Condensed consolidated interim financial statements of

Medicenna Therapeutics Corp.

(Expressed in Canadian Dollars)

For the three months ended June 30, 2019

Medicenna Therapeutics Corp.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

as at

	June 30, 2019	March 31, 2019
	$	$
Assets		
Current assets		
Cash	**1,057,504**	2,370,976
Prepaids and deposits	**86,473**	258,423
Government grant receivable (Note 9)	**2,399,295**	2,444,285
Other receivables	**50,988**	32,539
	3,594,260	5,106,223
Intangible assets (Note 10)	**79,968**	81,205
	3,674,228	5,187,428
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	**1,726,878**	2,396,439
	1,726,878	2,396,439
License fee payable (Note 10)	**171,021**	174,432
	1,897,899	2,570,871
Shareholders' Equity		
Common shares (Note 6)	**16,992,088**	16,615,648
Contributed surplus (Notes 7 and 8)	**8,737,804**	8,633,395
Accumulated other comprehensive income	**130,722**	157,165
Deficit	**(24,084,285)**	(22,789,651)
	1,776,329	2,616,557
	3,674,228	5,187,428

Nature of business (Note 1)
Subsequent events (Note 13)

Approved by the Board

/s/ Albert Beraldo Director

/s/ Chandra Panchal Director

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

Medicenna Therapeutics Corp.

Condensed Consolidated Interim Statements of Operations
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30, 2019	Three months ended June 30, 2018
	$	$
Operating expenses		
General and administration (Note 12)	**461,539**	414,551
Research and development (Note 12)	**828,442**	634,973
Total operating expenses	**1,289,981**	1,049,524
Interest income	**-**	(92)
Foreign exchange (gain) loss	**4,653**	(11,215)
	4,653	(11,307)
Net loss for the year	**(1,294,634)**	(1,038,217)
Cummulative translation adjustment	**(26,443)**	27,196
Comprehensive loss for the period	**(1,321,077)**	(1,011,021)
Basic and diluted loss per share for the year	**(0.05)**	(0.04)
Weighted average number of common shares outstanding (Note 6)	**28,615,168**	24,578,137

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

Medicenna Therapeutics Corp.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30, 2019	Three months ended June 30, 2018
	$	$
Operating activities		
Net loss for the year	**(1,294,634)**	(1,038,217)
Items not involving cash		
Depreciation	**1,237**	1,705
Stock based compensation	**211,263**	256,072
R&D warrant expense	**-**	236,858
Government grant expense recoveries	**(994,648)**	(1,601,447)
Unrealized foreign exchange	**951**	(1,983)
Changes in non-cash working capital		
Other receivables and deposits	**153,501**	(19,628)
Accounts payable and accrued liabilities	**(664,064)**	(200,298)
	(2,586,394)	(2,366,938)
Financing activities		
Government grant received (Note 9)	**991,840**	-
Warrant and option exercises	**269,586**	-
	1,261,426	-
Effect of foreign exchange on cash	**11,496**	17,465
Net increase (decrease) in cash	**(1,313,472)**	(2,349,472)
Cash, beginning of period	**2,370,976**	3,938,734
Cash, end of period	**1,057,504**	1,589,262

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

Medicenna Therapeutics Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common shares issued and outstanding		Contributed Surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Number	Amount				
		$	$	$	$	$
Balance, March 31, 2018	**24,578,137**	**14,302,195**	**5,790,341**	**150,909**	**(18,081,620)**	**2,161,825**
Stock based compensation	-	-	256,072	-	-	256,072
Research and development w arrant amortization	-	-	236,858	-	-	236,858
Net loss and comprehensive loss	-	-	-	27,196	(1,038,217)	(1,011,021)
Balance, June 30, 2018	**24,578,137**	**14,302,195**	**6,283,271**	**178,105**	**(19,119,837)**	**1,643,734**
Balance, March 31, 2019	**28,578,137**	**16,615,648**	**8,633,395**	**157,165**	**(22,789,651)**	**2,616,557**
Stock based compensation	-	-	211,263	-	-	211,263
Warrant and option exercises	224,655	376,440	(106,854)	-	-	269,586
Net loss and comprehensive loss	-	-	-	(26,443)	(1,294,634)	(1,321,077)
Balance, June 30, 2019	**28,802,792**	**16,992,088**	**8,737,804**	**130,722**	**(24,084,285)**	**1,776,329**

The accompanying notes are an integral part of these condensed consolidated interim 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. 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, 2019, the head office is located at 2 Bloor St W, 7th Floor, Toronto, Ontario, Canada, and the registered office is located at 181 Bay Street, Suite 2100, Toronto, Ontario, Canada.

2. Basis of presentation and significant accounting policies

a) *Statement of compliance*

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (IAS 34) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting and Interpretations Committee (“IFRIC”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the period ended March 31, 2019.

