Management's Discussion and Analysis

For the Year Ended March 31, 2019

DATE OF REPORT: June 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") has been prepared as of June 24, 2019 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). The unaudited condensed consolidated interim financial statements and related notes of Medicenna, were prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise noted.

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 of securing Breakthrough Therapy Designation, accelerated approval or expedited approvals in major markets;
- 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;
- the Company's ability to maintain compliance with its agreement with the Cancer Prevention Research Institute of Texas ("CPRIT") and collect any remaining funding;
- 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 other than identifying and evaluating opportunities for the acquisition of an interest in assets or businesses for the completion of a qualifying transaction.

In February 2015, the Company received notice that it had been awarded a grant by 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 March 1, 2017, A2 completed its qualifying transaction in accordance with the policies of the TSXV by way of a reverse takeover of A2 by the shareholders of MTI (the “Qualifying Transaction”). In connection with the Qualifying Transaction, A2 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”).

On August 2, 2017, Medicenna graduated from the TSXV to the Toronto Stock Exchange (“TSX”). 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 immuno-oncology company developing novel, highly selective versions of IL-2, IL-4 and IL-13 tunable cytokines, called “Superkines”. These Superkines can be developed either on their own as short or long-acting therapeutics or fused with cell killing proteins in order to generate Empowered Cytokines™ (“ECs”) that precisely deliver potent toxins to the cancer cells without harming healthy cells. Medicenna’s mission is to become the leader in the development and commercialization of targeted ECs and Superkines for the treatment of a broad range of cancers. The Company seeks to achieve its goals by drawing on its expertise, and that of world-class collaborators, in order to develop a unique set of druggable Superkines. Compared to naturally occurring cytokines - that bind to multiple receptor types on many cell types - Superkines are engineered with unique specificity toward defined target cell subsets to enable precise activation or inhibition of relevant immune

cells in order to improve therapeutic efficacy and safety. 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 checkpoint inhibitors, CAR-T cells or oncolytic viruses to stimulate tumor-killing immune cells or overcome the immunosuppressive tumor micro-environment.

MDNA55, Medicenna's lead EC has recently completed enrollment in a Phase 2b clinical trial for the treatment of recurrent glioblastoma ("rGBM"), the most common and uniformly fatal form of brain cancer. It is a fusion of a circularly permuted version of interleukin 4 ("IL-4"), fused to a potent fragment of the bacterial toxin, *Pseudomonas* exotoxin and is designed to preferentially target tumor cells that over-express the interleukin-4 receptor ("IL-4R"). MDNA55 has now been studied in 5 clinical trials in 132 patients, including 112 patients with rGBM, in which it has shown indications of superior efficacy when compared 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 and other types of high grade glioma.

Medicenna announced on April 30, 2019 that patient enrollment was complete in the Phase 2b clinical trial of MDNA55 after treating 46 patients with rGBM. Medicenna announced preliminary top-line data from the study on June 18, 2019 as described below. The Company plans to have an End of Phase 2 ("EOP2") meeting with the FDA in the second half of 2019 and will have 12 month survival data on all patients in the study in early 2020. In addition, Medicenna plans to initiate a Phase 2 clinical trial with MDNA55 for the treatment of newly diagnosed GBM in the second half of 2019.

Complementing Medicenna's lead clinical asset (MDNA55), the Company 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 Leland Stanford Junior University ("Stanford"). 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) with high affinity 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. Data was presented on MDNA109 and the lead candidate selected in June 2019 as described below.

ACHIEVEMENTS & HIGHLIGHTS

The following are the achievements and highlights for the year ending March 31, 2019 through to the date hereof:

- On June 18, 2019, Dr. Fahar Merchant presented results from the Phase 2b MDNA55 clinical trial which recently completed enrollment (N=46) at the Inaugural Immuno-Oncology Pharma Congress in Boston, MA. The presentation highlighted disease control in up to 83% of the patients according to iRANO criteria (immunotherapy Response Assessment in Neuro-Oncology) which measures tumor response relative to the largest tumor size post-treatment (nadir). In addition, safety data from the Phase 2b clinical trial show a similar safety profile to previous MDNA55 trials, with no systemic toxicities, no clinically significant laboratory abnormalities and no drug-related deaths.
- On June 20, 2019, Medicenna presented a poster entitled "Engineering a long-acting CD122 biased IL-2 superkine displaying potent anti-tumoral responses". The presentation by Dr. Moutih Rafei, Associate Professor, Department of Pharmacology and Physiology, Université de Montreal highlighted that MDNA109-LA when combined with checkpoint inhibitors (a) demonstrated durable tumor control with strong memory response; (b) blunted Treg activity by abolishing CD25 binding while enhancing activation of naïve CD8 T cells and NK cells (responsible for attacking tumor cells) and (c) attained long term tumor control with fewer treatment cycles and a less frequent dosing regimen.
- On June 3, 2019 we announced a poster entitled "MDNA55: A Locally Administered IL4 Guided Toxin as a Targeted Treatment for Recurrent Glioblastoma" presented at the 55th Annual Meeting of the American Society of Clinical Oncology (ASCO) being held in Chicago, IL. The presentation by Dr. Dina Randazzo of

Duke University School of Medicine and a Principal Investigator, focused on the development of a new biomarker test for the interleukin-4 receptor (IL4R) that may enable better selection and superior treatment outcomes for patients with rGBM.

