosuppressive tumor micro-environment.

MDNA55 is Medicenna's lead EC in clinical development for the treatment of rGBM. It is a fusion of a circularly permuted version of interleukin ("IL-4"), fused to a potent fragment of the bacterial toxin, Pseudomonas exotoxin

("PE"). MDNA55 has been studied in 3 clinical trials in 72 patients with rGBM, a uniformly fatal form of brain cancer, in which it has shown compelling indications of superior efficacy to the current standard of care. MDNA55 has secured Orphan Drug Status from the United States Food and Drug Administration ("FDA") and the European Medicines Agency ("EMA") as well as Fast Track Designation from the FDA for the treatment of rGBM.

Medicenna will focus on completing patient enrollment for its Phase 2b clinical trial for MDNA55 in 52 rGBM patients at clinical sites throughout the U.S, and expects to complete enrolment in Q4 2018.

Complementing our lead clinical asset Medicenna has built a deep pipeline of promising pre-clinical candidates. These include a library of Superkines™ such as IL-2 agonists ("MDNA109"), IL-2 antagonists ("MDNA209"), dual IL-4/IL-13 antagonists ("MDNA413") and IL-13 Superkine ("MDNA132") in-licensed from Stanford University. The most advanced of these programs is MDNA109 which is in pre-clinical development and is the only engineered IL-2 Superkine designed to specifically target CD122 (IL-2Rβ) without CD25 dependency. Unlike native IL-2, MDNA109 potently stimulates effector T cells, reverses Natural Killer (NK) cell anergy and acts with exceptional synergy when combined with checkpoint inhibitors. Lead selection of MDNA109 with extended half-life characteristics is currently underway.

ACHIEVEMENTS & HIGHLIGHTS

The following are the achievements and highlights for the year ending March 31, 2018 through to the date hereof:

- On April 13, 2017, we announced the treatment of the first patient in the Phase 2b clinical trial of MDNA55 for the treatment of recurrent glioblastoma, the most common and deadly form of brain cancer.
- On April 27, 2017 we announced the issuance of a US Patent related to our lead clinical candidate MDNA55. U.S. Patent 9,629,899, issued to the U.S. Department of Health and Human Services and licensed exclusively to Medicenna, covers the combination of MDNA55 with other anti-cancer therapeutic agents.
- On August 1, 2017 we announced the graduation of our common shares to the main board of the TSX, the premier stock exchange in Canada.
- On September 21, 2017 we appointed Dr. William Li, an experienced oncology drug development expert, to our Board of Directors.
- On October 10, 2017, new clinical data was presented at the 2017 Congress of Neurological Surgeons (Boston, MA), demonstrating successful delivery in brain cancer patients and a reassuring safety profile for MDNA55 as well as a substantially higher proportion of the target tissue being covered then in previous similar trials. In some cases, close to 100% of the tumor and the 1cm margin around it (at risk for tumor spread) had been successfully covered.
- On October 18, 2017, our common shares were listed on the OTCQX, a segment of the OTC marketplace reserved for high-quality non-U.S. companies, under the symbol, "MDNAF".
- In November, further drug distribution and safety data were presented at the Annual Meeting of the Society for Neuro-Oncology (San Francisco, CA), on the first 15 patients in the study confirming earlier results presented at the Congress of Neurological Surgeons.
- Medicenna was issued a US Patent related to our Superkine platform. U.S. Patent 9,738,696, issued to the Board of Trustees of the Leland Stanford Junior University ("Stanford") and licensed exclusively to Medicenna, covers the composition of engineered IL-4 Superkines.
- Subsequent to the year end, on May 2, 2018, Medicenna announced that half the patients in the ongoing Phase 2b study of MDNA55 in recurrent glioblastoma had been recruited and the data demonstrate solid safety results and early signals of efficacy based on the findings of the Safety Review and Clinical Advisory Committees, comprised of key opinion leaders and study investigators. Following the recruitment milestone the protocol was amended to implement optimal methodologies for treatment of the remaining patients.

CPRIT Agreement

In February 2015, we were awarded a grant of up to US$14.1 million from the Cancer Prevention and Research Institute of Texas ("CPRIT"). The grant, entitled "A Multi-Targeted Approach for Recurrent Glioblastoma and Other Aggressive Cancers: Exploiting the Potential of IL-4 Fusion Proteins", was awarded to us following a comprehensive peer-review process by the CPRIT Product Development Panel, whose members have extensive scientific, clinical and commercial expertise. The application process conducted by CPRIT also included third party regulatory, product development and intellectual property due diligence. The grant is being used to conduct a Phase 2b rGB clinical trial with MDNA55, develop a potential companion diagnostic to screen patients with IL4R positive cancers and develop next-generation fully human IL4-ECs for the treatment of other IL4R positive cancers. Under the terms of the CPRIT Contract, a total of up to US$14.1 million in non-dilutive funds will be disbursed in tranches over a period of three years (increased to four years in November 2017) upon progress of the research plan, achievement of certain scientific and clinical milestones and Medicenna's ability to secure matching funds.

Ongoing program funding from CPRIT is subject to a number of conditions including the satisfactory achievement of milestones that must be met to release additional CPRIT funding, proof the Company has raised 50% matching funds and that best efforts have been made to establish substantial project related expenses within the state of Texas. 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 relocates the majority of its project related operations outside of the state of Texas, then the Company may be required to repay any grant proceeds received. There can be no assurances that the Company will continue to meet the necessary CPRIT criteria or that CPRIT will continue to advance additional funds to the Company.

Under the terms of the grant, the Company is also required to pay a royalty to CPRIT, comprised of 3-5% of revenues until aggregate royalty payments equal 400% of the grant funds received at which time the ongoing royalty will be 0.5%.

The Qualifying Transaction

The Transaction constituted a reverse takeover by MTI of A2 (now Medicenna), a non-operating public enterprise. Medicenna, being an accounting acquiree, did not meet the definition of a business under IFRS 3, Business Combinations, and therefore the Transaction did not qualify as a business combination. MTI is deemed to have issued equity to the holders of the equity interest of Medicenna. Consequently, the Transaction was accounted for as a continuation of the consolidated financial statements of MTI, together with a deemed issuance on March 1, 2017 of common shares and options by the resulting company for the net assets and listing status of Medicenna accounted for in accordance with IFRS 2, Share-based Payment. The identifiable assets and liabilities of Medicenna were recognized at fair value at the acquisition date, with the excess of the fair value of the equity interest over the fair value of the net assets issued charged to the consolidated statements of loss and comprehensive loss as listing expense. The fair value of common shares issued included the fair value of 14,500 common shares issued to Richardson GMP Limited in connection with the Transaction.

The comparative figures that are presented in the consolidated financial statements are those of MTI. The consolidated statements of loss and comprehensive loss include the full results of MTI for the period from April 1, 2016 to March 1, 2017.

Net assets of A2:	March 1, 2017
Cash	$ 608,530
Accounts payable and accrued liabilities	(5,909)
	602,621
Total consideration	2,387,035
Listing expense	**$ 1,784,414**
Consideration comprised of:	
Fair value of common shares	$ 2,171,856
Fair value of options	215,179
	$ 2,387,035

FINANCING UPDATE

Year ended March 31, 2018

During the year ended March 31, 2018, 164,447 warrants and 100,356 options were exercised for total cash proceeds of $469,393. In addition to the cash proceeds received, the original fair value related to these warrants and options of $369,068 was transferred from contributed surplus to share capital. This resulted in a total amount of $838,461 credited to share capital.

Year ended March 31, 2017

On April 4, 2016, MTI closed a second tranche of the private placement of Special Warrants issuing an aggregate of 1,303,668 Special Warrants at a price of $2.00 per special warrant for gross proceeds of $2,607,336 (the "Second Tranche"). In connection with the Second Tranche, MTI paid Bloom Burton a cash commission of $119,630 and issued an aggregate of 68,360 broker warrants. Each broker warrant entitles the holder to purchase one common share of Medicenna at a price of $2.00 per share at any time prior to April 4, 2018.

On April 5, 2016, MTI completed a convertible debenture (the "Debenture") financing (the "Debenture Financing"). On closing, MTI issued 900,000 Debentures at a price of $2.00 per Debenture for aggregate gross proceed of $1,800,000. Each Debenture was convertible, for no additional consideration into one Special Warrant at the discretion of MTI. MTI immediately exercised its option to convert all 900,000 Debentures into 900,000 Special Warrants on April 5, 2016. In connection with the Debenture Financing, MTI issued an aggregate of 198,000 warrants. Each warrant entitles the holder to acquire one common share of Medicenna at a price of $2.00 per share at any time up to April 5, 2021.

On April 22, 2016, MTI closed a third tranche of the private placement of Special Warrants (the "Third Tranche"). On closing, MTI issued an aggregate of 428,500 Special Warrants at a price of $2.00 per warrant for gross proceeds of $857,000. In connection with the Third Tranche, MTI paid Bloom Burton a cash commission of $54,390 and issued an aggregate of 31,080 broker warrants. Each warrant entitles the holder to purchase one common share of Medicenna at a price of $2.00 per share at any time prior to April 22, 2018.

On November 30, 2016 and December 1, 2016, MTI closed a fourth tranche of the private placement of Special Warrants (the "Fourth Tranche"). On closing, MTI issued an aggregate of 498,236 Special Warrants at a price of $2.00 per special warrant for gross proceeds of $996,472. In connection with the Fourth Tranche, MTI paid Bloom Burton a cash commission of $53,937 and issued an aggregate of 30,820 broker warrants. Each broker warrant entitles the holder to purchase one common share of Medicenna at a price of $2.00 per share at any time prior to November 30, 2018.

Effective January 1, 2017, MTI entered into an amendment to the consulting agreement between Medicenna and Bloom Burton dated as of February 25, 2016. Pursuant to the amendment, in exchange for certain services,

MTI agreed to issue to Bloom Burton an aggregate of 1,379,083 incentive warrants. Each such incentive warrant is exercisable into one common share at an exercise price of $2.00 per share until January 1, 2021. Such incentive warrants will be held in escrow until the earlier of (i) December 31, 2018 and (ii) the date MTI attains certain research and development metrics.

On February 5, 2017, MTI, A2 (now Medicenna) and a wholly-owned subsidiary of A2 entered into a definitive amalgamation agreement to govern the Transaction (the "Amalgamation Agreement").

On February 28, 2017, MTI completed a private placement of 2,000,000 subscription receipts for gross proceeds of $4,000,000. In connection with the financing, MTI paid to the agents a cash commission of $274,575 (plus a $35,000 corporate finance fee) and issued 156,512 broker warrants exercisable at $2.00 per common share of Medicenna at any time up to February 28, 2019.

On March 1, 2017, immediately prior to the completion of the Transaction, all Special Warrants and subscriptions receipts of MTI were converted into common shares of MTI.

On March 1, 2017, A2 (now Medicenna) acquired all of the securities of MTI. The Transaction comprised the Qualifying Transaction of the Company in accordance with the Exchange policies.

Immediately prior to completion of the Transaction, the Company completed the Consolidation. Following the Consolidation, and prior to completion of the Transaction, the Company had 1,071,428 common shares.

In connection with the Transaction, the Company issued an aggregate of 23,221,415 common shares to former holders of common shares of MTI at a deemed issuance price of $2.00 per common share. In addition, 14,500 common shares were issued at a deemed price of $2.00 per share to Richardson GMP Limited, an arm's length finder in connection with the Transaction. The shareholders of A2 held 1,071,429 common shares at the time of the Transaction. As a result of the foregoing, the outstanding capital of the Company upon completion of the Transaction consisted of 24,307,343 common shares.

The Company also issued the following convertible securities in connection with the Transaction: 1,100,000 stock options, 198,000 common share purchase warrants, 2,667,083 incentive warrants, 433,812 broker warrants.

Escrowed Securities

In connection with the initial public offering of A2 and pursuant to an escrow agreement dated June 8, 2015, an aggregate of 714,285 common shares were placed in escrow.

In connection with the Transaction and pursuant to an escrow agreement dated March 1, 2017, an additional 15,600,000 common shares of Medicenna were placed into escrow.

Pursuant to the policies of the Toronto Stock Exchange of the shares noted above, 4,078,572 common shares of the Company remain in escrow as at March 31, 2018 (March 31, 2017 – 14,682,858). The shares held in escrow will be released on September 2, 2018.

RESEARCH & DEVELOPMENT UPDATE

MDNA55

MDNA55 has been studied in previous clinical trials under two Investigational New Drug Applications ("IND") for the treatment of rGBM, high grade glioma and non-CNS solid tumors. To date, MDNA55 has promising clinical data from 72 patients including 66 adult patients with rGBM following a single intra-tumoral infusion. It has secured Orphan Drug Status from the FDA and the EMA as well as Fast Track Designation from the FDA.

Since the above mentioned clinical trials, there have been many improvements to the convection enhanced delivery ("CED") technology, a drug delivery technique for localized delivery of MDNA55 into brain tumors. This includes use of newly developed techniques for high precision placement of catheters into the tumor bed as well as novel stepped design catheters that prevent backflow and leakage of MDNA55 during treatment. Furthermore, by co-infusion of an MRI ("Magnetic Resonance Imaging") contrast agent with MDNA55, drug distribution can be monitored in real-time in order to achieve maximum coverage of the tumor bed and the tumor margins. Unlike previous clinical trials, early data from the MDNA55 Phase 2b clinical trial presented in October and November 2017, show that each of these improvements facilitates more accurate targeting and superior distribution of MDNA55 to regions of active tumor growth as well as the margins around the tumor. Medicenna has obtained an exclusive license from the National Institute of Health ("NIH") to patents covering CED and the use of a surrogate tracer for real-time monitoring of MDNA55 delivery and distribution.