The condensed consolidated interim financial statements were approved by the Company’s Board of Directors and authorized for issue on August 8, 2019.

b) *Going Concern*

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 in ongoing 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 condensed consolidated interim 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

2. Basis of presentation and significant accounting policies cont'd

of business and at amounts different from those in the accompanying consolidated financial statements. Such amounts could be material.

c) *Functional and presentation currency*

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 is the Canadian dollar and the functional currency of MBI is the US dollar, the functional currency of MTI and MBIBC is the Canadian dollar and the presentation currency of the Company is the Canadian dollar.

d) *Significant accounting judgements, estimates and assumptions*

The preparation of these unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

The unaudited condensed consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The accompanying unaudited condensed consolidated interim financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended March 31, 2018. They do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited condensed consolidated interim financial statements. Operating results for the three month period ended June 30, 2019, are not necessarily indicative of the results that may be expected for the full year ended March 31, 2020. For further information, see the Company's audited consolidated financial statements including notes thereto for the year ended March 31, 2019.

e) *New accounting policy*

The following IFRS pronouncement has been adopted during fiscal 2020:

The Company has adopted new accounting standard IFRS 16 - Leases, effective for the Company's annual period beginning January 1, 2019. The adoption of IFRS 16 did not result in any changes to the Company's financial statements.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, with certain exemptions. The standard includes two recognition exemptions for lessees – leases of "low-value" assets and short-term leases with a lease term of 12 months or less. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees are also required to remeasure the lease liability upon the occurrence of certain events such as a change in lease term. The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

3. 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.

4. Financial risk management

(a) Fair value

The Company's financial instruments recognized on the consolidated statements of financial position consist of cash, government grant receivable, other receivables, and accounts payable and accrued liabilities. The fair value of these instruments, approximate their carrying 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 are measured at amortized cost less impairments.

Accounts payable and accrued liabilities, deferred government grants and license fee payable are measured at amortized cost.

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.

4. Financial risk management cont'd

(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 (refer to Note 2 (b)). As at June 30, 2019, the Company's liabilities consist of accounts payable and accrued liabilities that have contracted maturities of less than one year.

(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 three months ended June 30, 2019 of $83,037 (June 30, 2018 - $132,000).

Balances in US dollars are as follows:

	June 30, 2019	March 31, 2019
	$	$
Cash	**(224,989)**	118,440
Accounts payable and accrued liabilities	**(973,949)**	(1,430,518)
Deferred government grant receivable (note 9)	**1,833,483**	1,831,337
	634,545	519,259

5. Accounts payable and accrued liabilities

	June 30, 2019	March 31, 2019
	$	$
Trade payables	**435,573**	802,025
Accrued liabilities	**1,291,305**	1,594,414
	1,726,878	2,396,439

(Expressed in Canadian Dollars)

6. Share capital

Authorized

Unlimited common shares

Calculation of loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. For three months ended June 30, 2019 and 2018 the calculation was as follows:

	Three months ended June 30, 2019	Three months ended June 30, 2018
Common shares issued and outstanding, beginning of year	**28,578,137**	24,578,137
Effect of warrants and options exercised	**37,031**	-
Weighted average shares outstanding, end of period	**28,615,168**	24,578,137

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

7. Warrants

Warrant continuity:

	Number of Warrants	**Weighted average exercise price**
Balance outstanding at March 31, 2018	**3,074,042**	**$ 2.00**
Warrants expired during the period	(28,617)	2.00
Balance outstanding at June 30 and September 30, 2018	**3,045,425**	**$ 2.00**
Warrants expired during the period	(30,820)	2.00
Common share purchase warrants issued in the financing	2,000,000	1.20
Broker warrants issued in the financing	280,000	1.20
Balance outstanding at December 31, 2018	**5,294,605**	**$ 1.70**
Warrants expired during the period	(149,522)	2.00
Balance outstanding at March 31, 2019	**5,145,083**	**$ 1.65**
Warrants exercised during the period	(224,655)	1.20
Warrants exercisable at June 30, 2019	**4,920,428**	**$ 1.67**

At June 30, 2019, warrants were outstanding and exercisable, enabling holders to acquire common shares as follows:

Number of Warrants	**Exercise Price**	**Expiry Date**
	$	
1,379,083	2.00	January 1, 2021
1,288,000	2.00	March 1, 2021
198,000	2.00	April 5, 2021
227,625	1.20	December 21, 2020
1,827,720	1.20	December 21, 2023
4,920,428		

(Expressed in Canadian Dollars)

8. Stock options

There were no stock options granted in the three months ended June 30, 2018.

During the three months ended June 30, 2019 the Company granted 200,000 stock options exercisable at $1.38 per share. 50,000 of the options granted vest 50% after one year, 25% after two years and 25% after three years, 150,000 of the options vest 50% on September 1, 2019 and 50% on December 1, 2019 and have a ten-year life.