- On May 1, 2019, December 5, 2018 and August 10, 2018, Medicenna received amounts of US$757,940, US$1.2 million and US$1.2 million, respectively, from CPRIT for reimbursement of past expenses.
- On April 30, 2019, we announced completion of enrolment in the MDNA55 Phase 2b clinical study for the treatment of rGBM.
- On February 7, 2019, Dr. John H. Sampson, MD, PhD, (Robert H. and Gloria Wilkins Distinguished Professor and Chair of Neurosurgery at Duke University in Durham, NC) presented new clinical study results on MDNA55. Dr. Sampson outlined that following a single treatment with MDNA55 at the low dose, (a) the IL4R positive (high) group showed a meaningful increase in median overall survival ("mOS") of 15.2 months when compared to 8.5 months in the IL4R negative (low) group, (b) survival rates at 6, 9, and 12 months were 100%, 67% and 55% in the IL4R positive group versus 73%, 40%, and 30%, in the IL4R negative group, (c) irrespective of IL4R expression, mOS was 11.8 months in all patients with an overall survival rate of 89% at 6 months, 59% at 9 months and 46% at 12 months, substantially exceeding landmark mOS and survival rates reported for approved drugs for rGBM.
- On February 6, 2019, Dr. Moutih Rafei, PhD, (Associate Professor, Department of Pharmacology and Physiology, Université de Montreal) presented new results on MDNA109 and its long acting variants. The presentation outlined that MDNA109 (a) is an engineered IL-2 Superkine exhibiting 1000-fold enhanced affinity toward the CD122 receptor, (b) has best-in-class potency toward cancer killing effector T cells, (c) was not immunogenic *in-vivo* and (d) potently synergized with anti-PD-1 or anti-CTLA-4 checkpoint inhibitors to eliminate tumors in the majority of tumor-bearing mice.
- On December 21, 2018, the Company completed a public offering and issued 4,000,000 units for gross proceeds of $4,000,000.
- On November 16, 2018, Medicenna presented an update on intratumoral delivery of MDNA55 using MRI-guided convective delivery at the 23rd Annual Meeting of the Society for Neuro-Oncology.
- On November 9, 2018, Medicenna presented an update on preliminary pre-clinical results on MDNA109 at the 33rd Annual Meeting of the Society for Immunotherapy of Cancer ("SITC") held in Washington, DC.
- On October 22, 2018, the Company presented results and participated in a poster discussion session at the European Society for Medical Oncology ("ESMO") congress held in Munich. Based on interim data from patients treated at low doses implemented during the first half of the Phase 2b study of MDNA55, the presentation highlighted the benefits of using of advanced imaging modalities in order to help tumor response evaluation and identify pseudo-progression in some patients which ultimately translates into tumor shrinkage, and potential treatment benefit.
- On August 28, 2018, Medicenna presented preliminary pre-clinical results on MDNA109 at the Sixth Annual Immuno-Oncology Summit held in Boston, MA. The poster presentation highlighted data comparing efficacy and pharmacokinetics of MDNA109 and long-acting variants of MDNA109 in mouse models.

FINANCING UPDATE

Year ended March 31, 2019

On December 21, 2018, the Company closed a short-form prospectus offering of 4,000,000 units for gross proceeds of $4,000,000 (the "Offering"). Each unit consisted of one common share of the Company (each, a "Common Share") and one-half common share purchase warrant of the Company (each full common share purchase warrant, a "Unit Warrant"). Each Unit Warrant entitles the holder to purchase one Common Share, at an exercise price of $1.20 per Common Share until December 21, 2023. In the context of the Offering, Medicenna issued 4,000,000 Common Shares, 2,000,000 Unit Warrants and 280,000 broker warrants as partial consideration for the services provided by the agents in connection with the Offering (the "Broker Warrants").

The total costs associated with the transaction were $643,686, including an amount of $91,000 which represents the estimated fair value of the Broker Warrants. Each Broker Warrant is exercisable for one Common Share at a price of $1.20 per Common Share until December 21, 2020.

Year ended March 31, 2018

During the year ended March 31, 2018, 164,447 common share purchase 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 common share purchase 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.

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 Qualifying Transaction and pursuant to an escrow agreement dated March 1, 2017, an additional 15,600,000 Common Shares were placed into escrow.

Pursuant to the policies of the TSX, all shares held in escrow were released during the year ended March 31, 2019.

RESEARCH & DEVELOPMENT UPDATE

MDNA55

Excluding the recently completed Phase 2b clinical study, 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. In these earlier studies, MDNA55 showed promising clinical results 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 administration 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 a magnetic resonance imaging ("MRI") 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 or Second Recurrence or Progression

The Phase 2b trial with MDNA55 using enhanced CED delivery is a multi-center, open-label, single-arm study in up to 52 subject and at least 46 intent to treat (ITT) patients, with first or second recurrence or progression of GBM after surgery or radiotherapy ± adjuvant therapy or other experimental therapies.

The primary endpoint of the study is median Overall Survival (mOS) comparing a null survival rate of 8.0 months (based on historical control) with an alternative pursue rate of 11.5 months (1-sided alpha = 0.10 and 80% power for 46 ITT subjects). The secondary endpoint is objective response rate (ORR) assessed by the modified Response Assessment in Neuro-Oncology (mRANO)-based criteria incorporating advanced imaging modalities according to a null response rate of 6% with alternative pursue rate of 18% (1-sided alpha = 0.10 and 80% power for at least 35 subjects evaluable for response). IL4R expression levels in tumor biopsies and their potential impact on patient outcomes following treatment with MDNA55, were and are being retrospectively evaluated.

Phase 2b Study Update

In April 2017, we treated the first rGBM patient in the Phase 2b clinical trial of MDNA55 and enrolled patients at eight clinical sites across the United States with enrolment in the study (46 ITT patients) completed in April 2019.

While the Company previously targeted completion of the Phase 2b by not later than Q4 2018, the protocol amendments announced in September 2017 and May 2018, and described below, resulted in slower than anticipated patient recruitment.

On September 28, 2017 we announced that based on encouraging drug distribution and safety data observed we implemented an amended protocol incorporating enhanced drug delivery procedure which was used for the treatment of the remaining patients. The amended protocol allowed 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 up to 52 total planned patients. This protocol amendment was based on a planned safety analysis following a unanimous recommendation from MDNA55's Safety Review Committee. Of the up to 52 patients to be treated in the study we required at least 46 of those patients to be evaluable for survival and at least 35 subjects evaluable for response. We met our threshold enrolment requirements in April 2019 with 46 patients treated.

On October 10, 2017, clinical data was presented by Principal investigator John H. Sampson MD, PhD, (Robert H. and Gloria Wilkins Distinguished Professor and Chair of Neurosurgery at Duke University in Durham, NC) at the 2017 Congress of Neurological Surgeons (Boston, MA), demonstrating successful delivery in rGBM patients and a reassuring safety profile for MDNA55. Furthermore, the data showed that a substantially higher proportion of the target tissue was 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 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 in November 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.

It was reported on May 2, 2018 that half the patients in the study had 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 allowed 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, use of sub-therapeutics dose of Avastin in patients that could not tolerate steroid use to control edema and inflammation 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 such 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 allowed a biopsy and/or advanced multi-modal imaging to more accurately discriminate between necrosis/inflammation

and true disease progression. It is believed these tools could encourage subjects to remain in the study, where appropriate, giving time for the pseudo-progression to resolve and increase the likelihood of clinical responses.

Following the amended protocol as announced on May 2, 2018 and after receiving the necessary regulatory and site approvals patient enrolment was resumed at the established maximum tolerated dose ("MTD") which was not to exceed 240μg.