Phase 2b Study Outline for Glioblastoma at First Recurrence or Progression

The Phase 2b trial with MDNA55 using enhanced CED delivery is a multi-center, open-label, single-arm study in approximately 52 subjects with first or second recurrence or progression of GBM after surgery or radiotherapy ± adjuvant therapy or other experimental therapies.

The primary endpoint in the study is to determine the objective response rate ("ORR") as per Response Assessment in Neuro-Oncology (RANO) based criteria following a single intra-and peri-tumoral infusion of MDNA55 in adult subjects with rGBM. The ORR will be assessed by gadolinium-enhanced MRI and determined by an independent blinded central imaging lab. The primary efficacy analysis will be assessed according to a single-stage binomial design with primary hypothesis test comparing a null ORR of 6% with an alternative ORR of 18%, at 1-sided alpha = 0.20. The study will have 80% power with 23 evaluable subjects under the optimized protocol.

Phase 2b Study Update

In April 2017, we treated the first patient in the Phase 2b clinical trial of MDNA55 for the treatment rGBM and we are currently enrolling patients at nine clinical sites across the United States and we expect to complete enrolment in the study (52 patients) in Q4 of calendar 2018.

On September 28, 2017 we announced that based on encouraging drug distribution and safety data observed in the on-going Phase 2b clinical trial of MDNA55 we had commenced the implementation of an amended protocol incorporating enhanced drug delivery procedure which will be used for the treatment of the remaining patients. The amended protocol allows higher doses and volumes of MDNA55 as well as an increase in the total expected study size – from 43 patients under the original protocol to 52 total planned patients now expected to enroll. This protocol amendment was based on a planned safety analysis following a unanimous recommendation from MDNA55's Safety Review Committee after enrollment of the first six patients.

On October 10, 2017, new clinical data was presented at the 2017 Congress of Neurological Surgeons ("CNS") (Boston, MA), demonstrating successful delivery in rGBM patients and a reassuring safety profile for MDNA55. In the study MDNA55-05, investigators administer MDNA55 directly into GBM brain tumors using CED which allows precision delivery of MDNA55 at high concentrations into the tumor tissue while avoiding exposure to the rest of the body. Principal investigator John H. Sampson MD, PhD, of Duke University Medical Center Department of Neurosurgery, presented the data at the CNS meeting which showed a substantially higher proportion of the target tissue being covered then in previous similar trials. In some cases, close to 100% of the tumor and the 1cm margin around it (at risk for tumor spread) had been successfully covered.

Additional clinical data from the on-going Phase 2b rGBM clinical trial of MDNA55 were presented at the 22nd Annual Meeting of the Society of Neuro-Oncology ("SNO") held in San Francisco (November 15-19, 2017). Dr. Krystof Bankiewicz, MD, PhD, Professor in Residence of Neurological Surgery at the University of California San Francisco, provided an update on drug distribution and safety data from the first 15 patients treated in the study. The oral and poster presentations at the SNO conference outlined that through a process of real-time image guided delivery together with the ability to monitor and adjust infusion parameters, drug delivery was dramatically improved with significant enhancement in target coverage. A previous CED study in rGBM, without the advances

implemented by Medicenna, [ref: J Neurosurg. 2010 Aug;113(2):301-9], was able to achieve, on average, coverage of only 20% of the target volume. In contrast, in the current study, a comparable estimate for coverage of the tumor and a 1cm high-risk margin around it showed approximately 65% coverage with the figure rising to 75% for the tumor area alone, with some patients achieving near 100% coverage of the target volume.

Subsequent to the year end, as of May 2, 2018, half the patients in the study have been recruited and the data to date demonstrated solid safety results and early signals of efficacy based on the findings of the Safety Review and Clinical Advisory Committees, comprised of key opinion leaders and study investigators. Following the Safety Review Medicenna amended the protocol at the recommendation of clinical advisors to further improve the chances for demonstrating increased therapeutic benefit for patients. The amendment will allow the implementation of optimal methodologies including more personalized dosing based on the tumor load, incorporation of advanced imaging modalities to measure treatment responses more reliably and allowing investigators to administer a second dose of MDNA55 where appropriate.

Review of some patients who had been withdrawn from the study, believing that their disease had progressed, found that the apparent increases in tumor volumes, seen on brain scans, were, in fact, due to tissue necrosis, inflammation and edema. This is a known effect of immunotherapeutic agents such as MDNA55, called pseudo-progression, which poses a challenge to patient retention, management and data interpretation. When evaluating images from the above patients, using multi-modal imaging, Medicenna found evidence of biological activity of MDNA55 suggesting that these patients were benefiting from the treatment, and in multiple cases following withdrawal from the study, surgical resection showed significant tumor necrosis. This amendment allows a biopsy and/or advanced multi-modal imaging to more accurately discriminate between necrosis/inflammation and true disease progression. It is believed these tools will encourage subjects to remain in the study, where appropriate, giving time for the pseudo-progression to resolve and increase the likelihood of clinical responses.

It is anticipated that enrollment in the study will be completed in calendar Q42018.

Superkine and Empowered Cytokine Platforms

IL-2 Superkines

IL-2 was one of the first effective immunotherapies developed to treat cancer due to its proficiency at expanding T cells, the central players in cell-mediated immunity. Originally discovered as a growth factor for T cells, IL-2 can also drive the generation of activated immune cells, immune memory cells, and immune tolerance.

In contrast, IL-2 induced overstimulation of immune cells can lead to an imbalance in the ratio of effector and regulatory T cells, resulting in autoimmune diseases.

Part of the reason for this is due to the nature of the IL-2 receptor.

The IL-2 receptor is composed of three different subunits, IL-2Rα (also known as CD25), IL-2Rβ (CD122) and IL-2Rγ (CD132). The arrangement of these different proteins determines the response to IL-2 signaling.

The IL-2β and IL-2γ components together make a receptor capable of binding IL-2, but only moderately so. When all three components are together, including IL-2Rα, the receptor binds IL-2 with a much higher affinity. This complete receptor is usually found on regulatory T cells, which dampen an ongoing immune response. The lower affinity receptor, composed of just the IL-2β and IL-2γ components, is more often found on “naive” immune cells, which are awaiting instructions before seeking out cancer cells.

Altering IL-2’s propensity for binding these receptors could encourage greater immune cell activation or block the function of regulatory cells.

Medicenna's MDNA109 and MDNA209 take advantage of this dynamic by binding to specific receptors and either activating or blocking them.

MDNA109 is an enhanced version of IL-2 that binds 200-1,000 times more effectively to IL-2Rβ, thus greatly increasing its ability to activate and proliferate the immune cells needed to fight cancer. Because it preferentially binds IL-2Rβ and not the receptor containing IL-2Rα, MDNA109 drives effector T cell responses over regulatory T cells.

Additionally, MDNA109 reverses Natural Killer (NK) cell anergy and acts with exceptional synergy when combined with checkpoint inhibitors. Lead selection of MDNA109 with extended half-life characteristics is currently underway.

MDNA209 can be used to induce the opposite effect. This Superkine mimics the shape of IL-2 and is also 200 times more likely to bind IL-2Rβ. But rather than triggering IL-2 signaling, MDNA209 acts as an antagonist, blocking the receptor and preventing it from transmitting the signal. This could be used for diseases such as autoimmune disorders where it is essential to prevent T cells from becoming activated and attacking healthy tissue.

IL-4 and IL-13 Superkines

Medicenna's IL-4 and IL-13 Superkines are engineered versions of wild type cytokines which possess enhanced affinity and selectivity for either the Type 1 or Type 2 (IL4R). This selectivity is achieved through mutations of the IL-4 or IL-13 proteins to enhance affinity for binding to specific IL4R subunits. Additional mutations have also been engineered to modulate their bioactivity, resulting in Superkines with enhanced signaling (super-agonists) or the ability to block signaling (super-antagonists).

One promising IL-13 Superkine antagonist is MDNA413. Compared to wild type IL-13, MDNA413 has been engineered to have 2,000-fold higher selectivity for the Type 2 IL4R and which potently blocks IL-4 and IL-13 signaling (Moraga et al, 2015). Blocking of Type 2 IL4R by MDNA413 may be relevant not only for targeting solid tumors that overexpress this receptor, but also for Th2-mediated diseases such as atopic dermatitis, asthma and idiopathic pulmonary fibrosis. With commercial validation of the IL-4/IL-13 axis as an effective therapeutic target for atopic dermatitis and asthma, Medicenna believes a topical or aerosol formulation of MDNA413 may be an important differentiated product compared to a blocking antibody (Dupixent®: Regeneron Pharmaceuticals and Sanofi) recently approved by the FDA for the treatment of moderate to severe atopic dermatitis. Dupixent® is administered by subcutaneous injection every other week.

Another promising IL-13 Superkine is MDNA132. Unlike MDNA413, MDNA132 is an IL-13 ligand that has been engineered to increase affinity for IL13R alpha2 overexpressed on certain solid tumors while exhibiting sharply decreased affinity for IL13R alpha1. Medicenna believes MDNA132 has superior targeting compared to other IL-13 variants in development, and is an attractively differentiated targeting domain for inclusion in new and exciting field of immuno-oncology based on the Chimeric Antigen Receptor T cell (CAR-T) platform.

IL-4 and IL-13 Empowered Cytokines

As part of the CPRIT funded project, Medicenna is pursuing development of MDNA57. The objective of the development is to further develop MDNA57 (a fully human version of MDNA55) designed to specifically target solid tumors that express the Type 2 IL4R. Being fully human, we expect MDNA57 to be less or non-immunogenic allowing multi-cycle systemic administration. Use of IL-4 or IL-13 Superkines, licensed from Stanford, as targeting domains may provide a higher degree of selectivity and therefore much better safety and efficacy profile.

SELECTED FINANCIAL INFORMATION

Year ended March 31	2018	2017	2016
	$	$	$
General and Administration	2,334,684	1,684,671	428,256
Research and Development	5,090,146	4,229,110	771,408
Net Loss	(7,465,452)	(7,631,265)	(1,334,064)
Basic and Diluted Loss per Share	(0.30)	(0.45)	(0.08)
Total Assets	4,374,582	14,483,227	5,755,008
Total Liabilities	2,212,757	7,826,486	3,510,114

We have not earned revenue in any of the previous fiscal years, other than income from interest earned on our cash balances.

For the year ended March 31, 2018, we reported a net loss of $7,465,452 or $0.30 per share compared to a loss of $7,631,265 or $0.45 per share for the year ended March 31, 2017. The decrease in net loss in the year ended March 31, 2018 compared with the year ended March 31, 2017 was primarily a result of a non-cash listing expense of $1,784,414 incurred in the prior year for which no comparable expense in the current year. This decrease was offset by increased spending on the Phase 2b clinical trial of MDNA55 during the year ended March 31, 2018 as well as spending on the pre-clinical pipeline, specifically MDNA109, partially offset by CPRIT eligible expenses related to MDNA55 and MDNA57.

RESULTS OF OPERATIONS FOR THE YEAR ENDING MARCH 31, 2018

Research and Development Expenses

	Year ended March 31,	
	2018	2017
	$	$
Chemistry, manufacturing and controls	**197,646**	1,036,696
Regulatory	**192,448**	183,551
Discovery and pre-clinical	**1,136,582**	404,656
Research & Development Warrant	**947,432**	236,858
Clinical	**4,787,093**	2,203,930
Salaries and benefits	**1,353,527**	1,010,233
Licensing, patent legal fees and royalties	**437,642**	991,412
Stock based compensation	**658,655**	44,604
CPRIT grant claimed on eligible expenses	**(5,016,479)**	(2,067,633)
Other research and development expenses	**395,600**	184,803
	5,090,146	4,229,110

Research and development (“R&D”) expenses of $5,090,146 were incurred during the year ended March 31, 2018, compared with $4,229,110 in the year ended March 31, 2017. The increase in expenditures in the current year can be primarily attributed to the following factors:

- Initiation of early discovery and pre-clinical activities associated with the Superkine programs including MDNA109 as well as the development of MDNA57 (second generation MDNA55).

- A research and development warrant that was issued to consultants working with Medicenna on the development of our early stage programs. The warrant was issued on January 1, 2017 and vests over an expected 24-month period. The year to date expense represents twelve months of amortization.
- Clinical costs increased significantly due to patient treatment and related expenses in the Phase 2b clinical trial of MDNA55 for which the first patient was treated in April 2017.
- Salaries and benefits rose in the year ended March 31, 2018 due to the increased headcount necessary to support the initiation and ongoing management of the Phase 2b clinical trial as well as the ongoing discovery and pre-clinical activities.
- Stock based compensation costs represent the fair value amortization of stock option grants issued to employees in the research and development department.
- Other research and development costs increased as a result of travel required to maintain an ongoing clinical trial, and the recruitment of qualified staff.
- These increases were partially offset by reduced chemistry, manufacturing and controls ("CMC") costs associated with the manufacture, testing and stability studies of MDNA55 drug product currently being used in the Phase 2b clinical trial as well as lower licensing, patent legal fees and royalty expense due to a one-time liquidity payment incurred in the prior year upon completion of the Transaction.

The above noted increases were offset by CPRIT eligible expenses related to MDNA55 and MDNA57 of $5,016,480 in the year ended March 31, 2018, compared with $2,067,633 in the same period in the prior year.

