Consolidated financial statements of

Medicenna Therapeutics Corp.

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 2023

To the Shareholders of Medicenna Therapeutics Corp.:

Opinion

We have audited the consolidated financial statements of Medicenna Therapeutics Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Matter

The consolidated financial statement for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on June 26, 2023.

MNP LLP
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Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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 prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

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 Blair Michael Mabee.

MNP LLP

Mississauga, Ontario | Chartered Professional Accountants

June 26, 2024 | Licensed Public Accountants

Medicenna Therapeutics Corp.

Consolidated Statements of Financial Position
(Expressed in thousands of Canadian Dollars, except for share and per share amounts)

	March 31, 2024	March 31, 2023
Assets	**$**	$
Current assets		
Cash and cash equivalents	**16,982**	33,596
Prepaids and deposits	**931**	1,934
Other receivables (Note 7)	**1,164**	855
	19,077	36,385
Intangible assets (Note 14)	**57**	61
	19,134	36,446
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8,15)	**2,863**	3,800
	2,863	3,800
Warrant derivative (Note 12)	**11,080**	3,160
	13,943	6,960
Shareholders' Equity		
Common shares (Note 9)	**100,924**	100,924
Contributed surplus (Note 10,11)	**10,695**	9,486
Accumulated other comprehensive income	**19**	57
Deficit	**(106,447)**	(80,981)
	5,191	29,486
	19,134	36,446

Commitments (Note 14)
Subsequent events (Note 18)

Approved by the Board

/s/ Albert Beraldo Director

/s/ Karen Dawes Director

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

Medicenna Therapeutics Corp.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of Canadian Dollars, except for share and per share amounts)

`	**Year Ended March 31, 2024**	Year Ended March 31, 2023
	$	$
Operating expenses		
General and administration (Note 17)	**7,874**	6,999
Research and development (Note 17)	**10,800**	9,304
Total operating expenses	**18,674**	16,303
Finance income	**(1,198)**	(914)
Transaction costs on derivative warrant liability (Note 12)	**-**	652
Change in fair value of warrant derivative (Note 12)	**7,920**	(4,347)
Foreign exchange loss (gain)	**70**	(1,646)
	6,792	(6,255)
Net loss for the year	**(25,466)**	(10,048)
Cumulative translation adjustment	**(38)**	(114)
Comprehensive loss for the year	**(25,504)**	(10,162)
Basic and diluted loss per share	(0.37)	(0.16)
Weighted average shares outstanding (Note 9)	**69,637,469**	64,736,493

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

Medicenna Therapeutics Corp.

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

	Year ended March 31, 2024	Year ended March 31, 2023
	$	$
Operating activities		
Net loss for the year	**(25,466)**	(10,048)
Items not involving cash		
Depreciation	**4**	4
Stock based compensation	**1,209**	1,371
Government grant expense recoveries (Note 7)	**(984)**	(748)
Warrant amendment (Note 12)	**-**	189
Unrealized foreign exchange	**316**	(1,072)
Accrued interest	**-**	(416)
Change in fair value of warrant derivative (Note 12)	**7,920**	(4,347)
Changes in non-cash working capital		
Other receivables and deposits	**1,678**	1,231
Accounts payable and accrued liabilities	**(937)**	1,179
	(16,260)	(12,657)
Financing activities		
Issuance of share capital and warrants on public offering, net of issuance costs (Note 9)	-	23,912
Issuance of share capital, net of issuance costs (Note 9)	-	848
	-	24,760
Effect of foreign exchange on cash and cash equivalents	**(354)**	958
Net (decrease) increase in cash and cash equivalents	**(16,614)**	13,061
Cash and cash equivalents, beginning of year	**33,596**	20,535
Cash and cash equivalents, end of year	**16,982**	33,596

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

Medicenna Therapeutics Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian Dollars, except for share and per share amounts)