The protocol amendments announced September 28, 2017 and May 2, 2018 resulted in increased timelines for completion of the MDNA55 Phase 2b clinical trial due to an increase in the original number of patients as well as delays in patient recruitment while the necessary regulatory reviews and approvals were completed.

On October 22, 2018, the Company presented results and participated in a poster discussion session at the ESMO Congress held in Munich. Based on interim data from patients treated at low doses implemented during the first half of the Phase 2b study of MDNA55, the presentation highlighted the benefits of using of advanced imaging modalities in order to help tumor response evaluation and identify pseudo-progression in some patients which ultimately translates into tumor shrinkage, and potential treatment benefit.

On October 31, 2018, Medicenna provided an interim update from the ongoing Phase 2b clinical trial of MDNA55 for the treatment of rGBM. These results were superseded by data reported on February 7, 2019 as described below.

On February 7, 2019 Medicenna presented new clinical study results in a podium presentation entitled, "The IL4 Receptor as a Biomarker and Immunotherapeutic Target for Glioblastoma: Preliminary Evidence with MDNA55, a Locally Administered IL-4 Guided Toxin" by John H. Sampson, MD, PhD, Robert H. and Gloria Wilkins Distinguished Professor and Chair of Neurosurgery at Duke University during the 5th Annual Immuno-Oncology 360° Conference held in New York, NY. Following treatment with MDNA55 at the low dose, the IL4R positive group showed a remarkable increase in mOS of 15.2 months when compared to 8.5 months in the IL4R negative group. Survival rates at 6, 9, and 12 months were 100%, 67% and 55% versus 73%, 40%, and 30%, in the IL4R positive and negative groups, respectively. In addition, Dr. Sampson presented that irrespective of IL4R expression, mOS was 11.8 months in all patients following a single treatment with MDNA55 at the low dose with an overall survival rate of 89% at 6 months, 59% at 9 months and 46% at 12 months, substantially exceeding landmark mOS and survival rates reported for approved drugs for rGBM (mOS is 8 months for Avastin and Lomustine and survival rates at 6, 9 and 12 months are 62%, 38%, 26% and 65%, 43%, 30%, respectively). In these participants, patients with IL4R positive tumors showed a faster time to relapse (10.3 months) following initial diagnosis of GBM when compared to patients with low to no expression of IL4R (16.7 months) supporting published research showing that the Type 2 IL4R is a key biomarker for more aggressive forms of GBM.

On April 30, 2019 we announced that enrolment in the study was complete with 46 evaluable patients.

On June 3, 2019 we announced a poster entitled "MDNA55: A Locally Administered IL4 Guided Toxin as a Targeted Treatment for Recurrent Glioblastoma" presented at the 55th Annual Meeting of the American Society of Clinical Oncology (ASCO) being held in Chicago, IL. The presentation by Dr. Dina Randazzo of Duke University School of Medicine and a Principal Investigator, focused on the development of a new biomarker test for the interleukin-4 receptor (IL4R) that may enable better selection and superior treatment outcomes for patients with rGBM. This data was subsequently updated at the World Pharma Conference described below.

On June 18, 2019, Dr. Fahar Merchant presented results from the Phase 2b MDNA55 clinical trial which recently completed enrollment (N=46) at the Inaugural Immuno-Oncology Pharma Congress in Boston, MA. The presentation highlighted disease control in up to 83% of the patients according to iRANO criteria (immunotherapy Response Assessment in Neuro-Oncology) which measures tumor response relative to the largest tumor size post-treatment (nadir). Use of advanced imaging techniques (such as perfusion and diffusion MRI) was able to show underlying tissue response amidst inflammation and edema in some subjects. In addition, safety data from the Phase 2b clinical trial show a similar safety profile to previous MDNA55 trials, with no systemic toxicities, no clinically significant laboratory abnormalities and no drug-related deaths.

Medicenna plans to have an End of Phase 2 ("EOP2") meeting with the FDA in the second half of 2019 to discuss the results of the MDNA55 Phase 2b clinical study and the development pathway forward, including the possibility of seeking accelerated approval in patients with IL4R positivity which is considered to display a more aggressive form of rGBM. Medicenna expects to have twelve month survival data on all patients in the study by Q1 2020.

As at March 31, 2019, direct costs related to the research and development of MDNA55 represented approximately $3.8 million. The Company expects the completion of clinical development of MDNA55 (Phase 3 clinical trial), if undertaken, to last until at least 2021, with a projected aggregate cost of approximately $75 million, incremental to the current cash on hand. It is anticipated that following the successful completion of the Phase 2b clinical trial and a successful EOP2 meeting with the FDA the Company will license the program to one or more partners who would continue the Phase 3 clinical development of MDNA55 as well as prepare the program for commercialization. Additional time and capital will also be required to obtain pre-market approval for MDNA55 in the United States and Canada and to complete business development, marketing and other pre-commercialization activities related to the commercial launch of MDNA55. In addition to development and regulatory approval of MDNA55, the Company and/or its partner may also have to develop and commercialize a companion diagnostic to measure IL4R expression prior to treatment with MDNA55. See "Risk Factors" below.

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 up to 1000 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.

On August 2, 2018, we announced preliminary pre-clinical data on MDNA109, the only IL-2 in development with high affinity to CD122 to boost cancer fighting T cells, showing that fusions of MDNA109 with inactive protein scaffolds are long-acting and provide the convenience of easier dosing without sacrificing its safety and efficacy.

On February 6, 2019 the Company presented new results on MDNA109 and its long acting variants in a podium presentation entitled, “Putting Pedal to the Metal: Combining IL-2 Superkine (MDNA109) with Checkpoint Inhibitors” by Moutih Rafei, PhD, Associate Professor, Department of Pharmacology and Physiology, Université de Montreal at the 5th Annual Immuno-Oncology 360° Meeting in New York, NY.

The results presented demonstrated that MDNA109 exhibited 1000-fold enhanced affinity toward the CD122 receptor and best-in-class potency toward cancer killing effector T cells. When tested in vivo, MDNA109 was not immunogenic and led to potent delay in the growth of pre-established B16F10 melanoma tumors compared to IL-2. Likewise, significant delay in the growth of pre-established MC38 and CT-26 colon cancer was observed in syngeneic mice receiving MDNA109, whereas its co-administration with anti-PD1 checkpoint inhibitor eliminated tumors in 90% of MC38 tumor-bearing mice. Furthermore, MDNA109 in combination with anti-CTLA-4 antibody, complete responses were observed in a majority of mice in the CT26 model. When cured animals were re-challenged on the counter-lateral flank with CT26 tumor cells, tumor growth was blocked at the secondary site clearly suggesting the generation of potent memory responses. Additional results on long-acting MDNA109 variants with impaired CD25 binding demonstrated abrogation of regulatory T cell activation at therapeutic doses in order to mitigate peripheral side effects, which are dependent on CD25 binding.