General and Administrative Expenses

	Year ended March 31,	
	2018	2017
	$	$
Depreciation expense	**9,704**	6,487
Stock based compensation	**958,377**	95,581
Facilities and operations	**225,840**	248,490
Legal, professional and finance	**332,706**	582,842
Salaries and benefits	**761,995**	1,017,336
Other expenses	**717,702**	287,819
CPRIT grant claimed on eligible expenses	**(671,640)**	(553,884)
	2,334,684	1,684,671

General and administrative ("G&A") expenses of $2,334,684 were incurred during the year ended March 31, 2018, compared with $1,684,671 during the year ended March 31, 2017. The increase is attributed primarily to the following factors:

- Stock based compensation expense in the current year represents the fair value amortization of stock option grants issued to general and administrative employees and directors.
- Other expenses increased due to the listing fee associated with the graduation of Medicenna's common shares from the TSX Venture exchange to the main TSX Board, the OTCQX listing, investor relations activities as well as fees paid to the Board of Directors.
- The above noted increases are offset by lower salary and benefit costs in the year ended March 31, 2018 due to severance costs incurred in the prior year as well as lower legal, professional and finance expenses in the year ended March 31, 2018 due to costs related to the RTO transaction incurred in the prior year.

The above noted increases were partially offset by CPRIT eligible expenses of $671,640 for which the Company was reimbursed in the year ended March 31, 2018, compared with $553,884 in the same period in the prior year.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	March 31 2018	Dec. 31 2017	Sept. 30 2017	June 30 2017	March 31 2017	Dec. 31 2016	Sept. 30 2016	June 30 2016
	$	$	$	$	$	$	$	$
General and administration	440,454	824,007	632,132	438,091	542,243	622,785	311,529	208,114
Research and development	864,005	1,351,703	1,069,648	1,804,790	2,044,540	1,597,982	521,587	65,001
Net loss	(1,310,506)	(2,181,022)	(1,718,252)	(2,255,672)	(4,355,743)	(2,178,966)	(944,654)	(151,902)
Basic and diluted loss per share	(0.05)	(0.09)	(0.07)	(0.09)	(0.23)	(0.13)	(0.06)	(0.01)
Total assets	4,374,582	6,838,585	9,904,455	12,465,849	14,483,227	5,851,438	6,803,300	*
Total liabilities	2,212,757	4,534,080	6,323,242	7,593,559	7,826,486	1,001,650	740,050	*

* Quarterly balance sheet results for these quarters are not available as MTI (as a private company) did not prepare complete financial statements for this quarter.

Research and development expenses decreased in the three months ended March 31, 2018 due to a large offset by CPRIT eligible expenses of $1,682,056 due to timing of payments. Research and development expenses increased in the quarters ended Dec 31, 2016 to June 30, 2017 due to the initiation of the Phase 2b clinical trial as well as the timing of CPRIT eligible expenditures. In the quarter ended December 31, 2017 expenditures related to the pre-clinical pipeline increased leading to additional non-CPRIT eligible spending.

General and administrative expenses decreased in the quarter ended March 31, 2018 due to the reversal of previously accrued bonus expenses which will no longer be paid. General and administrative expenses are higher in the current quarters compared with the same quarters in the prior year due to non-cash stock based compensation costs, and costs associated with establishing and maintaining a publicly listed company. The increase in the quarter ended December 31, 2017 related to costs associated with stock option grants issued to general and administrative employees and directors.

Results for the Three Months ended March 31, 2018

Research and Development Expenses

	Three months ended March 31	
	2018	2017
	$	$
Chemistry, manufacturing and controls	-	153,496
Regulatory	**68,903**	3,684
Discovery and pre-clinical	**303,774**	98,060
Research & Development Warrant	**236,858**	236,858
Clinical	**1,229,054**	749,652
Salaries and benefits	**201,660**	493,380
Licensing, patent legal fees and royalties	**190,325**	753,068
Stock based compensation	**215,785**	44,604
CPRIT grant claimed on eligible expenses	**(1,682,055)**	(551,502)
Other research and development expenses	**99,701**	63,240
	864,005	2,044,540

R&D expenses of $864,005 were incurred during the three months ended March 31, 2018, compared with $2,044,540 in the three months ended March 31, 2017. The decrease in expenditures is primarily the result of CPRIT

eligible expenses of $1,682,056 incurred in the three months ended March 31, 2018 compared with $551,502 incurred in the prior year period.

The variances in expenditures period over period relate to the following factors:

- Initiation of early discovery and pre-clinical activities associated with the Superkine programs including MDNA109 as well as the development of MDNA57 (second generation MDNA55) for which no comparable expenses existed in the prior year.
- Clinical costs increased due to patient treatment and related expenses in the Phase 2b clinical trial of MDNA55 for which the first patient was treated in April 2017.
- Stock based compensation costs represent the fair value amortization of stock option grants issued to employees in the research and development department.
- These increases were partially offset by reduced CMC costs associated with the manufacture, testing and stability studies of MDNA55 drug product currently being used in the Phase 2b clinical trial as well as lower licensing, patent legal fees and royalty expense due to a one-time liquidity payment incurred in the prior year upon completion of the Transaction.

General and Administrative Expenses

	Three months ended March 31	
	2018	2017
	$	$
Depreciation expense	**1,705**	1,236
Stock based compensation	**258,589**	95,581
Facilities and operations	**60,697**	87,784
Legal, professional and finance	**49,025**	241,040
Salaries and benefits	**87,244**	190,722
Other expenses	**129,746**	75,274
CPRIT grant claimed on eligible expenses	**(146,552)**	(150,394)
	440,454	542,243

G&A expenses of $440,454 were incurred during the three months ended March 31, 2018, compared with $542,243 during the three months ended March 31, 2017. The decrease is attributed primarily to the following factors:

- Stock based compensation expense in the current year represents the fair value amortization of stock option grants issued to general and administrative employees and directors;
- Other expenses increased due to investor relations activities as well as increased fees paid to the Board of Directors in the current year.
- The above noted increases are offset by lower legal, professional and finance expenses in the period ended March 31, 2018 due to costs related to the RTO transaction incurred in the prior year. In addition, salaries decreased in the current quarter due to the reversal of bonus amounts previously expensed as it has been determined that these payments will not be made.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has devoted its resources to funding R&D programs, including securing intellectual property rights and licenses, conducting discovery research, manufacturing drug supplies, initiating preclinical and clinical studies, submitting regulatory dossiers and providing administrative support to R&D activities, which has resulted in an accumulated deficit of $18,081,620 as of March 31, 2018. With current revenues only consisting of interest earned on excess cash, losses are expected to continue while the Company's R&D programs are advanced.

We currently do not earn any revenues from our drug candidates and are therefore considered to be in the development stage. As required, the Company will continue to finance its operations through the sale of equity or pursue non-dilutive funding sources available to the Company in the future. The continuation of our research and development activities and the commercialization of MDNA55 is dependent upon our ability to successfully finance and complete our research and development programs through a combination of equity financing and revenues from strategic partners. We have no current sources of significant revenues from strategic partners.

Management has forecasted that the Company's current level of cash will not be sufficient to execute its current planned expenditures for the next 12 months without further financing being obtained. The Company is currently in discussion with several potential investors and partners to provide additional funding. Management believes that it will complete one or more of these arrangements in sufficient time to continue to execute its planned expenditures. However, there can be no assurance that the capital will be available as necessary to meet these continuing expenditures, or if the capital is available, that it will be on terms acceptable to the Company. The issuance of common shares by the Company could result in significant dilution in the equity interest of existing shareholders. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs which may result in the delay, reduction or discontinuation of ongoing development programs. As a result, there is a substantial doubt as to whether the Company will be able to continue as a going concern and realize its assets and pay its liabilities as they fall due.

CASH POSITION

At March 31, 2018, we had a cash balance of $3,938,734 compared to $14,038,115 at March 31, 2017. We invest cash in excess of current operational requirements in highly rated and liquid instruments. Working capital at March 31, 2018 was $2,410,772 (March 31, 2017: $7,036,014).

We do not expect to generate positive cash flow from operations for the foreseeable future due to additional R&D expenses, including expenses related to drug discovery, preclinical testing, clinical trials, CMC and operating expenses associated with supporting these activities. It is expected that negative cash flow from operations will continue until such time, if ever, that we receive regulatory approval to commercialize any of our products under development and/or royalty or milestone revenue from any such products should they exceed our expenses.

CONTRACTUAL OBLIGATIONS

As of March 31, 2018, we have the following obligations to make future payments, representing contracts and other commitments that are known and committed:

	Payments Due by Period			
Contractual obligations	**1 year**	**1-3 years**	**3-5 years**	**Total**
Patent licensing costs, minimum annual royalties per license agreements	$ 47,000	$ 93,000	$ 240,000	$ 380,000
Liquidity event payment	$ 0	$ 336,971	$ 0	$ 336,971

The Company utilizes temporary office space with terms of less than one year.

The Company cannot reasonably estimate future royalties which may be due upon the regulatory approval of MDNA55.

CPRIT assistance

In February 2015, the Company received notice that it had been awarded a grant by the Cancer Prevention Research Institute of Texas ("CPRIT") whereby the Company is eligible to receive up to US$14,100,000 on eligible expenditures over a three year period related to the development of the Company's phase 2b clinical program for MDNA55. On an ongoing basis, we must demonstrate that the expenditures are eligible using CPRIT's criteria, show proof that we have 50% matching funds available, that development milestones have been achieved and that best efforts have been made to establish substantial project related expenses within the state of Texas. In October 2017 the Company was granted a one year extension to the grant allowing expenses to be claimed over a four year period ending February 28, 2019.

On February 24, 2017, the Company received an advance of US$5,000,000 from CPRIT and as of March 31, 2017, $5,949,870 (US$4,470,226) remained available for offset from the advance. This advance was recognized as an offset against eligible expenses during the year ended March 31, 2018.

The amount payable at March 31, 2017 represents funds received and not yet spent on approved grant expenditures. All advanced funds were expended during the year ended March 31, 2018.

Intellectual Property

The Company has entered into various license agreements with respect to accessing intellectual property in the form of filed and issued patents. In order to maintain these agreements, the Company is obligated to pay certain costs based on timing or certain milestones within the agreements, the timing of which is uncertain. These costs include ongoing license fees, patent prosecution and maintenance costs, royalty and other milestone payments. As at March 31, 2018, the Company is obligated to pay the following:

- Patent licensing costs due within 12 months totaling $47,000.
- Patent licensing costs, including the above, due within the next five years totaling $380,000.
- Project milestone payments, assuming continued success in the development programs, of uncertain timing totaling US$2,800,000 and an additional US$2,000,000 in sales milestones.
- A license royalty of $636,000 in four equal instalments over the next four years to NIH, which represents 1.5% of the Fair Market Value of the Company upon completion of the Transaction (which constituted MTI's liquidity event).

As part of these license agreements, the Company has committed to make certain royalty payments based on net sales to Yissum Research Development Company of the Hebrew University of Jerusalem, Ltd., the NIH and Stanford.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Key management personnel, which consists of the Company's officers (President and Chief Executive Officer, Chief Financial Officer, and Chief Development Officer) and directors, received the following compensation for the following periods:

	Three months ended March 31		Year ended March 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Salaries and Wages	**249,607**	334,608	**1,101,891**	1,059,771
Board Fees	**35,780**	20,750	**121,472**	20,750
Stock Option Expense	**355,830**	127,441	**1,282,374**	127,441
	641,217	482,799	**2,505,737**	1,207,962

As at March 31, 2018, the Company had trade and other payables owing to related parties of $185,431 related to expense reimbursements and accrued vacation.

The Company paid $21,332 in office rent to Aries Biologics Corp, a company controlled by the CEO and CDO of the Company.

This transaction was in the normal course of business and has been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING FISCAL 2018

IAS 7 Statement of Cash Flows

In February 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows ("IAS 7") which requires entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of this amendment has not had a material impact on the Company's consolidated financial statements.

ACCOUNTING PRONOUNCEMENTS FOR FUTURE ADOPTION

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial assets and liabilities and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company believes that the adoption of this standard will not have a material impact on the consolidated financial statements.

IFRS 16, Leases IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's leases and financial statements has not yet been determined.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting policies are described in note 2 of the audited consolidated financial statements.

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 include:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including

discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Significant management judgment is necessary. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Deferred taxes

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Share-based payments and compensation

The Company applies estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares are assessed as the most recent issuance price per common share for cash proceeds.

FINANCIAL INSTRUMENTS

(a) Fair value

The Company's financial instruments recognized on the consolidated statements of financial position consist of cash, other receivables, accounts payable and accrued liabilities, deferred government grants and license fee payable. The fair value of these instruments, approximate their carry values due to their short-term maturity.

Classification of financial instruments

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Cash is measured using Level 1 inputs and changes in fair value are recognized through profit or loss, with changes in fair value being recorded in net earnings at each period end.

Other receivables have been classified as loans and receivables and are measured at amortized cost less impairments.

Accounts payable and accrued liabilities and deferred government grants have been classified as other financial liabilities.

The Company has exposure to the following risks from its use of financial instruments: credit, interest rate, currency and liquidity risk. The Company reviews its risk management framework on a quarterly basis and makes adjustments as necessary.

(b) Financial risk management

We have exposure to credit risk, liquidity risk and market risk. Our Board of Directors has the overall responsibility for the oversight of these risks and reviews our policies on an ongoing basis to ensure that these risks are appropriately managed.

i. Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents.

The Company attempts to mitigate the risk associated with cash and cash equivalents by dealing only with major Canadian financial institutions with good credit ratings.

ii. Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company believes that its exposure to interest rate risk is not significant.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles all of its financial obligations out of cash. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. As at March 31, 2018, the Company's liabilities consist of trade and other payables that have contracted maturities of less than one year.

iv. Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk from employee costs as well as the purchase of goods and services primarily in the United States and the cash balances held in foreign currencies. Fluctuations in the US dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase or decrease in loss and comprehensive loss for the year ended March 31, 2018 of $88,000 (March 31, 2017 - $293,000).

Balances in foreign currencies are as follows:

	2018	2017
	$	$
Cash	**2,115,262**	7,069,230
Accounts payable and accrued liabilities	**(1,429,909)**	(389,200)
Deferred government grant payable	**-**	(4,470,226)
	685,353	2,209,804

(c) Managing Capital

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its businesses.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments).