	Common shares issued and outstanding		Contributed Surplus	Accumulated other comprehensive income	Deficit	Total Shareholders' Equity
	Number	Amount				
		$	$	$	$	$
Balance, March 31, 2022	**55,647,479**	**83,671**	**7,926**	**171**	**(70,933)**	**20,835**
Stock based compensation	-	-	1,371	-	-	1,371
Issued on ATM financing	656,656	848	-	-	-	848
Issued pursuant to public offering, net of warrant derivative	13,333,334	16,405	- -	-	-	16,405
Warrant amendment	-	-	189	-	-	189
Cumulative translation adjustment	-	-	-	(114)	-	(114)
Net loss for the year	-	-	-	-	(10,048)	(10,048)
Balance, March 31, 2023	**69,637,469**	**100,924**	**9,486**	**57**	**(80,981)**	**29,486**

Balance, March 31, 2023	**69,637,469**	**100,924**	**9,486**	**57**	**(80,981)**	**29,486**
Stock based compensation	-	-	1,209	-	-	1,209
Cumulative translation adjustment	-	-	-	(38)	-	(38)
Net loss for the year	-	-	-	-	(25,466)	(25,466)
Balance, March 31, 2024	**69,637,469**	**100,924**	**10,695**	**19**	**(106,447)**	**5,191**

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

1. Nature of business and liquidity

The Company's principal business activity is the development and commercialization of IL-2, IL-4 and IL-13 Superkines and Empowered Superkines for the treatment of cancer, inflammation and immune-mediated diseases. Medicenna has four wholly owned subsidiaries, Medicenna Therapeutics Inc. ("MTI") (British Columbia), Medicenna Biopharma Inc. ("MBI") (Delaware), Medicenna Biopharma Inc. ("MBIBC") (British Columbia) and Medicenna Australia PTY Ltd ("MAL") (Australia). Medicenna is traded on the Toronto Stock Exchange under the symbol ''MDNA".

As at March 31, 2024, the head and registered office is located at 2 Bloor St W, 7th Floor, Toronto, Ontario, Canada.

Since inception, the Company has devoted its resources to funding research and development ("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 $106.4 million as of March 31, 2024. With current finance income only consisting of interest earned on excess cash, cash equivalents and marketable securities, losses are expected to continue while the Company's R&D programs are advanced.

At present, the Company does not earn any revenues from product candidates and is therefore considered to be in the development stage. As required, the Company will continue to finance its operations through the sale of equity or non-dilutive funding sources. The continuation of the Company's research and development activities for bizaxofusp (formerly MDNA55), MDNA11 and the BiSKITs™ platform and the commercialization of bizaxofusp is dependent upon the ability to successfully finance and complete research and development programs through a combination of equity financing and revenues from strategic partners. There is no guarantee of future financing or that research and development activities associated with bizaxofusp, MDNA11 and the BiSKITs platform will be successful, which may require a change in plans of the Company.

Management has forecasted that the Company's current level of cash, including the proceeds from the financing described in note 18, will be sufficient to execute its current planned expenditures through mid 2026.

2. Basis of presentation and material accounting policies

a) *Statement of compliance*

These consolidated financial statements ("financial statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on June 26, 2024.

b) *Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly owned Subsidiaries MTI, MBI, MAL, 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.

c) *Functional and presentation currency*

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

d) *Foreign currency translation*

Foreign currency translation of monetary assets and liabilities, denominated in currencies other than the Corporation's functional currency, are converted at the rate of exchange in effect at the consolidated statements of financial position date. Revenue and expense items are translated at the rate of exchange in effect at the transaction date. Translation gains or losses are included in determining income or loss for the year.

e) *Cash and cash equivalents*

Cash equivalents include guaranteed investment certificates of $11.2 million as at March 31, 2024 (March 31, 2023 – $30.2 million) with a maturity of 90 days or less and are readily redeemable for cash. Cash at March 31, 2024 excludes $20 million in proceeds from a financing completed subsequent to year end (Note 18). The Company has classified its cash and cash equivalents at fair value through profit or loss.

f) *Research and development costs*

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

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

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

g) *Government assistance*

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

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

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

h) *Intangible assets*

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

<u>Impairment of long-lived assets</u>

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) Warrant derivative

When a warrant exercise price is denominated in a currency which differs from the Company's functional currency, the financial instruments are treated as liabilities and measured at fair value. The fair value of the warrants are calculated using the Black-Scholes model. The change in the liability has been recorded in the consolidated statement of loss and comprehensive loss.

m) 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 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.