Medicenna presented a poster entitled “Engineering a long-acting CD122 biased IL-2 superkine displaying potent anti-tumoral responses” at the Inaugural Immuno-Oncology Pharma Congress, held from June 18-20, 2019 during World Pharma Week in Boston, MA. Highlights from the presentation by Dr. Moutih Rafei included the following: A) When MDNA109-LA was co-administered with the immune-checkpoint blocker anti-cytotoxic T-Lymphocyte-Associated Protein (CTLA)4 in a colon cancer mouse model, 67% of animals with pre-established tumors remained tumor-free for over 100 days. When these animals received a second and third re-challenge of the tumor without further treatment, 100% and 75% remained tumor free, respectively, demonstrating a strong memory response. B) A long-acting variant, MDNA109-LA1, engineered to mitigate Treg activation by abolishing binding to the CD25 had 50-fold decreased Treg activity and 6-fold higher activity towards naïve CD8 T cells for an overall 300-fold preferential activation of cancer killing T cells than recombinant IL-2. C) In addition, binding affinity studies using surface plasmon resonance confirmed absence of CD25 binding by MDNA109-LA1. D) To further validate the potency of MDNA109-LA1 mice with pre-established aggressive B16F10 melanoma tumors showed potent tumor control with a weekly dosing schedule.

MDNA209 can be used to induce the opposite effect. This Superkine mimics the shape of IL-2 and also binds 500 to 1,000 times effectively to 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. Development timelines for MDNA209 have yet to be established.

As preparing, submitting, and advancing applications for regulatory approval, developing products and processes and clinical trials are sometimes complex, costly, and time consuming processes, an estimate of the future costs related to the development of MDNA109 and MDNA209 is not reasonable at this time.

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. Development timelines for MDNA413 have yet to be established.

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 CAR-T platform. Development timelines for MDNA132 have yet to be established.

As preparing, submitting, and advancing applications for regulatory approval, developing products and processes and clinical trials are sometimes complex, costly, and time consuming processes, an estimate of the future costs related to the development of MDNA413 and MDNA132 is not reasonable at this time.

IL-4 and IL-13 Empowered Cytokines
As part of the CPRIT funded project, Medicenna had initially been pursuing development of 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. Development timelines for MDNA57 have yet to be established with priority allocated to MDNA55 and MDNA109. After review of the competitive activity within our industry, it became apparent that we should focus our non-CPRIT funds for our early stage assets to the development of MDNA109 rather than MDNA57 (as originally intended). As such, limited work has been done on MDNA57 to date.

As preparing, submitting, and advancing applications for regulatory approval, developing products and processes and clinical trials are sometimes complex, costly, and time consuming processes, an estimate of the future costs related to the development of MDNA57 is not reasonable at this time.

SELECTED FINANCIAL INFORMATION

	2019	**2018**	**2017**
	$	$	**$**
General and Administration	**1,709,286**	2,334,684	1,684,671
Research and Development	**3,017,997**	5,090,146	4,229,110
Net Loss	**(4,708,031)**	(7,465,452)	(7,631,265)
Basic and Diluted Loss per Share	**(0.18)**	(0.31)	(0.45)
Total Assets	**5,187,428**	4,374,582	14,483,227
Non-current Financial Liabilities	**174,432**	336,971	477,000
Total Liabilities	**2,570,871**	2,212,757	7,826,486

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, 2019, we reported a net loss of $4,727,283 or $0.18 per share compared to a loss of $7,465,452 or $0.30 per share for the year ended March 31, 2018. The decrease in net loss in the year ended March 31, 2019 compared with the year ended March 31, 2018 was primarily a result of lower general and administrative expenses due to reduced stock based compensation expenses, lower professional fees and listing

costs associated with the TSX graduation and OTC listing in the prior year as well as lower travel, and salary costs resulting from overall cost containment. In addition, research and development expenses were reduced in the current year due to lower consulting and CRO costs related to the ongoing MDNA55 clinical trial for which recruitment completed shortly after year end as well as lower discovery costs associated with work completed in the prior year and reduced salary and travel costs resulting from cost containment measures.

RESULTS OF OPERATIONS FOR THE YEAR ENDING MARCH 31, 2019

Research and Development Expenses

	Year ended March 31,	
	2019	2018
	$	$
Chemistry, manufacturing and controls	**399,994**	197,646
Regulatory	**48,105**	192,448
Discovery and pre-clinical	**805,477**	1,136,582
Research & Development Warrant	**710,574**	947,432
Clinical	**3,710,789**	4,787,093
Salaries and benefits	**1,190,142**	1,353,527
Licensing, patent legal fees and royalties	**783,458**	437,642
Stock based compensation	**435,439**	658,655
CPRIT grant claimed on eligible expenses	**(5,140,039)**	(5,016,479)
Other research and development expenses	**74,058**	395,600
	3,017,997	5,090,146

Research and development ("R&D") expenses of $3,017,997 were incurred during the year ended March 31, 2019, compared with $5,090,146 incurred in the year ended March 31, 2018. The decrease in the expenses in the year ended March 31, 2019 can be primarily attributed to:

- Deceased regulatory costs due to the timing of expenditures and the protocol amendments incurred in the prior year.
- Reduced discovery and pre-clinical expenses due to work ongoing and completed in the prior year related to the development of MDNA57.
- Lower clinical trial costs due to reduced consulting costs, clinical supplies and CRO fees due to nearing the end of the clinical study and general cost containment.
- Reduced salaries and benefits due to lower headcount and overall cost containment measures.
- Lower stock based compensation expense due to the timing of option grants in the current year.
- A reduction in other R&D expenses due to reduced travel and employee recruitment expenses.

The above reductions were offset by the following increases:

- Chemistry, manufacturing and controls costs related to MDNA109 program development.
- Higher licensing fees, patent costs, royalties and consulting expenses associated with pipeline review and program prioritization.

Expenses incurred that were eligible for reimbursement from the CPRIT grant totaled $5,140,039 in the year ended March 31, 2019 compared with $5,016,479 in the year ended March 31, 2018.