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

RISKS AND UNCERTAINTIES

An investment in the common shares of Medicenna ("Common Shares") involves a high degree of risk and should be considered speculative. An investment in the Common Shares should only be undertaken by those persons who can afford the total loss of their investment. Investors should carefully consider the risks and uncertainties set forth below, as well as other information described elsewhere in this MD&A. The risks and uncertainties below are not the only ones the Company faces. Additional risks and uncertainties not presently known to Medicenna or that Medicenna believes to be immaterial may also adversely affect Medicenna's business. If any of the following risks occur, Medicenna's business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment. Further, if Medicenna fails to meet the expectations of the public market in any given period, the market price of Medicenna's common shares could decline. Medicenna operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of Medicenna's control.

Risks Related to the Company's Business and the Company's Industry

The Company has no sources of product revenue and will not be able to maintain operations and research and development without sufficient funding.

The Company has no sources of product revenue and cannot predict when or if it will generate product revenue. The Company's ability to generate product revenue and ultimately become profitable depends upon its ability, alone or with partners, to successfully develop the product candidates, obtain regulatory approval, and commercialize products, including any of the current product candidates, or other product candidates that may be developed, in-licensed or acquired in the future. The Company does not anticipate generating revenue from the sale of products for the foreseeable future. The Company expects research and development expenses to increase in connection with ongoing activities, particularly as MDNA55 is advanced through clinical trials and MDNA109 is advanced towards the clinic.

The Company is highly dependent upon certain key personnel and their loss could adversely affect the its ability to achieve its business objective.

The loss of Dr. Fahar Merchant, the President and Chief Executive Officer, Rosemina Merchant, the Chief Development Officer or other key members of the scientific and operating staff could harm the Company.

Employment agreements exist with Dr. Merchant and Ms. Merchant, although such employment agreements do not guarantee their retention. The Company also depends on scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability. In addition, the Company believes that future success will depend in large part upon its ability to attract and retain highly skilled scientific, managerial, medical, clinical and regulatory personnel. Agreements have been entered into with scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of business as well as with physicians and institutions who will recruit patients into the MDNA55 clinical trial. Notwithstanding these arrangements, there is significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. The loss of the services of any of the executive officers or other key personnel could potentially harm the Company's business, operating results or financial condition.

The Company is subject to the restrictions and conditions of the CPRIT agreement. Failure to comply with the CPRIT agreement may adversely affect the Resulting Issuer's financial condition and results of operations.

The Company has obtained a grant from CPRIT to fund a portion of its operations to date. The CPRIT grant is subject to the Company's compliance with the scope of work outlined in the CPRIT agreement and demonstration of its progress towards achievement of the milestones set forth in the CPRIT agreement. If the Company fails to comply with the terms of the CPRIT agreement, it may not receive the remaining tranches of the CPRIT grant or it may be required to reimburse some or the entire CPRIT grant. Further, the CPRIT grant may only be applied to a limited number of allowable expenses. Failure to obtain the remaining tranches of the CPRIT grant or being required to reimburse all or a portion of the CPRIT grant may cause a halt or delay in ongoing operations, which may adversely affect the Company's financial condition and operating results.

If the Company breaches any of the agreements under which it licenses rights to product candidates or technology from third parties, it can lose license rights that are important to its business. The Company's current license agreements may not provide an adequate remedy for breach by the licensor.

The Company is developing MDNA55, MDNA109 and other earlier stage pre-clinical and discovery drug candidates pursuant to license agreements with NIH, Stanford and HUJ (collectively, the "Licensors"). The Company is subject to a number of risks associated with its collaboration with the Licensors, including the risk that the Licensors may terminate the license agreement upon the occurrence of certain specified events. The license agreement requires, among other things, that the Company makes certain payments and use reasonable commercial efforts to meet certain clinical and regulatory milestones. If the Company fails to comply with any of these obligations or otherwise breach this or similar agreements, the Licensors or any future licensors may have the right to terminate the license in whole. The Company can also suffer the consequences of non-compliance or breaches by Licensors in connection with the license agreements. Such non-compliance or breaches by such third parties can in turn result in breaches or defaults under the Company's agreements with other collaboration partners, and the Company can be found liable for damages or lose certain rights, including rights to develop and/or commercialize a product or product candidate. Loss of the Company's rights to the licensed intellectual property or any similar license granted to it in the future, or the exclusivity rights provided therein, can harm the Company's financial condition and operating results.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results and the Company's product candidates may not have favourable results in later trials or in the commercial setting.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies and early clinical trials may not be predictive of the results of later-stage clinical trials. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. Favourable results in early trials may not be repeated in later trials. There is no assurance the FDA, EMA or other similar government bodies will view the results as the Company does or that any future trials of its proposed products for other indications will achieve positive results. Product candidates in later stages of clinical

trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials.

The Company will be required to demonstrate through larger-scale clinical trials that any potential future product is safe and effective for use in a diverse population before it can seek regulatory approvals for commercial sale of its product. There is typically an extremely high rate of attrition from the failure of product candidates proceeding through clinical and post-approval trials. If MDNA55 fails to demonstrate sufficient safety and efficacy in ongoing or future clinical trials, the Company's operations and financial condition will be adversely impacted.

If the Company is unable to enroll subjects in clinical trials, it will be unable to complete these trials on a timely basis.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of subjects to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, ability to obtain and maintain patient consents, risk that enrolled subjects will drop out before completion, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications the Company is investigating. Furthermore, the Company relies on Contract Research Organizations ("CROs") and clinical trial sites to ensure the proper and timely conduct of its clinical trials, and while it has agreements governing their committed activities, the Company has limited influence over their actual performance.

If the Company experiences delays in the completion or termination of any clinical trial of its proposed products or any future product candidates, the commercial prospects of its product candidates will be harmed and its ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing clinical trials will increase costs, slow down product candidate development and approval process and can shorten any periods during which the Company may have the exclusive right to commercialize its product candidates or allow its competitors to bring products to market before it does. Delays can further jeopardize the Company's ability to commence product sales, which will impair its ability to generate revenues and may harm the business, results of operations, financial condition and cash flows and future prospects. In addition, many of the factors that can cause a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of its proposed products or its future product candidates.

If the Company's competitors develop and market products that are more effective than its existing product candidates or any products that it may develop, or obtain marketing approval before the it does, its products may be rendered obsolete or uncompetitive.

Technological competition from pharmaceutical companies, biotechnology companies and universities is intense and is expected to increase. Many of its competitors and potential competitors have substantially greater product development capabilities and financial, scientific, marketing and human resources than it does. Our future success depends in part on our ability to maintain a competitive position, including our ability to further progress MDNA55 and MDNA109 through the necessary pre-clinical and clinical trials towards regulatory approval for sale and commercialization. Other companies may succeed in commercializing products earlier than we are able to commercialize our products or they may succeed in developing products that are more effective than our products. While the Company will seek to expand its technological capabilities in order to remain competitive, there can be no assurance that developments by others will not render its products non-competitive or that the Company or its licensors will be able to keep pace with technological developments. Competitors have developed technologies that could be the basis for competitive products. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than the Company's products and may be more effective or less costly than its products. In addition, other forms of medical treatment may offer competition to the products. The success of the Company's competitors and their products and technologies relative to its technological capabilities and competitiveness could have a material adverse effect

on the future pre-clinical and clinical trials of its products, including its ability to obtain the necessary regulatory approvals for the conduct of such trials.

The Company relies and will continue to rely on third parties to plan, conduct and monitor preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to the Company's business.

The Company relies and will continue to rely on third parties to conduct a significant portion of clinical development and planned preclinical activities. Preclinical activities include in vivo studies providing access to specific disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in the Company's relationship with third parties, or if the Company is unable to provide quality services in a timely manner and at a feasible cost, any active development programs could face delays. Further, if any of these third parties fails to perform as expected or if their work fails to meet regulatory requirements, testing could be delayed, cancelled or rendered ineffective.

The Company relies on contract manufacturers over whom the Company has limited control. If the Company is subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, business operations could suffer significant harm.

The Company has limited manufacturing experience and relies on contract development and manufacturing organizations ("CDMOs"), to manufacture MDNA55 for clinical trials and MDNA109 for pre-clinical development. The Company relies on CDMOs for manufacturing, filling, packaging, storing and shipping of drug product in compliance with cGMP, regulations applicable to its products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product. The Company currently has sufficient quantity of MDNA55 to complete the planned clinical studies. The Company plans to utilize CDMO's which are licensed by both the FDA and EMA.

There can be no assurances that the CDMOs selected will be able to meet future timetables and requirements. If the Company is unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, it may delay the development of the product candidates. Further, contract manufacturers must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. The Company's dependence upon third parties for the manufacture of its products may adversely affect profit margins and ability to develop and deliver products on a timely and competitive basis.

The Company's future success is dependent primarily on the regulatory approval of a single product.

The Company does not have any products that have gained regulatory approval. Currently, its only clinical product candidate is MDNA55. As a result, the Company's near-term prospects, including its ability to finance its operations and generate revenue, are substantially dependent on its ability to obtain regulatory approval for, and, if approved, to successfully commercialize MDNA55 in a timely manner. The Company cannot commercialize MDNA55 or other future product candidates in the United States without first obtaining regulatory approval for the product from the FDA; similarly, it cannot commercialize MDNA55 or other future product candidates outside of the United States without obtaining regulatory approval from comparable foreign regulatory authorities. Although MDNA55 has received Orphan Drug (FDA, EMA) and Fast Track (FDA) designations, there can be no assurance regulatory approval will be granted. Before obtaining regulatory approvals for the commercial sale of MDNA55 or other future product candidates for a target indication, the Company must demonstrate with substantial evidence gathered in pre-clinical and clinical studies to the satisfaction of the relevant regulatory authorities, that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. Many of these factors are beyond the Company's control. If the Company, or its potential commercialization

collaborators, are unable to successfully commercialize MDNA55, the Company may not be able to earn sufficient revenues to continue its business.

MDNA55 is in the early and mid stages of clinical development and, as a result, the Resulting Issuer will be unable to predict whether it will be able to profitably commercialize its product.

The Company has not received regulatory approval for the sale of MDNA55 in any market. Accordingly, the Company has not generated any revenues from product sales. A substantial commitment of resources to conduct clinical trials and for additional product development will be required to commercialize all of our product candidates. There can be no assurance that MDNA55 or any of our other product candidates will meet applicable regulatory standards, be capable of being produced in commercial quantities at reasonable cost or be successfully marketed, or that the investment made by the Company in the commercialization of the products will be recovered through sales, license fees or related royalties.

The Company will be subject to extensive government regulation that will increase the cost and uncertainty associated with gaining final regulatory approval of its product candidates.

Securing final regulatory approval for the manufacture and sale of human therapeutic products in the United States, Canada and other markets is a long and costly process that is controlled by that particular country's national regulatory agency. Approval in the United States, Canada, or Europe does not assure approval by other national regulatory agencies, although often test results from one country may be used in applications for regulatory approval in another country. Other national regulatory agencies have similar regulatory approval processes, but each is different.

Prior to obtaining final regulatory approval to market a drug product, every national regulatory agency has a variety of statutes and regulations which govern the principal development activities. These laws require controlled research and testing of products, government review and approval of a submission containing pre-clinical and clinical data establishing the safety and efficacy of the product for each use sought, approval of manufacturing facilities including adherence to Good Manufacturing Practice during production and storage and control of marketing activities, including advertising and labelling. There can be no assurance that MDNA55 or MDNA109 will be successfully commercialized in any given country. There can be no assurance that the Company's licensed products will prove to be safe and effective in clinical trials under the standards of the regulations in the various jurisdictions or receive applicable regulatory approvals from applicable regulatory bodies.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of the Company's products may have an adverse impact on future commercialization efforts.

From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to the Company's product candidates, or the therapeutic areas in which the Company's product candidates compete, could adversely affect the share price and ability to finance future development of the Company's product candidates, and the business and financial results could be materially and adversely affected.

The Company faces the risk of product liability claims, which could exceed its insurance coverage and produce recalls, each of which could deplete cash resources.

The Company is exposed to the risk of product liability claims alleging that use of its product candidate MDNA55 caused an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing or sale of product candidates and may be made directly by patients involved in clinical trials of product candidates, by consumers or healthcare providers or by individuals, organizations or companies selling the products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product candidate moves through the development pipeline to commercialization. Currently the Company maintains clinical trial liability insurance coverage of $5 million. However, there can be no assurance that such insurance coverage is or will continue to be adequate or available at a cost acceptable to the Company or at all. The Company may choose or find it necessary under its collaborative agreements to increase the insurance coverage in the future but may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of the coverage, require payment of a substantial monetary award from the Company's cash resources and have a material adverse effect on the business, financial condition and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about the products and business, inhibit or prevent commercialization of other products and product candidates or negatively impact existing or future collaborations.

The Company may not achieve its publicly announced milestones according to schedule, or at all.

From time to time, the Company may announce the timing of certain events expected to occur, such as the anticipated timing of results from clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the ability to recruit patients in a clinical trial in a timely manner, the nature of results obtained during a clinical trial or during a research phase, problems with a CDMO or a CRO, or any other event having the effect of delaying the publicly announced timeline. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on the business plan, financial condition or operating results and the trading price of the Common Shares.

Changes in government regulations, although beyond the Company's control, could have an adverse effect on the Company's business.

The Company depends upon the validity of its licenses and access to the data for the timely completion of clinical research. Any changes in the drug development regulatory environment or shifts in political attitudes of a government are beyond the Company's control and may adversely affect its business. The Company's business may also be affected in varying degrees by such factors as government regulations with respect to intellectual property, regulation or export controls. Such changes remain beyond the Company's control and the effect of any such changes cannot be predicted. These factors could have a material adverse effect on the Company's ability to further develop its licensed products.