The Company accounts for options forfeited due to failure to meet vesting conditions by reversing the fair value of the unvested portion of the forfeited options and recognizing a credit to shared based compensation expense in the period of forfeiture.

n) 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 Company 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.

o) 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 are classified at fair value through profit or loss;
- Other receivables are classified as amortized cost. 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. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Warrant derivative is classified at fair value through profit or loss

p) *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.

q) *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.

r) *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. No provisions have been recognized as at March 31, 2024 or 2023.

s) *Research and development tax credits*

Research and development tax credits and refundable investment tax credits relating to Research and Development Tax Incentive ("RDTI") are recorded in the accounts in the fiscal period in which the qualifying expenditures are incurred provided there is reasonable assurance that the tax credits will be realized. Refundable investment tax credits, in connection with RDTI activities, are accounted for using the cost reduction method and included in government assistance on the statements of loss and comprehensive loss. Amounts recorded for refundable investment tax credits are calculated based on the expected eligibility and tax treatment of qualifying RDTI expenditures recorded in the Company's consolidated financial statements.

3. New standards and interpretations adopted and not yet adopted

In January 2020, the IASB issued amendments to Presentation of financial statements ("IAS 1") to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023. The Company has adopted this amendment and there has been no material impact on the consolidated financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Company.

4. Key sources of estimation uncertainty and judgement

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:

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 behaviors 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.

Estimate of prepaid expenses and accruals for research and development expenses

The Company records an estimate of accrued expenses for research and development. The period-end process involves assessing the status of research and development activities by analyzing open purchase orders and having discussions with the Company's personnel and service providers. This information is used to identify services that have been performed and estimate the level of service performed on the Company's behalf and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual cost.

For research and development activities, the majority of service providers invoice the Company in arrears for services performed, either on a pre-determined schedule or when contractual milestones are met; however, some require advanced payments, such that payments to the service providers exceed the level of services provided. This impacts the amount of accrued expenses and prepaid balances related to research and developments costs as of period end.

The Company estimates its accrued expenses and prepaid expenses as of each statement of financial position date in its financial statements based on facts and circumstances known at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust research and development expenses in subsequent periods.

Valuation of warrant derivative

Estimating the fair value of the warrant derivative at initial measurement, at each exercise date and at each reporting period requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life, share price volatility, and dividend yield, and making assumptions about them. Changes in the inputs and assumptions used affect the fair value estimate of the warrant derivative.

5. Capital disclosures

The Company's objectives, when managing capital, are to safeguard cash and cash equivalents 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 and cash equivalents, 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 consolidated statements 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 and cash equivalents are 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 income. The warrant derivative is measured using Level 2 inputs with assumptions as outlined in Note 12 and changes in fair value are recognized through profit or loss, with changes in fair value being recorded in net income.

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 fulfil its obligations. The financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents and other receivables.

The Company manages credit risk associated with its cash and cash equivalents by investing its cash and cash equivalents in liquid investments with high-quality financial institutions. Other receivables have low credit risk as they are from government agencies.

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.

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

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 and cash equivalents. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. As at March 31, 2024, 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 primarily from the purchase of goods and services denominated in United States dollars and cash and cash equivalent 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, 2024 of $1.0 million (March 31, 2023 - $2.3 million).