General and Administrative Expenses

	Year ended March 31,	
	2019	2018
	$	$
Depreciation expense	**6,818**	9,704
Stock based compensation	**563,180**	958,377
Facilities and operations	**162,995**	225,840
Legal, professional and finance	**166,277**	332,706
Salaries and benefits	**676,952**	761,995
Other expenses	**639,252**	717,702
CPRIT grant claimed on eligible expenses	**(506,188)**	(671,640)
	1,709,286	2,334,684

General and administrative ("G&A") expenses of $1,709,286 were incurred during the year ended March 31, 2019, compared with $2,334,684 during the year ended March 31, 2018. The decrease in G&A expenses year over year is attributed primarily to the following factors:

- Lower stock based compensation costs due to timing of grants as well as a lower value of option grants in the current year.
- Reduced legal, professional and finance expenses in the current year periods due to expenses related to the graduation from the TSXV to TSX as well as the OTC listing incurred in the prior year periods.
- Lower salary and benefit costs due to headcount reductions.
- Lower 'other' expenses due to reduced travel costs, and listing fees incurred on the TSX graduation in the prior year.

Expenses incurred that were eligible for reimbursement from the CPRIT grant totaled $506,188 in the year ended March 31, 2019 compared with $671,640 in the year ended March 31, 2018.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Mar. 31 2019	Dec. 31 2018	Sept. 30 2018	June 30 2018	March 31 2018	Dec. 31 2017	Sept. 30 2017	June 30 2017
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
General and administration	414,154	437,218	443,363	414,551	440,454	824,007	632,132	438,091
Research and development	661,314	1,275,896	445,814	634,973	864,005	1,351,703	1,069,648	1,804,790
Net loss	(1,049,074)	(1,723,081)	(897,659)	(1,038,217)	(1,310,506)	(2,181,022)	(1,718,252)	(2,255,672)
Basic and diluted loss per share	(0.04)	(0.07)	(0.04)	(0.04)	(0.05)	(0.09)	(0.07)	(0.09)
Total assets	5,187,428	6,017,780	3,408,806	3.644,480	4,374,582	6,838,585	9,904,455	12,465,849
Total liabilities	2,570,871	2,512,414	2,173,528	2,000,746	2,212,757	4,534,080	6,323,242	7,593,559

R&D expenses fluctuate quarter over quarter based on the amount of expenditures eligible for CPRIT reimbursement in the period as well as the pace of the clinical trial enrollment during the period. Research and development costs in the quarter ended December 31, 2018 were higher than prior periods due to patient treatment costs and a lower CPRIT reimbursement in the quarter. During the three months ended June 30, 2017 and December 31, 2017 the CPRIT expenses eligible for offset were smaller than comparable quarter and therefore expenses were higher than comparable periods.

G&A expenses are lower in the current four quarters compared with the prior year quarters due to a reduction in salaries and legal fees as well as lower stock based compensation costs. 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 during that quarter.

Results for the Three Months ended March 31, 2019

Research and Development Expenses

	Three months ended March 31	
	2019	2018
	$	$
Chemistry, manufacturing and controls	**97,866**	-
Regulatory	**21,968**	68,903
Discovery and pre-clinical	**170,452**	303,774
Research & Development Warrant	**-**	236,858
Clinical	**1,029,379**	1,229,054
Salaries and benefits	**268,932**	201,660
Licensing, patent legal fees and royalties	**213,381**	190,325
Stock based compensation	**139,503**	215,785
CPRIT grant claimed on eligible expenses	**(1,315,746)**	(1,682,055)
Other research and development expenses	**35,579**	99,701
	661,314	864,005

R&D expenses of $661,314 were incurred during the three months ended March 31, 2019, compared with $864,005 incurred in the three months ended March 31, 2018. The decrease in expenses in the three months ended March 31, 2019 can be attributed to:

- Reduced discovery and pre-clinical expenses due to work completed in the prior year, relating to the development of MDNA57.
- Lower clinical trial costs due to reduced consulting costs, clinical supplies and CRO fees due to nearing the end of the clinical study and general cost containment.
- Lower stock based compensation expense due to reduced option grants in the current year.
- Fully expensed research and development warrant, resulting in no related cost in the current period.

These reductions were offset by a lower reimbursement of expenses from CPRIT of $1,315,746 in the current year period compared with $1,682,055 in the same period in the prior year due to overall spending reductions as well as the timing of claims. Salaries and benefits were higher in the current year period resulting from a bonus accrual reversed in the prior period and increased chemistry, manufacturing and controls costs are associated with the MDNA109 program development.

General and Administrative Expenses

	Three months ended March 31	
	2019	2018
	$	$
Depreciation expense	**1,704**	1,705
Stock based compensation	**96,966**	258,589
Facilities and operations	**49,161**	60,697
Legal, professional and finance	**30,455**	49,025
Salaries and benefits	**168,204**	87,244
Other expenses	**184,581**	129,746
CPRIT grant claimed on eligible expenses	**(116,917)**	(146,552)
	414,154	440,454

In the three months ended March 31, 2019, G&A expenses of $414,154 were incurred compared with $440,454 during the three months ended March 31, 2018. The decrease in G&A expenses period over period is attributed primarily due to lower stock based compensation costs due to timing of grants as well as a lower value of option grants in the current year periods. This reduction was offset by higher salaries and benefits resulting from a bonus accrual reversed in the prior period and increased other expenses pertaining to investor relations expenses in the current year period. In addition, reimbursement of expenses from CPRIT were lower in the current year period compared with the same period in the prior year.

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 $22,789,651 as of March 31, 2019. 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 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. 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, 2019, we had a cash balance of $2,370,976 compared to $3,938,734 at March 31, 2018. We invest cash in excess of current operational requirements in highly rated and liquid instruments. Working capital at March 31, 2019 was $2,709,784 (March 31, 2018: $2,410,772). In addition, we have US$2.3 million remaining available under the CPRIT grant to be used towards the development of MDNA55.

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, chemistry, manufacturing and controls ("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, 2019, 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	**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	$ 174,432	$ 174,432	$ 0	$ 348,864

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 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 and on February 4, 2019 the Company was granted an additional six month extension allowing expense to be claimed until August 31, 2019.

Of the US$14.1 million grant approved by CPRIT, Medicenna has received US$10.8 million from CPRIT as of June 24, 2019. The Company is eligible to receive the remaining US$3.3 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.

The amount receivable at March 31, 2019 represents funds spent on grant expenditures, but not yet reimbursed, of this amount US$757,940 was received subsequent to the year end.

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.

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, 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 $174,432 due in 2019 and $174,432 due in 2020 to the NIH which represents the remaining payments resulting from the Company's liquidity event in March 2017.