The Company's significant shareholders may have material influence over its governance and operations.

Dr. Fahar Merchant and Ms. Rosemina Merchant (collectively, the "Merchants"), hold a controlling interest in the Company's outstanding common shares on a fully diluted basis. For as long as the Merchants maintain a significant interest in the Company, they may be in a position to affect the Company's governance and operations. In addition, the Merchants may have significant influence over the passage of any resolution of the Company's shareholders (such as those that would be required to amend the constating documents or take certain other corporate actions) and may, for all practical purposes, be able to ensure the passage of any such resolution by voting for it or prevent the passage of any such resolution by voting against it. The effect of this influence may be to limit the price that investors are willing to pay for the Common Shares. In addition, the potential that The Merchants may sell their Common Shares in the public market (commonly referred to as "market overhang"), as well as any actual sales of such common shares in the public market, could adversely affect the market price of the Common Shares.

The Company's discovery and development processes involve use of hazardous and radioactive materials which may result in potential environmental exposure.

The Company's discovery and development processes involve the controlled use of hazardous and radioactive materials. The Company is subject to federal, provincial, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although the Company believes that the current safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could exceed the Company's resources. The Company is not specifically insured with respect to this liability. Although the Company believes that the Company is in compliance in all material respects with applicable environmental laws and regulations and currently does not expect to make material capital expenditures for environmental control facilities in the near-term, there can be no assurance that the Company will not be required to incur significant costs to comply with environmental laws and regulations in the future, or that the operations, business or assets will not be materially adversely affected by current or future environmental laws or regulations.

If the Company is unable to successfully develop companion diagnostics for its therapeutic product candidates, or experience significant delays in doing so, the Company may not achieve marketing approval or realize the full commercial potential of its therapeutic product candidates.

The Company plans to develop companion diagnostics for its therapeutic product candidates. It is expected that, at least in some cases, regulatory authorities may require the development and regulatory approval of a companion diagnostic as a condition to approving a therapeutic product candidate. The Company has limited experience and capabilities in developing or commercializing diagnostics and plans to rely in large part on third parties to perform these functions. The Company does not currently have any agreement in place with any third party to develop or commercialize companion diagnostics for any of its therapeutic product candidates.

Companion diagnostics are subject to regulation by the FDA, Health Canada and comparable foreign regulatory authorities as medical devices and may require separate regulatory approval or clearance prior to commercialization. If the Company, or any third parties that the Company engages to assist, are unable to successfully develop companion diagnostics for the Company's therapeutic product candidates, or experience delays in doing so, the Company's business may be substantially harmed.

Significant disruption in availability of key components for ongoing clinical studies could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates.

The Company relies on third parties to supply ingredients and excipients for the manufacture and formulation of its drugs, catheters required to deliver the drug to the brain as well as imaging software to accurately place catheters in the tumour (each, a "Component" and collectively the "Components"). Each of the suppliers of these Components in turn need to comply with regulatory requirements. Any significant disruption in supplier relationships could harm the Company's business. Any significant delay in the supply of a Component, for a potential ongoing clinical study could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates. If the Company or its suppliers are unable to purchase these Components after regulatory approval has been obtained for the product candidates, or the suppliers decide not to manufacture these Components or provide support for any of the Components, clinical trials or the commercial launch of that product candidate would be delayed or there would be a shortage in supply, which would impair the ability to generate revenues from the sale of the product candidates. It may take several years to establish an alternative source of supply for such Components and to have any such new source approved by the FDA and other regulatory agencies.

Risks Related To Intellectual Property And Litigation

The Company's success depends upon its ability to protect its intellectual property and its proprietary technology.

The Company's success depends, in part, on its ability and its licensors' ability to obtain patents, maintain trade secrets protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent its rights. Certain licensors and the institutions that they represent, and in certain cases, have filed and are actively pursuing certain applications for Canadian and foreign patents. The patent position of pharmaceutical and biotechnology firms is uncertain and involves complex legal and financial questions for which, in some cases, certain important legal principles remain unresolved. There can be no assurance that the patent applications made in respect of the owned or licensed products will result in the issuance of patents, that the term of a patent will be extendable after it expires in due course, that the licensors or the institutions that they represent will develop additional proprietary products that are patentable, that any patent issued to the licensors or the Company will provide it with any competitive advantages, that the patents of others will not impede its ability to do business or that third parties will not be able to circumvent or successfully challenge the patents obtained in respect of the licensed products. The cost of obtaining and maintaining patents is high. Furthermore, there can be no assurance that others will not independently develop similar products which duplicate any of the licensed products or, if patents are issued, design around the patent for the product. There can be no assurance that the Company's processes or products or those of its licensors do not or will not infringe upon the patents of third parties or that the scope of its patents or those of its licensors will successfully prevent third parties from developing similar and competitive products.

Much of the Company's know-how and technology may not be patentable, though it may constitute trade secrets. There can be no assurance, however, that the Company will be able to meaningfully protect its trade secrets. To help protect its intellectual property rights and proprietary technology, the Company requires employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance that these agreements will provide meaningful protection for its intellectual property rights or other proprietary information in the event of any unauthorized use or disclosure.

The Company's potential involvement in intellectual property litigation could negatively affect its business.

Its future success and competitive position depends in part upon its ability to maintain the its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes are infringing its rights and by defending claims brought by others who believe that the Company is infringing their rights. In addition, enforcement of its patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to out-license any products that are the subject of such litigation. In addition, its involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use or licensing of related intellectual property and divert the efforts of its valuable technical and management personnel from their principal responsibilities, whether or not such litigation is resolved in its favour.

The Company's reliance on third parties requires it to share its trade secrets, which increases the possibility that a competitor will discover them.

Because the Company relies on third parties to develop its products, it must share trade secrets with them. The Company seeks to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of the Company's collaborators, advisors, employees and consultants to publish data potentially relating to the Company's trade secrets. The Company's academic collaborators typically have rights to publish data, provided that the Company is notified in advance and may delay publication for a specified time in order to secure its intellectual property rights arising

from the collaboration. In other cases, publication rights are controlled exclusively by the Company, although in some cases it may share these rights with other parties. The Company also conducts joint research and development programs which may require it to share trade secrets under the terms of research and development collaboration or similar agreements. Despite the Company's efforts to protect its trade secrets, its competitors may discover its trade secrets, either through breach of these agreements, independent development or publication of information including its trade secrets in cases where the Company does not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of the Company's trade secrets may impair its competitive position and could have a material adverse effect on its business and financial condition.

Product liability claims are an inherent risk of the Company's business, and if the Company's clinical trial and product liability insurance prove inadequate, product liability claims may harm its business.

Human therapeutic products involve an inherent risk of product liability claims and associated adverse publicity. There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive, difficult to obtain and may not be available in the future on acceptable terms, or at all. An inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could have a material adverse effect on the Company's business by preventing or inhibiting the commercialization of its products, licensed and owned, if a product is withdrawn or a product liability claim is brought against the Company.

Other Risks

The Company will have significant additional future capital needs and there is uncertainty as to its ability to raise additional funding.

The Company will require significant additional capital resources to expand its business, in particular the further development of its proposed products. Advancing its product candidates or acquisition and development of any new products or product candidates will require considerable resources and additional access to capital markets. In addition, the Company's future cash requirements may vary materially from those now expected.

The Company can potentially seek additional funding through corporate collaborations and licensing arrangements, through public or private equity or debt financing, or through other transactions. However, if clinical trial results are neutral or unfavourable, or if capital market conditions in general, or with respect to life sciences companies such as Medicenna, are unfavourable, the Company's ability to obtain significant additional funding on acceptable terms, if at all, will be negatively affected. Additional financing that it may pursue may involve the sale of the Common Shares or financial instruments that are exchangeable for, or convertible into, the Common Shares, which could result in significant dilution to its shareholders. If sufficient capital is not available, the Company may be required to delay the implementation of its business strategy, which could have a material adverse effect on its business, financial condition, prospects or results of operations.

The liquidity of the Common Shares is limited which can result in a reduction in the Company's ability to raise capital. As a significant portion of the Company's operations will probably be financed through the sale of equity securities a decline in the price of the Common Shares could be especially detrimental to liquidity.

Our common share price has been volatile in recent years, and may continue to be volatile.

The market prices for securities of biotechnology companies, including ours, have historically been volatile. In the year ended March 31, 2018, our common shares traded on the TSX at a high of $3.05 and a low of $1.42 per share. A number of factors could influence the volatility in the trading price of our Common Shares, including changes in the economy or in the financial markets, industry related developments, the results of product development and commercialization, changes in government regulations, and developments concerning proprietary rights, litigation and cash flow. Our quarterly losses may vary because of the timing of costs for clinical trials, manufacturing and preclinical studies. Also, the reporting of clinical data or the lack

thereof, adverse safety events involving our products and public rumors about such events could cause our share price to decline or experience periods of volatility. Each of these factors could lead to increased volatility in the market price of our Common Shares. In addition, changes in the market prices of the securities of our competitors may also lead to fluctuations in the trading price of our common shares.

Future sales or issuances of equity securities or the conversion of securities to common shares could decrease the value of the common shares, dilute investors' voting power, and reduce earnings per share.

The Company may sell additional equity securities in future offerings, including through the sale of securities convertible into equity securities, to finance operations, acquisitions or projects, and issue additional common shares if outstanding securities are converted to common shares, which may result in dilution.

The Company's board of directors will have the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that the Company will issue additional securities to provide such capital.

Sales of substantial amounts of securities, or the availability of such securities for sale, as well as the issuance of substantial amounts of common shares upon conversion of outstanding convertible equity securities, could adversely affect the prevailing market prices for securities and dilute investors' earnings per share. A decline in the future market prices of the Company's securities could impair its ability to raise additional capital through the sale of securities should it desire to do so.

The Company is subject to foreign exchange risk relating to the relative value of the United States dollar.

A material portion of the Company's expenses are denominated in United States dollars. As a result, the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the United States dollar. A decline in the Canadian dollar would result in an increase in the actual amount of its expenses and adversely impact financial performance.

Any failure to maintain an effective system of internal controls may result in material misstatements of the Company's consolidated financial statements or cause the Company to fail to meet the reporting obligations or fail to prevent fraud; and in that case, shareholders could lose confidence in the Company's financial reporting, which would harm the business and could negatively impact the price of the common shares.

Effective internal controls are necessary to provide reliable financial reports and prevent fraud. If there is a failure to maintain an effective system of internal controls, the Company might not be able to report financial results accurately or prevent fraud; and in that case, shareholders could lose confidence in the Company's financial reporting, which would harm the business and could negatively impact the price of the common shares. While the Company believes that it will have sufficient personnel and review procedures to maintain an effective system of internal controls, no assurance can be provided that potential material weaknesses in internal control could arise. Even if it is concluded that the internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm results of operations or cause a failure to meet future reporting obligations.

Any future profits will likely be used for the continued growth of the business and products and will not be used to pay dividends on the issued and outstanding shares.

The Company will not pay dividends on the issued and outstanding Common Shares in the foreseeable future. If the Company generates any future earnings, such cash resources will be retained to finance further growth

and current operations. The board of directors will determine if and when dividends should be declared and paid in the future based on the Company's financial position and other factors relevant at the particular time. Until the Company pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the Common Shares unless such Common Shares are sold. In such event, a shareholder may only be able to sell his, her or its Common Shares at a price less than the price such shareholder originally paid for them, which could result in a significant loss of such shareholder's investment.

The market for shares in Canada is not stable or predictable and shareholder profits are not in the foreseeable future.

The market price for the Common Shares cannot be assured. Securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

The trading price of the Common Shares has been, and may continue to be, subject to large fluctuations. For the same reason, the value of any of the Company's securities convertible into, or exchangeable for, the Common Shares may also fluctuate significantly, which may result in losses to investors. The trading price of the Common Shares and, if applicable, any securities exercisable for, convertible into, or exchangeable for, the Common Shares may increase or decrease in response to a number of events and factors, both known and unknown. In addition, the market price of the Common Shares will be affected by many variables not directly related to the Company's success and will therefore not be within its control, including other developments that affect the market for all drug development securities, the breadth of the public market for the common shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares has historically made the Common Share price volatile and suggests that the Common Share price will continue to be volatile in the future.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

The market price for the Common Shares may also be affected by the Company's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Common Shares.

The Company may pursue other business opportunities in order to develop its business and/or products.

From time to time, the Company may pursue opportunities for further research and development of other products. The Company's success in these activities will depend on its ability to identify suitable technical experts, market needs, and effectively execute any such research and development opportunities. Any research and development would be accompanied by risks as a result of the use of business efforts and funds. In the event that the Company chooses to raise debt capital to finance any such research or development opportunities, its leverage will be increased. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with any research or development opportunities.

Generally, a litigation risk exists for any company that may compromise its ability to conduct the Company's business.

All industries are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company's success depends on its ability to effectively manage its growth.

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require the Company to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. Inability to deal with this growth could have a material adverse impact on its business, operations and prospects. The Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for its personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support its operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

The Company is likely a "passive foreign investment company," which may have adverse United States federal income tax consequences for United States shareholders.

United States investors should be aware that the Company believes it was classified as a passive foreign investment company ("PFIC"), during the tax years ended March 31, 2018 and 2017, and based on current business plans and financial expectations, the Company expects that it will be a PFIC for the current tax year and may be a PFIC in future tax years. If the Company is a PFIC for any year during a United States shareholder's holding period of the Common Shares, then such United States shareholder generally will be required to treat any gain realized upon a disposition of the Common Shares, or any so-called "excess distribution" received on the Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election ("QEF Election"), or a "mark-to-market" election with respect to the Common Shares. A United States shareholder who makes a QEF Election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distribute any amounts to its shareholders. A United States shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the shareholder's adjusted tax basis therein. Each United States shareholder should consult its own tax advisors regarding the PFIC rules and the United States federal income tax consequences of the acquisition, ownership and disposition of the Common Shares.