Balances in US dollars are as follows:

	March 31, 2024	March 31, 2023
	$	$
Cash and cash equivalents	**8,177**	18,250
Accounts payable and accrued liabilities	**(1,061)**	(1,598)
	7,116	16,652

7. Other receivables

	March 31, 2024	March 31, 2023
	$	$
Investment tax credits receivable	**984**	748
Sales tax receivable	**180**	107
	1,164	855

Refundable Tax

The Company is entitled to receive $1.0 million through the Australian R&D incentive program relating to the year ended March 31, 2024 (March 31, 2023 - $0.7 million). The amount receivable is recorded as a reduction in research and development expenses in the year ended March 31, 2024.

8. Accounts payable and accrued liabilities

	March 31, 2024	March 31, 2023
	$	$
Trade payables	**2,070**	1,617
Accrued liabilities	**793**	2,183
	2,863	3,800

9. Share capital

Authorized

Unlimited common shares

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

Equity Issuances

Year ended March 31, 2024

None

Year ended March 31, 2023

On August 11, 2022, pursuant to an underwritten public offering, 13,333,334 units were sold at a purchase price of US$1.50 per unit for gross proceeds of US$20.0 million ($25.6 million). Each unit included one common share with a fair value of US$1.06 and one common share purchase warrant with a fair value of US$0.44 (see Note 12). Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of US$1.85 until August 9, 2027.

The Company incurred transaction costs of $2.2 million (US1.7 million) of which $1.6 million (US$1.2 million) were allocated to share issue costs and $0.6 million (US$0.5 million) were allocated to operating expenses, based on their relative fair values.

At-The-Market Facilities

During the year ended March 31, 2023, the Company issued 656,656 common shares for gross proceeds of US$0.8 million at an average price of US$1.20 on the 2020 ATM Offering and incurred share issuance costs of US$0.1 million.

On February 17, 2023, the Company entered into a sales agreement with Oppenheimer & Co. Inc. acting as a sales agent, pursuant to which the Company may, from time to time sell, through at-the-market (“2023 ATM”) on the NASDAQ such number of common shares as would have an aggregate offering price of up to US10.0 million (the 2023 ATM Offering). During the years ended March 31, 2024 and 2023, the Company has issued no common shares on the 2023 ATM Offering.

Calculation of loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. For the years ended March 31, 2024, and 2023, the calculation was as follows:

	2024	2023
Common shares issued and outstanding, beginning of year	**69,637,469**	55,647,479
Shares issued on 2022 Public Offering	**-**	8,474,886
ATM issuances	**-**	614,128
Weighted average common shares issued and outstanding, end of year	**69,637,469**	64,736,493
Common shares issued and outstanding, end of year	**69,637,469**	69,637,469

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

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

10. Warrants

Warrant outstanding as at March 31, 2024 and 2023 are as follows:

	Number of Warrants #	Weighted average exercise price $
Warrants outstanding at March 31, 2022	**2,964,542**	**1.51**
Common share purchase warrants issued in the 2022 Public Offering	13,333,334	2.39
Warrants expired during the year	(112,490)	1.75
Warrants outstanding at March 31, 2023	**16,185,386**	**2.23**
Warrants expired during the year	(200,000)	1.20
Warrants outstanding at March 31, 2024	**15,985,386**	**2.25**

There were no warrants exercised during the year ended March 31, 2024. There were 200,000 warrants that expired held by insiders which were ineligible for extension.

At March 31, 2024, the following warrants were outstanding and exercisable, enabling holders to acquire common shares:

Number of Warrants #	Exercise Price $	Expiry Date	Remaining Average Life (years)
1,549,052	1.75	October 17, 2024	0.5
1,103,000	1.20	July 31, 2024	0.3
13,333,334	US 1.85	August 9, 2027	3.4
15,985,386			**2.9**

On July 5, 2023, the warrants issued on October 17, 2019, in correlation with a public offering, were due to expire on July 17, 2023 and were extended to October 17, 2024.

On December 20, 2023, 1,303,000 warrants issued on December 21, 2018 were due to expire on December 21, 2023 and were extended to July 31, 2024.