As part of these license agreements, the Company has committed to make certain royalty payments based on net sales to 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 (Dr. Fahar Merchant, President and Chief Executive Officer, Ms. Elizabeth Williams, Chief Financial Officer, and Ms. Rosemina Merchant, Chief Development Officer) and directors, received the following compensation for the following periods:

	Three months ended March 31		**Year ended March 31**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Salaries and Wages	**222,937**	249,607	**891,748**	1,101,891
Board Fees	**35,278**	35,780	**141,466**	121,472
Stock Option Expense	**180,247**	355,830	**786,121**	1,282,374
Related Party Rent	**2,093**	6,134	**21,515**	21,332
	440,555	647,351	**1,840,850**	2,527,069

As at March 31, 2019, the Company had trade and other payables in the normal course of business, owing to directors and officers of $380,328 (2018: $222,228) related to deferred salaries, board fees and accrued vacation ($107,249 in deferred salaries, included in amounts earned).

The Company paid $21,515 (2018: $21,332) in office rent to Aries Biologics Corp, a company controlled by the Chief Executive Officer (Dr. Fahar Merchant) and Chief Development Officer (Ms. Rosemina Merchant) 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 2019

The following IFRS pronouncement has been adopted during 2019:

The Company has adopted new accounting standard **IFRS 9 - Financial Instruments**, effective for the Company's annual period beginning April 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date.

The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace **IAS 39 - Financial instruments: recognition and measurement**. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value.

The Company continues to classify and measure its cash at fair value through profit or loss with changes in fair value recognized in profit or loss as they arise ("FVTPL"). Other receivables and government grant receivables are classified initially at FVTPL, and subsequently at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and license fee payable are classified and measured as financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

ACCOUNTING PRONOUNCEMENTS FOR FUTURE ADOPTION

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 Company does not have any leases and has therefore determined that this standard will not have an impact on its unaudited interim condensed consolidated financial statements.

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. Common 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.

USE OF PROCEEDS

The following table provides an update on the anticipated use of proceeds raised in the December 2018 equity offering along with amounts actually expended. As of March 31, 2019, the following expenditures have been incurred:

Item	Amount to Spend	Spent to Date	Adjustments	Remaining to Spend
Patient treatment costs	$ 1,500,000	$ 656,966	(900,000)[1]	–
Clinical trial overhead costs	750,000	372,424	–	**377,576**
Salaries and intellectual property costs	500,000	377,381	450,000	**572,619**
General corporate and working capital purposes	950,000	315,484	450,000	**1,084,516**
Total	**$ 3,700,000**	**$ 1,722,255**	$ –	**$2,034,711**

1. Original use of proceeds assumed treatment of 52 patients in the study to reach an evaluable patient population of 46 patients. Only 46 patients were required to be treated in order to achieve 46 evaluable patients and as such a portion of the costs have been relocated to ‘salaries and intellectual property costs’ and ‘general corporate and working capital’

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.

Government grant receivables and other receivables have been classified as loans and receivables and are measured at amortized cost less impairments.

Accounts payable and accrued liabilities have been classified as 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, 2019, 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, 2019 of $69,000 (March 31, 2018 - $88,000).

Balances in foreign currencies are as follows:

	March 31, 2019	March 31, 2018
	$	$
Cash	**118,440**	2,115,262
Accounts payable and accrued liabilities	**(1,430,518)**	(1,429,909)
Deferred government grant receivable	**1,831,337**	-
	519,259	685,353

(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 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 the 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 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 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.

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 and Stanford (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 the recently completed or future clinical trials, the Company's operations and financial condition will be adversely impacted.

The Company is subject to the restrictions and conditions of the CPRIT agreement. Failure to comply with the CPRIT agreement may adversely affect the Company'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'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 the Company's competitors and potential competitors have substantially greater product development capabilities and financial, scientific, marketing and human resources than the Company 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 current good manufacturing practices ("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 mid stages of clinical development and MDNA109 in pre-clinical development and, as a result, the Company 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, MDNA109 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 cGMP 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 third parties 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.

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.

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

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, 2019, our common shares traded on the TSX at a high of $2.30 and a low of $0.68 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 into 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 into 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 or exchange of outstanding convertible or exchangeable 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.

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 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 IFRS, as issued by the International Accounting Standards Board ("IASB"), 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 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, 2019 and 2018, 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 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, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As of March 31, 2019, 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	28,802,792
Warrants	4,920,428
Stock Options	3,325,000
Total	**37,048,220**

For a detailed summary of the outstanding securities convertible into, exercisable or exchangeable for voting or equity securities of Medicenna as at March 31, 2019, refer to Notes, 8, 9 & 10 in the audited 2019 annual financial statements of the Company.

Additional information relating to the Company**,** including the Company's annual information form in respect of fiscal year 2019, 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, 2019 and 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Medicenna Therapeutics Corp.

Opinion

We have audited the accompanying consolidated financial statements of Medicenna Therapeutics Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of operations, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis and Annual Information Form.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and Annual Information Form prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

June 24, 2019

Medicenna Therapeutics Corp.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

as at

	March 31, 2019	March 31, 2018
	$	$
Assets		
Current assets		
Cash	**2,370,976**	3,938,734
Prepaids and deposits	**258,423**	187,108
Government grant receivable (Note 11)	**2,444,285**	-
Other receivables	**32,539**	160,716
	5,106,223	4,286,558
Intangible assets (Note 12)	**81,205**	86,152
Fixed assets	**-**	1,872
	5,187,428	4,374,582
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	**2,396,439**	1,875,786
	2,396,439	1,875,786
License fee payable (Note 12)	**174,432**	336,971
	2,570,871	2,212,757
Shareholders' Equity		
Common shares (Note 8)	**16,615,648**	14,302,195
Contributed surplus (Notes 9 and 10)	**8,633,395**	5,790,341
Accumulated other comprehensive income	**157,165**	150,909
Deficit	**(22,789,651)**	(18,081,620)
	2,616,557	2,161,825
	5,187,428	4,374,582

Nature of business (Note 1)
Subsequent events (Note 16)

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, 2019	Year ended March 31, 2018
	$	$
Operating expenses		
General and administration (Note 15)	**1,709,286**	2,334,684
Research and development (Note 15)	**3,017,997**	5,090,146
Total operating expenses	**4,727,283**	7,424,830
Interest income	**(102)**	(3,291)
Foreign exchange (gain) loss	**(19,150)**	43,913
	(19,252)	40,622
Net loss for the year	**(4,708,031)**	(7,465,452)
Cummulative translation adjustment	**6,256**	(63,321)
Comprehensive loss for the year	**(4,701,775)**	(7,528,773)
Basic and diluted loss per share for the year	**(0.18)**	(0.31)
Weighted average number of common shares outstanding (Note 8(c))	**25,674,027**	24,367,789