It may be difficult for non-Canadian investors to obtain and enforce judgments against the Company because of the Company's Canadian incorporation and presence.

The Company is a corporation existing under the laws of the Province of Alberta, Canada. Several of the Company's directors and officers, and several of the experts are residents of Canada, and all or a substantial portion of their assets, and a substantial portion of the Company's assets, are located outside the United States. Consequently, although the Company has appointed an agent for service of process in the United States, it may be difficult for holders of the Company's securities who reside in the United States to effect service within the United States upon those directors and officers, and the experts who are not residents of the United States. It may also be difficult for holders of the Company's securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon the Company's civil liability and the civil liability of the Company's directors, officers and experts under the United States federal securities laws. Investors should not assume that Canadian courts (i) would enforce judgments of United States courts obtained in actions against the Company or such directors, officers or experts predicated upon the civil liability provisions of the United States federal securities laws or the securities or "blue sky" laws of any state or jurisdiction of the United States or (ii) would enforce, in original actions, liabilities against the Company or such directors, officers or experts predicated upon the United States federal securities laws or any securities or "blue sky" laws of any state or jurisdiction of the United States. In addition, the protections afforded by Canadian securities laws may not be available to investors in the United States.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has implemented a system of internal controls that it believes adequately protects the assets of the Company and is appropriate for the nature of its business and the size of its operations. The internal control system was designed to provide reasonable assurance that all transactions are accurately recorded, that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our assets are safeguarded.

These internal controls include disclosure controls and procedures designed to ensure that information required to be disclosed by the Company is accumulated and communicated as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting means a process designed by or under the supervision of the Chief Executive Officer and the Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB.

The internal controls are not expected to prevent and detect all misstatements due to error or fraud. There were no changes in our internal control over financial reporting that occurred during the year ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As of March 31, 2018, the Company's management has assessed the effectiveness of our internal control over financial reporting and disclosure controls and procedures using the Committee of Sponsoring Organizations of the Treadway Commission's 2013 framework. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these controls and procedures are effective.

OTHER MD&A REQUIREMENTS

Outstanding Share Data

As at the date of this report, the Company has the following securities outstanding:

	Number
Common Shares	24,578,137
Warrants	3,045,425
Stock Options	2,050,000
Total	**29,673,563**

For a detailed summary of the outstanding securities convertible into, exercisable or exchangeable for voting or equity securities of Medicenna as at March 31, 2018, refer to Note 9 in the audited 2018 annual financial statements of the Company.

Additional information relating to the Company, including the Company's annual information form in respect of fiscal year 2018, is available under the Company's profile on SEDAR at www.sedar.com.

Consolidated financial statements of

Medicenna Therapeutics Corp.

(Expressed in Canadian Dollars)

For the years ended March 31, 2018 and 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Medicenna Therapeutics Corp.

We have audited the accompanying consolidated financial statements of Medicenna Therapeutics Corp., which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of operations, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Medicenna Therapeutics Corp. as at March 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Medicenna Therapeutics Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

June 26, 2018

Medicenna Therapeutics Corp.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
as at

	March 31, 2018	March 31, 2017
	$	$
Assets		
Current assets		
Cash	**3,938,734**	14,038,115
Prepaids and deposits	**187,108**	213,825
Other receivables	**160,716**	133,560
	4,286,558	14,385,500
Intangible assets (Note 13)	**86,152**	93,983
Fixed assets	**1,872**	3,744
	4,374,582	14,483,227
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	**1,875,786**	1,399,616
Deferred government grants (Note 12)	**-**	5,949,870
	1,875,786	7,349,486
License fee payable (Note 13)	**336,971**	477,000
	2,212,757	7,826,486
Shareholders' Equity		
Common shares (Note 9)	**14,302,195**	13,463,734
Contributed surplus (Notes 10 and 11)	**5,790,341**	3,594,945
Accumulated other comprehensive income	**150,909**	214,230
Deficit	**(18,081,620)**	(10,616,168)
	2,161,825	6,656,741
	4,374,582	14,483,227

Nature of business (Note 1)

Approved by the Board

/s/ Albert Beraldo Director

/s/ Chandra Panchal Director

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

Medicenna Therapeutics Corp.

Consolidated Statements of Operations
(Expressed in Canadian Dollars)

	Year ended March 31, 2018	Year ended March 31, 2017
	$	$
Operating expenses		
General and administration (Note 16)	**2,334,684**	1,684,671
Research and development (Note 16)	**5,090,146**	4,229,110
Total operating expenses	**7,424,830**	5,913,781
Listing Expense (Note 5)	**-**	1,784,414
Interest (income) expense	**(3,291)**	(32,800)
Foreign exchange loss (gain)	**43,913**	(34,130)
	40,622	1,717,484
Net loss for the period	**(7,465,452)**	(7,631,265)
Cummulative translation adjustment	**(63,321)**	37,270
Net loss and comprehensive loss for the year	**(7,528,773)**	(7,593,995)
Basic and diluted loss per share	**(0.30)**	(0.45)
Weighted average number of common shares outstanding (Note 9)	**24,578,137**	16,912,422

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

Medicenna Therapeutics Corp.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended March 31,	
	2018	2017
	$	$
Operating activities		
Net loss for the year	**(7,465,452)**	(7,631,265)
Items not involving cash		
Depreciation	**9,704**	6,487
Stock based compensation	**1,617,032**	140,185
Listing Expense		1,784,414
R&D warrant expense	**947,432**	236,858
Government grant expense recoveries	**(5,688,119)**	(2,621,517)
Unrealized foreign exchange	**3,612**	27,387
Changes in non-cash working capital		
Other receivables and deposits	**(439)**	(30,017)
Accounts payable and accrued liabilities	**451,878**	782,140
	(10,124,352)	(7,305,328)
Investing activities		
Cash acquired in reverse takeover transaction	**-**	608,530
Long term license fee payable	**(140,029)**	477,000
Purchase of fixed assets	**-**	(5,385)
	(140,029)	1,080,145
Financing activities		
Proceeds from issuance of equity instruments (net)	**-**	9,230,503
Warrant and option exercises	**469,393**	11,261
Government grants received	**-**	7,125,825
Loan from shareholders (repayment)	**-**	(1,459,014)
	469,393	14,908,575
Effect of foreign exchange on cash	**(304,393)**	16,013
Net increase (decrease) in cash	**(10,099,381)**	8,683,392
Cash, beginning of year	**14,038,115**	5,338,710
Cash, end of year	**3,938,734**	14,038,115
Other non-cash transactions		
Broker warrant and incentive warrants issued	**$ -**	$ 1,979,739

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

Medicenna Therapeutics Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Common shares issued and outstanding		Special Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Number	Amount					
		$	$	$	$	$	$
Balance, March 31, 2016	**16,249,999**	**1,730,425**	**2,457,373**	**865,039**	**176,960**	**(2,984,903)**	**2,244,894**
Special warrant financings	-	-	3,805,810	1,979,739	-	-	5,785,549
Effect of qualifying transaction (Note 5)	14,500	2,171,856	-	215,179	-	-	2,387,035
Issued to A2 shareholders	1,071,429	-	-	-	-	-	-
Issued to MTI special warrant holders	4,971,416	6,263,183	(6,263,183)	-	-	-	-
Issued in MTI private placement	2,000,000	3,281,086	-	163,868	-	-	3,444,954
Research and development warrant amortization	-	-	-	236,858	-	-	236,858
Stock based compensation	-	-	-	140,185	-	-	140,185
Warrant and option exercises	5,990	17,184	-	(5,923)	-	-	11,261
Net loss and comprehensive loss	-	-	-	-	37,270	(7,631,265)	(7,593,995)
Balance, March 31, 2017	**24,313,334**	**13,463,734**	**-**	**3,594,945**	**214,230**	**(10,616,168)**	**6,656,741**
Stock based compensation	-	-	-	1,617,032	-	-	1,617,032
Research and development warrant amortization	-	-	-	947,432	-	-	947,432
Warrant and option exercises	264,803	838,461	-	(369,068)	-	-	469,393
Net loss and comprehensive loss	-	-	-	-	(63,321)	(7,465,452)	(7,528,773)
Balance, March 31, 2018	**24,578,137**	**14,302,195**	**-**	**5,790,341**	**150,909**	**(18,081,620)**	**2,161,825**

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

1. Nature of business

Medicenna Therapeutics Corp. (“Medicenna” or the "Company") was incorporated as A2 Acquisition Corp. (“A2”) under the Alberta Business Corporations Act on February 2, 2015 and was classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange") Corporate Finance Manual. On March 1, 2017, the Company completed a qualifying transaction with Medicenna Therapeutics Inc. (“MTI.”) and the name of the Company was changed to Medicenna Therapeutics Corp. (the “Transaction”). MTI has been identified for accounting purposes as the acquirer, and accordingly the entity is considered to be a continuation of MTI and the net assets of A2 at the date of the Transaction are deemed to have been acquired by MTI. These consolidated financial statements include the results of operations of Medicenna from March 1, 2017. On August 2, 2017 Medicenna graduated to the main board of the Toronto Stock Exchange and on October 18, 2017 Medicenna was listed on the OTCQX International (“OTCQX”). On November 13, 2017, Medicenna continued under the Canadian Business Corporations Act.

Medicenna has three wholly owned subsidiaries, Medicenna Therapeutics Inc. (“MTI”) (British Columbia), Medicenna Biopharma Inc. (“MBI”) (Delaware) and Medicenna Biopharma Inc. (“MBIBC”). (British Columbia).

The Company's principal business activity is the development and commercialization of Empowered Cytokines™ and Superkines™ for the treatment of cancer.

As at March 31, 2018, the head office is located at 200-1920 Yonge Street, Toronto, Ontario, Canada, and the registered office is located at 181 Bay Street, Suite 2100, Toronto, Ontario, Canada.

In accordance with the authority granted by shareholders at A2's annual and special meeting on January 27, 2017 to permit it to implement a consolidation of A2's outstanding common shares on a ratio of 1-for-14 in connection with the Qualifying Transaction, A2's Board of Directors approved a 1-for-14 share consolidation which became effective February 28, 2017 (the “Consolidation”). The share consolidation affected all of A2’s common shares, stock options and warrants outstanding at the effective time. Fractional shares were not issued.

In these consolidated financial statements, all references to number of shares, stock options and warrants in the current and past periods have been adjusted to reflect the impact of the A2 share consolidation. All amounts based on the number of shares, stock options or warrants, unless otherwise specified, such as earnings (loss) per share and weighted average issuance price in the case of stock options have been adjusted to reflect the impact of the 1-for-14 A2 share consolidation.

2. Significant accounting policies

a) *Basis of measurement and statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting and Interpretations Committee (“IFRIC”).

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

The functional currency of an entity and its subsidiary is the currency of the primary economic environment in which the entity operates. The functional currency of the parent company, MTI and MBIMC is the Canadian dollar and the functional currency of MBI is the US dollar and the presentation currency of the Company is the Canadian dollar.

The consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on June 26, 2018.

2. Significant accounting policies cont'd

b) *Going Concern*

These consolidated financial statements have been prepared in accordance with IFRS accounting principles applicable to a going concern using the historical cost basis.

Management has forecasted that the Company's current level of cash will not be sufficient to execute its current planned expenditures for the next 12 months without further financing being obtained. The Company is currently in discussion with several potential investors and partners to provide additional funding. Management believes that it will complete one or more of these arrangements in sufficient time to continue to execute its planned expenditures. However, there can be no assurance that the capital will be available as necessary to meet these continuing expenditures, or if the capital is available, that it will be on terms acceptable to the Company. The issuance of common shares by the Company could result in significant dilution in the equity interest of existing shareholders. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs which may result in the delay, reduction or discontinuation of ongoing development programs. As a result, there is a substantial doubt as to whether the Company will be able to continue as a going concern and realize its assets and pay its liabilities as they fall due.

These consolidated financial statements do not reflect the adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and settle its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such amounts could be material.

c) *Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned Subsidiaries MTI, MBI and MBIBC (British Columbia, Inactive). Subsidiaries are fully consolidated from the date at which control is determined to have occurred and are deconsolidated from the date that the Company no longer controls the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances, and gains and losses on transactions between subsidiaries are eliminated.

d) *Foreign currency*

Transactions in foreign currencies are translated to the functional currency at the rate on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange as at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

On translation of the entities whose functional currency is other than the Canadian dollar, revenues and expense are translated at the exchange rates approximately those in effect on the date of the transactions. Assets and liabilities are translated at the spot rate of exchange as at the reporting date. Exchange gains and losses, including results of retranslation, are recorded in other comprehensive income.

e) *Cash*

Cash consists of amounts held in banks with maturities less than three months at inception. Interest from cash is recorded on an accrual basis. The Company does not have any cash equivalents.

2. Significant accounting policies cont'd

f) *Research and development costs*

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Investment tax credits related to current expenditures are included in the determination of net income as the expenditures are incurred when there is reasonable assurance they will be realized.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria will be deemed by the Company to have been met when revenue is received by the Company and a determination that it has sufficient resources to market and sell its product offerings. Upon a determination that the criteria to capitalize development expenditures have been met, the expenditures capitalized will include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures will be expensed as incurred.

Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses. No development costs have been capitalized to date.

g) *Government assistance*

Government grants, including grants from similar bodies, consisting of investment tax credits are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Research grants that compensate the Company for expenses incurred are recognized in profit, or loss in reduction thereof on a systematic basis in the same years in which the expenses are recognized.

Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

h) *Intangible assets*

The Company owns certain patents, intellectual property licenses and options to acquire intellectual property. The Company expenses patent costs, including license fees and other maintenance costs, until such time as the Company has certainty over the future recoverability of the intellectual property at which time it capitalizes the costs incurred. The Company capitalizes cost directly related to the acquisition of existing license patents.

The Company does not hold any intangible asset with an indefinite life.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in general and administrative expenses.

2. Significant accounting policies cont'd

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use to August 31, 2035.

i) *Income taxes*

Current tax and deferred tax are recognized in the Company's profit and loss, except to the extent that it relates to a business combination or items recognized directly in equity or in net loss and comprehensive loss.

Current income taxes are recognized for the estimated taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has been probable that future taxable profit will allow the deferred tax asset to be recovered.

j) *Basic and diluted loss per common share*

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share. Since the Company has losses, the exercise of outstanding options has not been included in this calculation as it would be anti-dilutive.

k) Equipment

The Company's fixed assets comprise of computer equipment for use in general and administrative and research activities.

Depreciation is recognized using the straight-line method based on an expected life of the assets.

Computer equipment	2 years

2. Significant accounting policies cont'd

Impairment of long-lived assets:

The Company's long-lived assets are reviewed for indications of impairment at the date of preparing each statement of financial position. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying value of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. For the purpose of impairment testing, the Company determined it has one cash-generating unit. The recoverable amount is the greater of the asset's fair value less cost to sell and value in use.

l) *Stock-based compensation*

The Company has a stock-based compensation plan (the "Plan") available to officers, directors, employees and consultants with grants under the Plan approved by the Company's Board of Directors. Under the Plan, the exercise price of each option equals the closing trading price of the Company's stock on the day prior to the grant. Vesting is provided for at the discretion of the Board of Directors and the expiration of options is to be no greater than 10 years from the date of grant. The Company uses the fair value-based method of accounting for employee awards granted under the Plan. The Company calculates the fair value of each stock option grant using the Black Scholes option pricing model at the grant date. The stock-based compensation cost of the options is recognized as stock-based compensation expense over the relevant vesting period of the stock options using an estimate of the number of options that will eventually vest.

Stock options awarded to non-employees are accounted for at the fair value of the goods received or the services rendered. The fair value is measured at the date the Company obtains the goods or the date the counterparty renders the service. If the fair value of the goods or services cannot be reliably measured, the fair value of the options granted will be used.

m) *Financial Instruments*

Financial assets

The Company's financial assets are comprised of cash and other receivables. All financial assets are initially recorded at fair value plus directly attributable transaction costs except for fair value through profit or loss where costs are expensed and designated upon inception into one of four categories: at fair value through profit or loss, held-to maturity, available-for-sale, or loans and receivables.

Subsequent to initial recognition, the financial assets are measured in accordance with the following:

- Financial assets classified as fair value through profit or loss are measured at fair value. All gains and losses resulting from changes in their fair value are included in the net income/loss in the period in which they arise. The Company has classified its cash as fair value through profit or loss.
- Held-to-maturity investments, and loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net income / loss, using the effective interest method less any impairment.
- Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is sold, at which time they will be recorded in net income / loss. Significant or prolonged declines in the fair value of available-for-sale financial assets are recorded in net income / loss.

2. Significant accounting policies cont'd

- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, with gains and losses recognized in net income / loss in the period that the asset is derecognized or impaired. Other receivables are classified as loans and receivables.

Derivatives embedded in other financial instruments or non-financial contracts (the "host instrument") are treated as separate derivatives with fair value changes recognized in net income/loss when their economic characteristics and risks are not clearly and closely related to those of the host instrument, and the combined instrument or contract is not held for trading. Free-standing derivatives that meet the definition of an asset or liability are measured at their fair value and reported in the Company's consolidated financial statements. There were no embedded or freestanding derivatives identified in a review of the Company's contracts.

The Company assesses at each reporting period date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset or the group of financial assets have been negatively impacted.

Financial liabilities

The Company's financial liabilities are comprised of accounts payable and accrued liabilities, loan from shareholder, deferred government grants and license fee payable. All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other liabilities.

Subsequent to initial recognition, the financial liabilities are measured in accordance with the following:

1. Financial liabilities classified as other liabilities are initially recognized at fair value net of any transaction costs. After initial recognition, other liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, loan from shareholders, deferred government grants and license fee payable are classified as other liabilities. Accounts payable and accrued liability amounts are unsecured and are usually paid within 30 days of recognition.
2. Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized through the net income / loss. At March 31, 2018, and March 31, 2017, the Company had not classified any financial liabilities as fair value through profit or loss.

n) *Employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid in short-term cash bonuses if the Company expects to pay these amounts as approved by the Board of Directors as a result of past services provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies cont'd

o) *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs. A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

3. Key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are accounted for prospectively.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are discussed below:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Significant management judgment is necessary. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Deferred taxes

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Valuation of stock-based compensation and warrants

Management measures the costs for stock-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate, future employee turnover rates, future exercise behaviours and corporate performance. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of stock-based compensation and warrants.

Intangible assets

The Company estimates the useful lives of intangible assets from the date they are available for use in the manner intended by management and periodically reviews the useful lives to reflect management's intent about developing and commercializing the assets.

3. Key sources of estimation uncertainty cont'd

Functional currency

Management considers the determination of the functional currency of the Company a significant judgment. Management has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and considered various factors including the currency of historical and future expenditures and the currency in which funds from financing activities are generated. A Company's functional currency is only changed when there is a material change in the underlying transactions, events and conditions.

4. Accounting Standards

The following IFRS pronouncement has been adopted during 2018:

IAS 7, Statement of Cash Flows. In February 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows ("IAS 7") which requires entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of this amendment has not had a material impact on the Company's consolidated financial statements.

The following IFRS pronouncements have been issued but are not yet effective:

IFRS 9, Financial Instruments. In October 2010, the IASB published amendments to IFRS 9 Financial Instruments ("IFRS 9") which provides added guidance on the classification and measurement of financial assets and liabilities. In July 2014, the IASB issued its final version of IFRS 9, which completes the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The final standard is mandatorily effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company believes that the adoption of this standard will not have a material impact on the consolidated financial statements.

IFRS 16, Leases. In January 2016 the IASB issued IFRS 16 Leases ("IFRS 16") which requires lessees to recognize assets and liabilities for most leases on their statements of financial position. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. The new standard will be effective for annual periods beginning on or after January 1, 2019 with limited early application permitted. The Company has not yet determined the impact of this standard on its consolidated financial statements.

5. Qualifying Transaction

As described in Note 1, on February 28, 2017, the Company and MTI completed a qualifying transaction, whereby, among other matters, the security holders of the Company exchanged all of their securities of MTI for like securities of the Company on a one for one basis. This exchange took place after the consolidation of A2's outstanding shares on a one for 14 basis which is described in Note 1. All stock options, warrants, and other securities convertible into common shares of MTI and Medicenna were exchanged for stock options, warrants or other securities convertible into common shares of the Company at the same exercise price and on the same ratio.

The Transaction constituted a reverse takeover by MTI of Medicenna, a non-operating public enterprise. Medicenna, being an accounting acquiree, did not meet the definition of a business under IFRS 3, Business Combinations, and therefore the Transaction did not qualify as a business combination. MTI is deemed to have issued equity to the holders of the equity interest of Medicenna. Consequently, the Transaction is accounted for as a continuation of the consolidated financial statements of MTI, together with a deemed issuance on March 1, 2017 of common shares and options by the resulting company for the net assets and listing status of Medicenna accounted for in accordance with IFRS 2, Share-based Payment. The identifiable assets and liabilities of Medicenna are recognized at fair value at the acquisition date, with the excess of the fair value of the equity interest over the fair value of the net assets issued

(Expressed in Canadian Dollars)

5. Qualifying Transaction cont'd

charged to the consolidated statements of operations as listing expense. The fair value of common shares issued included the fair value of 14,500 common shares issued to the agent in connection with the Transaction.

The consolidated statements of loss and comprehensive loss include the full results of MTI for the period from April 1, 2016 to March 1, 2017.

Net assets of A2:	**March 1, 2017**
Cash	$ 608,530
Accounts payable and accrued liabilities	(5,909)
	602,621
Total consideration	2,387,035
Listing expense	**$ 1,784,414**
Consideration comprised of:	
Fair value of common shares	$ 2,171,856
Fair value of options	215,179
	$ 2,387,035

The fair value of the common shares of A2 of $2,171,856 was determined by multiplying the outstanding A2 common shares at the date of the Transaction, 1,085,928, by the fair value of the shares, $2.00. The transaction was measured at the fair value of the shares that MTI would have had to issue to shareholders of A2 to give shareholders of A2 the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of MTI acquiring A2.

A listing fee of $1,784,414 has been charged to profit or loss as a listing expense to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from A2 in accordance with in IFRS 2 Share-based Payments.

The fair value component related to the share options and the compensation options was determined using the Black-Scholes option pricing model using the following assumptions:

	Share Options	**Compensation Options**
Volatility	100%	100%
Expected life of options	8.25 years	4 months
Risk free interest rate	0.65%	0.65%
Dividend yield	nil	nil
Fair value per option	$1.76	$0.76
Number of options	107,143	35,714
Exercise price	$1.40	$1.40
Expiry date	July 7, 2025	July 7, 2017

6. Capital disclosures

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its businesses.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments).

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

7. Financial risk management

(a) Fair value

The Company's financial instruments recognized on the consolidated statements of financial position consist of cash, other receivables, accounts payable and accrued liabilities, deferred government grants and license fee payable. The fair value of these instruments, approximate their carry values due to their short-term maturity.

Classification of financial instruments

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Cash is measured using Level 1 inputs and changes in fair value are recognized through profit or loss, with changes in fair value being recorded in net earnings at each period end.

Other receivables have been classified as loans and receivables and are measured at amortized cost less impairments.

Accounts payable and accrued liabilities, deferred government grants and license fee payable have been classified as other financial liabilities.

The Company has exposure to the following risks from its use of financial instruments: credit, interest rate, currency and liquidity risk. The Company reviews its risk management framework on a quarterly basis and makes adjustments as necessary.

(b) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents.

The Company manages credit risk associated with its cash by maintaining minimum standards of R1-med or A-high investments and the Company invests only in highly rated Canadian corporations which are capable of prompt liquidation.

(c) Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company believes that its exposure to interest rate risk is not significant.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles all of its financial obligations out of cash. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. As at March 31, 2018, the Company's liabilities consist of accounts payable and accrued liabilities that have contracted maturities of less than one year.

(Expressed in Canadian Dollars)

7. Financial risk management cont'd

(e) Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk from employee costs as well as the purchase of goods and services primarily in the United States and cash balances held in foreign currencies. Fluctuations in the US dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase or decrease in loss and comprehensive loss for the year ended March 31, 2018 of $88,000 (March 31, 2017 - $293,000).

Balances in foreign currencies are as follows:

	2018	2017
	$	$
Cash	**2,115,262**	7,069,230
Accounts payable and accrued liabilities	**(1,429,909)**	(389,200)
Deferred government grant payable	**-**	(4,470,226)
	685,353	2,209,804

8. Accounts Payable and Accrued Liabilities

	2018	2017
	$	$
Trade payables	**877,300**	486,786
Accrued liabilities	**998,486**	912,830
	1,875,786	1,399,616

9. Share Capital

Authorized

Unlimited common shares

Escrowed securities

In connection with the initial public offering of A2 and pursuant to an escrow agreement dated June 8, 2015, an aggregate of 714,285 common shares were placed in escrow.

In connection with the Transaction, and pursuant to an escrow agreement dated March 1, 2017, an additional 15,600,000 common shares held by MTI shareholders were placed into escrow.

Pursuant to the policies of the Toronto Stock Exchange of the shares noted above, 4,078,572 common shares of the Company remain in escrow as at March 31, 2018. The shares held in escrow will be released on September 2, 2018.

a) *MTI Shareholders*

On August 1, 2015, MTI issued 649,999 common shares valued at $98,930 in connection with two license agreements for intellectual property (note 13).

On March 1, 2017, the company completed the Transaction resulting in the issuance of 16,249,999 common shares to the former shareholders of MTI.

(Expressed in Canadian Dollars)

9. Share Capital cont'd

b) *Equity Issuances*

Year ended March 31, 2017

During the year ended March 31, 2017, MTI completed three tranches of special warrant financings ("special warrants") through the issuance of 3,130,404 Special Warrants at a price per share of $2.00 for total gross proceeds of $6,260,808. In connection with these financings MTI paid broker commissions and expenses totaling $484,201 a for total net proceeds of $5,776,607. In addition, MTI issued 328,260 broker warrants exercisable at $2.00 per share with expiry dates ranging from April 5, 2018 to April 5, 2021 and a combined fair value of $495,735.

Immediately prior to the Transaction there were 4,971,406 Special Warrants outstanding which were converted to MTI common shares on March 1, 2017 on a one for one basis and subsequently exchanged for shares of the Company on the same day.

On February 28, 2017, MTI completed a private placement of 2,000,000 subscription receipts for gross proceeds of $4,000,000. In connection with the financing MTI paid a cash commission of $274,575 (plus a $35,000 corporate finance fee) and incurred expenses (including agents expenses) of $245,471. In addition, 156,512 broker warrants were issued, exercisable at $2.00 per share at any time up to February 28, 2019 and with a fair value of $163,868.

The subscription receipts were exchanged for Medicenna common shares on a one for one basis on March 1, 2017.