Stock option transactions for the three months ended June 30, 2019 and 2018 are set forth below:

	Number of options		Weighted average exercise price
Balance outstanding at March 31, 2018	**2,175,000**	**$**	**2.11**
Forfeited	(125,000)		2.40
Balance outstanding at June 30, 2018	**2,050,000**	**$**	**2.11**
Granted	200,000		1.09
Balance outstanding at Sept. 30 and December 31, 2018	**2,250,000**	**$**	**2.09**
Granted	1,175,000	$	1.00
Forfeited	(150,000)		1.73
Balance outstanding at March 31, 2019	**3,275,000**	**$**	**1.67**
Granted	200,000	$	1.38
Forfeited	(100,000)		1.09
Balance outstanding at June 30, 2019	**3,375,000**	**$**	**1.67**

The following table summarizes information about stock options outstanding at June 30, 2019:

	Options Outstanding			**Options Exercisable**	
Exercise Prices	Options	Weighted average remaining contractual life	Weighted average exercise price	Options	Weighted average exercise price
$		**Years**	**$**		**$**
1.00	1,175,000	8.78	1.00	150,000	1.00
1.38	200,000	9.95	1.38	-	-
2.00	1,100,000	7.63	2.00	825,000	2.00
2.01	700,000	8.23	2.01	350,000	2.01
2.88	200,000	3.37	2.88	200,000	2.88
	3,375,000	**8.04**	**1.67**	**1,525,000**	**2.02**

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

(Expressed in Canadian Dollars)

8. Stock options cont'd

	June 30, 2019
Exercise price	$1.38
Grant date share price	$1.38
Risk free interest rate	1.5%
Expected life of options	5 years
Expected volatility	114%
Expected dividend yield	-
Weighted average fair value of options granted during the period	$1.11

9. 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. On February 4, 2019 the Company was approved for a further six month extension ending August 31, 2019 and on July 25, 2019 an additional six month extension was granted to February 28, 2020.

Of the US$14.1 million grant approved by CPRIT, Medicenna has received US$13.0 million from CPRIT as of August 8, 2019. The Company is eligible to receive the remaining US$1.4 million upon the achievement of certain criteria as determined by CPRIT, from time to time. There can be no assurances that the balance of such grants will be received from CPRIT.

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, satisfactorily achieve milestones, 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%.

During the three months ended June 30, 2019, the Company received $991,840 (2018 - $Nil). The amount receivable at June 30, 2019 of $2,399,295 (US $1,833,483), represents funds spent on grant expenditures, but not yet reimbursed.

10. 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

(Expressed in Canadian Dollars)

10. Commitments cont'd

asset that is being amortized over the life of the underlying patents. As at June 30, 2019, the Company's intangible assets have a remaining capitalized netbook value of $79,968 (March 31, 2019 - $81,205).

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 June 30, 2019, the Company is obligated to pay the following:

- Patent licensing costs due within 12 months totaling $66,500.
- Patent licensing costs, including the above, due within the next five years totaling $705,000.
- 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 $171,021 due in 2019 and $171,021 due in 2020 to the National Institute of Health ("NIH") which represents the remaining payments resulting from the Company's liquidity event in March 2017.

Contractual obligations	**Less than 1 year**	**1-3 years**	**3-5 years**	**Total**
Patent licensing costs, minimum annual royalties per license agreements	$ 66,500	$ 172,900	$ 532,000	$ 771,400
Liquidity event payment	$ 171,021	$ 171,021	$ 0	$ 342,042

11. 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, earned the following compensation for the following periods:

	June 30, 2019	June 30, 2018
	$	$
Salaries and wages	**222,937**	222,937
Board fees	**35,560**	35,508
Stock option expense	**136,679**	233,130
Related party rent	**-**	6,866
	395,176	498,441

(b) Amounts payable to related parties

As at June 30, 2019, the Company had trade and other payables in the normal course of business, owing to directors and officers of $390,066 (2018: $203,564) related to deferred salary, board fees and accrued vacation.

(Expressed in Canadian Dollars)

12. Components of Expenses

	Three months ended June 30, 2019	Three months ended June 30, 2018
	$	$
General and Administration Expenses		
Depreciation expense	**1,237**	1,705
Stock based compensation	**93,962**	156,893
Facilities and operations	**62,170**	44,286
Legal, professional and finance	**30,957**	31,938
Salaries and benefits	**154,383**	190,893
Other expenses	**244,202**	181,347
CPRIT grant claimed in eligible expenses (Note 9)	**(125,372)**	(192,511)
	461,539	414,551

	Three months ended June 30, 2019	Three months ended June 30, 2018
Research and Development Expenses		
Chemistry, manufacturing and controls	**87,451**	77,668
Regulatory	**48,136**	7,473
Discovery and pre-clinical	**494,420**	327,988
Research and development warrant	**-**	236,858
Clinical	**538,537**	739,401
Salaries and benefits	**265,760**	339,141
Licensing, patent, legal fees and royalties	**92,150**	206,942
Stock based compensation	**117,301**	99,179
CPRIT grant claimed on eligible expenses (Note 9)	**(869,276)**	(1,408,936)
Other research and development expenses	**53,963**	9,259
	828,442	634,973

13. Subsequent Events

On July 8, 2019, subsequent to the quarter end, the Company received US$1,915,372 (CAD$2.506 million) from CPRIT. Of this total, US$1,833,483 (CAD $2,399,295) is shown as receivable as of June 30, 2019.