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, 2019	Year ended March 31, 2018
		$	$
Operating activities			
Net loss for the year		**(4,708,031)**	(7,465,452)
Items not involving cash			
Depreciation		**6,818**	9,704
Stock based compensation		**998,619**	1,617,032
R&D warrant expense		**710,574**	947,432
Government grant expense recoveries		**(5,646,227)**	(5,688,119)
Unrealized foreign exchange		**(82,419)**	3,612
Changes in non-cash working capital			
Other receivables and deposits		**56,862**	(439)
Accounts payable and accrued liabilities		**626,799**	451,878
		(8,037,005)	(10,124,352)
Investing activities			
Long term license fee payable		**(354,458)**	(140,029)
		(354,458)	(140,029)
Financing activities			
Government grant received (Note 11)		**3,242,073**	-
Units issued for cash		**3,579,910**	-
Warrant and option exercises		**-**	469,393
		6,821,983	469,393
Effect of foreign exchange on cash		**31,722**	(304,393)
Net increase (decrease) in cash		**(1,567,758)**	(10,099,381)
Cash, beginning of year		**3,938,734**	14,038,115
Cash, end of year		**2,370,976**	3,938,734
Other non-cash transactions			
Broker warrants issued	**$**	**91,000**	-
Warrants issued	**$**	**1,042,861**	-
Share issuance costs accrued through accounts payable and accrued liabilities	**$**	**102,596**	-

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		Contributed Surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Number	Amount				
		$	$	$	$	$
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 w arrant 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**
Stock based compensation	-	-	998,619	-	-	998,619
Research and development w arrant amortization	-	-	710,574	-	-	710,574
Issued on financing (Note 8(b))	4,000,000	2,313,453	1,133,861	-	-	3,447,314
Net loss and comprehensive loss	-	-	-	6,256	(4,708,031)	(4,701,775)
Balance, March 31, 2019	**28,578,137**	**16,615,648**	**8,633,395**	**157,165**	**(22,789,651)**	**2,616,557**

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. 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. 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 24, 2019.

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.

2. Significant accounting policies cont'd

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.

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

2. Significant accounting policies cont'd

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 costs 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.

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

2. Significant accounting policies cont'd

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

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 or a higher price as determined by the Board of Directors. Vesting is provided for at the discretion of the Board of Directors and the expiration of options is to be not 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

2. Significant accounting policies cont'd

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) *Share Capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity.

The Corporation has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to contributed surplus.

n) *Financial Instruments*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The Company recognizes financial instruments based on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net loss and comprehensive loss.

The Company has implemented the following classifications:

- Cash and cash equivalents, government grant receivable and amounts receivable are classified as amortized cost (previously loans and receivables). After their initial fair value measurement, they are measured at amortized cost using the effective interest method; and
- Accounts payable and accrued liabilities are classified as other amortized cost (previously financial liabilities). After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

Impairment of financial assets

The Company applies the simplified method of the expected credit loss model required under IFRS 9. Under this method, the Company estimates a lifetime expected loss allowance for all receivables. Receivables are written off when there is no reasonable expectation of recovery.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

2. Significant accounting policies cont'd

o) *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.

p) *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:

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.

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

3. Key sources of estimation uncertainty cont'd

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 2019:

The Company has adopted new accounting standard IFRS 9 - Financial Instruments, effective for the Company's annual period beginning April 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date.

The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - Financial instruments: recognition and measurement. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value.

The Company continues to classify and measure its cash at fair value through profit or loss with changes in fair value recognized in profit or loss as they arise ("FVTPL"). Other receivables and government grant receivables are classified initially at FVTPL, and subsequently at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities are classified and measured as financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

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

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 does not have any leases with a term greater than one year and has determined that the adoption of IFRS16 will not impact the financial statements on April 1, 2019.

5. 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.

6. 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:

6. Financial risk management cont'd

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.

(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 March 31, 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 year ended March 31, 2019 of $69,305 (March 31, 2018 - $88,000).

6. Financial risk management cont'd

Balances in US dollars are as follows:

	March 31, 2019	March 31, 2018
	$	$
Cash	**118,440**	2,115,262
Accounts payable and accrued liabilities	**(1,430,518)**	(1,429,909)
Deferred government grant receivable (note 11)	**1,831,337**	-
	519,259	685,353

7. Accounts payable and accrued liabilities

	March 31, 2019	March 31, 2018
	$	$
Trade payables	**802,025**	877,300
Accrued liabilities	**1,594,414**	998,486
	2,396,439	1,875,786

8. Share capital

Authorized

Unlimited common shares

a) *MTI Shareholders*

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.

b) *Equity Issuances*

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.

Year ended March 31, 2019

On December 21, 2018, the Company closed a short-form prospectus offering of 4,000,000 units for gross proceeds of $4,000,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant of the Company. Each full warrant entitles the holder to purchase one common share, for five years after the closing of the offering, at an exercise price of $1.20 per common share. The Company issued 4,000,000 common shares, 2,000,000 warrants and 280,000 broker warrants in connection with this transaction.

The total costs associated with the transaction were approximately $643,686, including the $91,000 which represented the fair value of the brokers' services provided as part of the offering and compensated by warrants. Each such broker warrant is exercisable for one common share at a price of $1.20 per share for a period of 24 months following the closing of the Offering. The Company has allocated the net proceeds of the offering to the common shares and the common share purchase

(Expressed in Canadian Dollars)

8. Share capital cont'd

warrants based on their estimated relative fair values. Based on relative fair values, $2,404,453 of the net proceeds were allocated to the common shares and $1,042,861 to the common share purchase warrants.

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, 2019 and 2018 the calculation was as follows:

	2019	2018
Common shares issued and outstanding, beginning of year	**24,578,137**	24,313,334
Effect of warrants and options exercised	**-**	54,455
Common shares issued during the year (Note 8(b))	**1,095,890**	-
Weighted average shares outstanding, end of year	**25,674,027**	24,367,789
Common shares issued and outstanding, end of year	**28,578,137**	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.

9. Warrants

Year ended March 31, 2018

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

Year ended March 31, 2019

As part of the short-form prospectus offering closed on December 21, 2018, 2,000,000 warrants and 280,000 broker warrants were issued, exercisable at $1.20 per share at any time up to December 21, 2023 and with a fair value of $746,000 and $91,000 respectively.