Year ended March 31, 2018

During the year ended March 31, 2018, 164,447 warrants and 100,356 options were exercised for cash proceeds of $469,393. In addition to the cash proceeds received, the original fair value related to these warrants and options of $369,068 was transferred from contributed surplus to share capital. This resulted in a total amount of $838,461 credited to share capital.

c) *Calculation of loss per share*

Loss per common share is calculated using the weighted average number of common shares outstanding. For years ended March 31, 2018 and 2017 the calculation was as follows:

	2018	2017
Common shares issued and outstanding, beginning of year	**24,313,334**	16,249,999
Effect of A2 share (note 5)	**-**	88,063
Effect of shares issued to MTI special warrant holders	**-**	408,610
Effect of shares issued in subscription receipts offering	**-**	164,384
Effect of warrant and option exercised during the year	**54,455**	1,366
Weighted average shares outstanding, end of year	**24,367,789**	16,912,422
Common shares issued and outstanding, end of year	**24,578,137**	24,313,334

The effect of any potential exercise of the Company's stock options and warrants outstanding during the year has been excluded from the calculation of diluted loss per common share as it would be anti-dilutive.

(Expressed in Canadian Dollars)

10. Warrants

Year ended March 31, 2017

MTI issued 328,260 broker warrants, upon completion of the various tranches of Special Warrant financings, exercisable at $2.00 per share with expiry dates ranging from April 5, 2018 and April 5, 2021 and a combined fair value of $495,735.

On January 1, 2017, MTI issued 1,379,083 incentive warrants at an exercise price of $2.00 per share which will be held in escrow until the earlier of (a) December 31, 2018 and (b) the date Medicenna attains certain research and development metrics. The Company does not anticipate that the objectives will be achieved prior to December 31, 2018 and therefore is recognizing the relevant expense over the twenty-four-month period. The fair value of the warrants is $1,894,860 and $236,858 has been recognized in the year ended March 31, 2017.

As part of the subscription receipt private placement financing, 156,512 broker warrants were issued, exercisable at $2.00 per share at any time up to February 28, 2019 and with a fair value of $163,868.

All warrants issued by MTI were exchanged for warrants with the same terms of the Company on March 1, 2017.

Year ended March 31, 2018

There were no warrants issued in the year ending March 31, 2018.

Warrant continuity:

	Number of Warrants	Weighted average exercise price
		$
Balance outstanding at March 31, 2016	**1,435,040**	**2.00**
Warrants issued during the year	1,863,855	2.00
Warrants exercised during the year	(4,790)	2.00
Balance outstanding at March 31, 2017	**3,294,105**	**2.00**
Warrants exercised during the year	(164,447)	2.00
Warrants expired during the year	(55,616)	2.00
Balance outstanding at March 31, 2018	**3,074,042**	**2.00**
Warrants exercisable at March 31, 2018	1,694,959	2.00

At March 31, 2018, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
	$	
537*	2.00	April 5, 2018
28,080*	2.00	April 22, 2018
30,820	2.00	November 30, 2018
149,522	2.00	February 28, 2019
1,379,083	2.00	January 1, 2021
1,288,000	2.00	March 1, 2021
198,000	2.00	April 5, 2021
3,074,042		

* expired subsequent to year end.

11. Stock Options

Year ended March 31, 2017

As a result of the Transaction (Note 5), effective March 1, 2017, the Company adopted a new stock option plan which was in effect until September 21, 2017 when a new plan was adopted. All grants of stock options to employees, officers and consultants after March 1, 2017 and until September 20, 2017, were made according to the stock option plan. The Company could issue stock options to purchase up to a maximum of 10% of the total number of outstanding common shares, estimated at 2,431,300 options as at March 31, 2017. Options were granted with the exercise price based on the closing trading price of the Company's stock on the day prior to the grant. Options vest at various rates as determined by the Board of Directors.

As a result of the Transaction (Note 5), effective March 1, 2017, each former A2 option holder received one stock option to purchase common shares of the company for every 14 stock options they exchanged in the Transaction. As a result, 142,857 stock options were issued to former A2 option holders. These stock options had an exercise price of $1.40 per share and expire March 1, 2018.

During the year ended March 31, 2017, MTI granted 1,100,000 stock options to certain officers, directors and employees of the Company. The options are exercisable at $2.00 per common share with a ten-year life and vest 50% after one year, 25% after two years and 25% after three years.

During the year ended March 31, 2017 the Company granted 50,000 stock options to a consultant exercisable at $3.00 per share. The options vest in four equal tranches over a twelve-month period and have a five-year life.

Year ended March 31, 2018

On September 21, 2017 the shareholders of the Company voted in favour of a new stock option plan compliant with the policies of the Toronto Stock Exchange governing options which may be granted to directors, officers, employees and consultants of the Company to purchase up to a maximum of 15% of the total number of outstanding common shares, estimated at 3,686,000 options as at March 31, 2018. Options are granted at the fair market value of the common shares on the closing trading price of the Company’s stock on the day prior to the grant if the grant is made during the trading day or the closing trading price on the day of grant if the grant is issued after markets have closed. Options vest at various rates (immediate to three years) and have a term of 10 years.

During the year ended March 31, 2018 the Company granted 700,000 stock options exercisable at $2.01 per share, 200,000 stock options exercisable at $2.88 per share, 125,000 stock options exercisable at $2.00 per share and 125,000 options exercisable at $2.40 per share. 950,000 stock options vest 50% after one year, 25% after two years and 25% after three years and have a ten-year life. 200,000 stock options vest 50% on issuance and 50% after one year, and have a five year life.

(Expressed in Canadian Dollars)

11. Stock Options cont'd

Stock option transactions for the year ended March 31, 2018 are set forth below:

	Number of options	Weighted average exercise price
Balance outstanding at March 31, 2016	**-**	**$ -**
Granted	1,150,000	2.04
Medicenna share options (after consolidation)	142,857	1.40
Exercised	(1,200)	1.40
Balance outstanding at March 31, 2017	**1,291,657**	**$ 1.97**
Granted	1,150,000	$ 2.20
Exercised	(100,356)	1.40
Expired	(41,301)	1.40
Forfeited	(125,000)	2.40
Balance outstanding at March 31, 2018	**2,175,000**	**$ 2.11**

The following table summarizes information about stock options outstanding at March 31, 2018:

	Options Outstanding			Options Exercisable	
Exercise Prices	Options	Weighted average remaining contractual life	Weighted average exercise price	Options	Weighted average exercise price
$		Years	$		$
2.00	1,225,000*	8.98	2.00	550,000	2.00
2.01	700,000	9.48	2.01	-	-
2.88	200,000	4.62	2.88	100,000	2.88
3.00	50,000	3.99	3.00	50,000	3.00
	2,175,000	**8.63**	**2.11**	**700,000**	**2.20**

* 125,000 forfeited subsequent to year end.

The following assumptions were used in the Black-Scholes option-pricing model to determine the fair value of stock options granted during the year:

	March 31, 2018	March 31, 2017
Exercise price	$2.00 - $2.88	$2.00 - $3.00
Grant date share price	$2.00 - $2.88	$2.00 - $3.00
Risk free interest rate	0.65-1.75%	0.52-0.70%
Expected life of options	5 years	2-5 years
Expected volatility	80-100%	85%
Expected dividend yield	Nil	Nil
Forfeiture rate	0-15%	0-15%
Weighted average fair value of options granted during the year	$1.61	$1.27

(Expressed in Canadian Dollars)

12. Government assistance

CPRIT assistance

In February 2015, the Company received notice that it had been awarded a grant by the Cancer Prevention Research Institute of Texas ("CPRIT") whereby the Company is eligible to receive up to US$14,100,000 on eligible expenditures over a three year period related to the development of the Company's phase 2b clinical program for MDNA55. In October 2017 the Company was granted a one year extension to the grant allowing expenses to be claimed over a four year period ending February 28, 2019.

Ongoing program funding from CPRIT is subject to a number of conditions including the satisfactory achievement of milestones that must be met to release additional CPRIT funding, proof the Company has raised 50% matching funds and maintaining substantial functions of the Company related to the project grant in Texas as well as using Texas-based subcontractor and collaborators wherever possible. There can be no assurances that the Company will continue to meet the necessary CPRIT criteria or that CPRIT will continue to advance additional funds to the Company.

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 relocates its operations outside of the state of Texas, then the Company is 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 3-5% of revenues until aggregate royalty payments equal 400% of the grant funds received at which time the ongoing royalty will be 0.5%.

On February 24, 2017, the Company received an advance of US$5,000,000 from CPRIT and as of March 31, 2017, $5,949,870 (US$4,470,226) remained available for offset from the advance. This advance was recognized as an offset against eligible expenses during the year ended March 31, 2018.

The amount payable at March 31, 2017 represents funds received and not yet spent on approved grant expenditures. All advanced funds were expended during the year ended March 31, 2018.

The following table provides a reconciliation of cash and non-cash changes during the year ended March 31, 2018 in the Company's government grant deferred liability:

		Cash	Non-cash		
	Balance March 31, 2017	**Grants received**	**Grants claimed (note 17)**	**Foreign exchange**	**Balance March 31, 2018**
Deferred government grants (deferred liability)	(5,949,870)	-	5,688,119	261,751	-

13. Commitments

Intellectual Property

On August 21, 2015, the Company exercised its right to enter into two license agreements (the "Stanford License Agreements") with the Board of Trustees of the Leland Stanford Junior University ("Stanford"). In connection with this licensing agreement the Company issued 649,999 common shares with a value of $98,930 to Stanford and affiliated inventors. The value of these shares has been recorded as an intangible asset that is being amortized over the life of the underlying patents. As at March 31, 2018, the Company's intangible assets have a remaining capitalized netbook value of $86,152 (2017 - $93,983).

The Company has entered into various license agreements with respect to accessing patented technology. In order to maintain these agreements, the Company is obligated to pay certain costs based on timing or certain milestones within the agreements, the timing of which is uncertain. These costs include ongoing license fees, patent prosecution and maintenance costs, royalty and other milestone payments. As at March 31, 2018, the Company is obligated to pay the following:

(Expressed in Canadian Dollars)

13. Commitments cont'd

- Patent licensing costs due within 12 months totaling $47,000.
- Patent licensing costs, including the above, due within the next five years totaling $380,000.
- Project milestone payments, assuming continued success in the development programs, of uncertain timing totaling US$2,800,000 and an additional US$2,000,000 in sales milestones.
- A Liquidity payment of $336,971 in two equal instalments over the next two years to the National Institute of Health ("NIH") which represents half of the 1.5% of the Fair Market Value of the Company upon its liquidity event (total which was the Transaction). Of the total amount due $336,971 is included in current liabilities as accounts payable and accrued liabilities and $336,971 is listed as license fee payable as a long term liability.

Contractual obligations	1 year	1-3 years	3-5 years	Total
Patent licensing costs, minimum annual royalties per license agreements	$ 47,000	$ 93,000	$ 240,000	$ 380,000
Liquidity event payment	$ 0	$ 336,971	$ 0	$ 336,971

14. Related party disclosures

(a) Key management personnel

Key management personnel, which consists of the Company's officers (President and Chief Executive Officer, Chief Financial Officer, and Chief Development Officer) and directors, received the following compensation for the following periods:

	2018	2017
	$	$
Salaries and wages	**1,101,891**	1,059,771
Board fees	**121,472**	20,750
Stock option expense	**1,282,374**	127,441
	2,505,737	1,207,962

The Company paid $21,332 in office rent to Aries Biologics Corp, a company controlled by the CEO and CDO of the Company.

This transaction was in the normal course of business and has been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(b) Amounts payable to related parties

As at March 31, 2018, the Company had trade and other payables owing to related parties of $222,228 (2017: $63,350) related to expense reimbursements and accrued vacation.

(Expressed in Canadian Dollars)

15. Income taxes

a) Provision for Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
	$	$
Loss before income taxes	**(7,465,452)**	(7,631,265)
Tax rate	**26.5%**	26.5%
Expected tax recovery	**(1,978,000)**	(2,022,000)
Change in statutory rates and foreign exchange rates	**200,000**	-
Permanent differences	**673,000**	543,000
Share issuance costs	-	(271,000)
Change in unrecognized deductible temporary difference	**1,105,000**	1,750,000
	-	-

b) Deferred Income Tax

	2018	2017
	$	$
Non-capital losses carry-forward	**3,040,000**	1,862,000
Property and equipment	**49,000**	49,000
Share issuance costs	**200,000**	273,000
	3,289,000	2,184,000
Unrecognized deferred tax asset	**(3,289,000)**	(2,184,000)
	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included in the consolidated statements of financial position are as follows:

Type	**Amount**	**Expiry**
Non-capital losses carry-forward	$ 11,440,000	2034-2038
Property and equipment	185,000	N/A
Share issuance costs	756,000	2039-2042

16. Reclassification of Prior Period Balances

Certain prior period amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

(Expressed in Canadian Dollars)

17. Components of Expenses

	2018	2017
	$	$
General and Administration Expenses		
Depreciation expense	**9,704**	6,487
Stock based compensation	**958,377**	95,581
Facilities and operations	**225,840**	248,490
Legal, professional and finance	**332,706**	582,842
Salaries and benefits	**761,995**	1,017,336
Other expenses	**717,702**	287,819
CPRIT grant claimed in eligible expenses (Note 12)	**(671,640)**	(553,884)
	2,334,684	1,684,671

	2018	2017
	$	$
Research and Development Expenses		
Chemistry, manufacturing and controls	**197,646**	1,036,696
Regulatory	**192,448**	183,551
Discovery and pre-clinical	**1,136,582**	404,656
Research and development warrant	**947,432**	236,858
Clinical	**4,787,093**	2,203,930
Salaries and benefits	**1,353,527**	1,010,233
Licensing, patent, legal fees and royalties	**437,642**	355,412
NIH License Fee (Note 13)	**-**	636,000
Stock based compensation	**658,655**	44,604
CPRIT grant claimed on eligible expenses (Note 12)	**(5,016,479)**	(2,067,633)
Other research and development expenses	**395,600**	184,803
	5,090,146	4,229,110