Warrant continuity:

	Number of Warrants	**Weighted average exercise price**
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 expired during the period	(208,959)	2.00
Common share purchase warrants issued in the financing (Note 8(b))	2,000,000	1.20
Broker warrants issued in the financing (Note 8(b))	280,000	1.20
Balance outstanding and exercisable at March 31, 2019	**5,145,083**	**$ 1.65**

As at March 31, 2019, the incentive warrants issued on January 1, 2017 have been fully amortized and a total of $1,894,860 has been recognized in contributed surplus representing the fair value of these warrants. During the year ended March 31, 2019, the Company recognized $710,574 to research and development warrant expense (2018 - $947,430).

(Expressed in Canadian Dollars)

9. Warrants cont'd

At March 31, 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
280,000	1.20	December 21, 2020
2,000,000	1.20	December 21, 2023
5,145,083		

10. Stock options

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 4,286,000 options as at March 31, 2019. 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 or at a higher price at the discretion of the Board of Directors. Options vest at various rates (immediate to three years) and have a maximum 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.

Year ended March 31, 2019

During the year ended March 31, 2019 the Company granted 200,000 stock options exercisable at $1.09 per share, with a 5-year life. The options vested 25% on issue on September 1, 2018, 25% on December 1, 2018, 25% on March 1, 2019 and 25% on June 1, 2019. The Company granted an additional 1,175,000 options on February 14, 2019 at an exercise price of $1.00. 200,000 of these options vested 50% immediately and 50% will vest on February 14, 2020. These options have a 5-year life. The remaining 975,000 options vest 50% after one year, 25% after two years and 25% after three years and have a ten-year life.

(Expressed in Canadian Dollars)

10. Stock options cont'd

Stock option transactions for the years ended March 31, 2018 and 2019 are set forth below:

	Number of options		Weighted average exercise price
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**
Granted	1,375,000	$	1.01
Exercised	-		-
Expired	-		-
Forfeited	(275,000)		1.85
Balance outstanding at March 31, 2019	**3,275,000**	**$**	**1.67**

The following table summarizes information about stock options outstanding at March 31, 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	9.03	1.00	-	-
1.09	100,000	0.17	1.09	100,000	1.09
2.00	1,100,000	7.88	2.00	825,000	2.00
2.01	700,000	8.48	2.01	350,000	2.01
2.88	200,000	3.62	2.88	200,000	2.88
	3,275,000	**7.93**	**1.67**	**1,475,000**	**2.06**

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, 2019	March 31, 2018
Exercise price	$1.00-1.09	$2.00-2.88
Grant date share price	$0.80- 1.09	$2.00-2.88
Risk free interest rate	1.5 - 3.0%	0.65-1.75%
Expected life of options	2.5-5 years	5 years
Expected volatility	100-116%	80-100%
Expected dividend yield	-	-
Forfeiture rate	0-15%	0-15%
Weighted average fair value of options granted during the year	$0.61	$1.61

11. 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.

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 year ended March 31, 2019, the Company received $3,242,073 (2018 - $Nil). The amount receivable at March 31, 2019 of $2,444,285 (US $1,831,337), represents funds spent on grant expenditures, but not yet reimbursed.

12. 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, 2019, the Company's intangible assets have a remaining capitalized netbook value of $81,205 (March 31, 2018 - $86,152).

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, 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 $174,432 due in 2019 and $174,432 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.

(Expressed in Canadian Dollars)

12. Commitments cont'd

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 [(1)]	$ 174,432	$ 174,432	$ 0	$ 348,864

(1) During the year ended March 31, 2019, the Company adjusted $174,432 from license fee payables to accounts payable and accrued liabilities. This amount remains in accrued liabilities at March 31, 2019.

13. 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:

	2019	2018
	$	$
Salaries and wages	**891,748**	1,101,891
Board fees	**141,466**	121,472
Stock option expense	**786,121**	1,282,374
Related party rent	**21,515**	21,332
	1,840,850	2,527,069

During the year ended March 31, 2019, the Company paid $21,515 (2018: $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, 2019, the Company had trade and other payables in the normal course of business, owing to directors and officers of $380,328 (2018: $222,228) related to deferred salary, board fees and accrued vacation ($107,249 in deferred salaries, included in amounts earned).

(Expressed in Canadian Dollars)

14. Income taxes

a) Provision for Income Tax

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

	2019	2018
	$	$
Loss before income taxes	**(4,708,031)**	(7,465,452)
Tax rate	**27.0%**	26.5%
Expected tax recovery	**(1,271,000)**	(1,978,000)
Change in statutory rates and foreign exchange rates	**(9,000)**	200,000
Permanent differences	**270,000**	673,000
Share issuance costs	**(149,000)**	-
Change in unrecognized deductible temporary difference	**1,159,000**	1,105,000
Total income tax expense (recovery)	**-**	-

b) Deferred Income Tax

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2019	2018
	$	$
Non-capital losses carry-forward	**4,299,000**	3,040,000
Property and equipment	**50,000**	49,000
Share issuance costs	**249,000**	200,000
	4,393,000	3,289,000
Unrecognized deferred tax asset	**(4,393,000)**	(3,289,000)
Net deferred tax assets	**-**	-

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	$ 15,755,000	2034-2039
Property and equipment	186,000	N/A
Share issuance costs	922,000	2040-2043

(Expressed in Canadian Dollars)

15. Components of Expenses

	2019	2018
	$	$
General and Administration Expenses		
Depreciation expense	**6,818**	9,704
Stock based compensation	**563,180**	958,377
Facilities and operations	**162,995**	225,840
Legal, professional and finance	**166,277**	332,706
Salaries and benefits	**676,952**	761,995
Other expenses	**639,252**	717,702
CPRIT grant claimed in eligible expenses (Note 11)	**(506,188)**	(671,640)
	1,709,286	2,334,684

	2019	2018
Research and Development Expenses		
Chemistry, manufacturing and controls	**399,994**	197,646
Regulatory	**48,105**	192,448
Discovery and pre-clinical	**805,477**	1,136,582
Research and development warrant	**710,574**	947,432
Clinical	**3,710,789**	4,787,093
Salaries and benefits	**1,190,142**	1,353,527
Licensing, patent, legal fees and royalties	**783,458**	437,642
Stock based compensation	**435,439**	658,655
CPRIT grant claimed on eligible expenses (Note 11)	**(5,140,039)**	(5,016,479)
Other research and development expenses	**74,058**	395,600
	3,017,997	5,090,146

16. Subsequent Events

Subsequent to the year end, on May 1, 2019, Medicenna received a US$757,940 (CD$1.02 million) reimbursement of past expenses from CPRIT. This amount was shown as receivable as of March 31, 2019.

In June 2019, 224,655 common share purchase warrants were exercised for an equivalent number of common shares for total proceeds to the Company of $269,586.