11. Stock options

Changes to the stock option balance during the years ended March 31, 2024 and 2023 are as follows:

	Number of options #	Weighted average exercise price $
Balance outstanding at March 31, 2022	**4,464,640**	**2.00**
Granted	1,290,713	1.44
Expired	(100,000)	2.88
Forfeited	(45,000)	3.86
Balance outstanding at March 31, 2023	**5,610,353**	**1.84**
Granted	5,104,000	0.53
Expired	(700,000)	1.35
Forfeited	(1,792,463)	0.79
Balance outstanding at March 31, 2024	**8,221,890**	**1.28**

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

The following table summarizes information about stock options outstanding at March 31, 2024:

	Options Outstanding			Options Exercisable	
Exercise Price $	**Options #**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**	**Options #**	**Weighted average exercise price $**
0.38-1.99	6,180,851	6.60	0.88	2,791,754	1.02
2.00-2.99	1,379,000	3.02	2.03	1,379,000	2.03
3.00-5.19	662,039	4.41	3.74	515,396	3.76
	8,221,890	**5.82**	**1.30**	**4,686,150**	**1.62**

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, 2024	March 31, 2023
Exercise price	$0.38-$0.96	$1.36-1.45
Grant date share price	$0.38-$0.96	$1.36-1.45
Risk free interest rate	5.00%	5.10%
Expected life of options	5-10 years	5 years
Expected volatility	90%-103%	90%
Expected dividend yield	-	-
Forfeiture rate	0%	0% - 15%
Weighted average fair value of options granted during the year	$0.53	$1.04

12. Warrant Derivative

On August 11, 2022, pursuant to an underwritten public offering, 13,333,334 units were sold at a purchase price of US$1.50 per unit for gross proceeds of US$20.0 million ($25.6 million). Each unit included one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of US$1.85 until August 9, 2027. The Company incurred transaction costs of $2.2 million (US$1.7 million) of which $1.6 million (US$1.2 million) were allocated to share issue costs and $0.6 million (US$0.5 million) were allocated to operating expenses, based on their relative fair values.

Under IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation, warrants with an exercise price denominated in a currency that differs from an entity's functional currency are treated as a derivative measured at fair value with subsequent changes in fair value accounted for through the consolidated statement of loss. The $US denominated warrants issued by the Company meet this requirement and have therefore been presented as a non-current liability on the consolidated statement of financial position. Upon exercise, the recorded liability will be included in share capital along with the proceeds from the exercise. If these warrants expire, the related liability is reversed through the consolidated statement of loss. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised.

Estimating the fair value of the warrant derivative requires determining the most appropriate valuation model which is dependent on the terms and conditions of the issuance. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the warrant derivative, expected share price volatility and expected dividend yield and making assumptions about them.

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

A reconciliation of the change in fair value of the warrant derivative is as follows:

	Fair value of Warrant Derivatives $
Balance, March 31, 2023	7,507
Change in fair value of warrant derivative	(4,818)
Foreign exchange loss	471
Balance, March 31, 2023	**3,160**
Change in fair value of warrant derivative	8,032
Foreign exchange loss	(112)
Balance, March 31, 2024	**11,080**

Historical data is used to estimate the expected dividend yield and expected volatility of the Company's stock in determining the fair value of the warrants. The risk-free interest rate is based on U.S. Department of Treasury benchmark treasury yield rates in effect at the time of valuation and the expected life of the warrants represents the estimated length of time the warrants are expected to remain outstanding.

The following table summarizes the key assumptions used in the Black-Scholes valuation of the warrant derivative at March 31, 2024 and 2023:

	March 31, 2024	**March 31, 2023**
Exercise price of warrants (US $1.85)	$2.50	$2.58
Underlying share price	$1.87	$0.88
Risk free interest rate	5.00%	5.10%
Expected hold period to exercise	1.50 years	2.50 years
Expected share price volatility	109%	85%
Expected dividend yield	Nil	Nil

The following table summarizes the outstanding warrant derivative for the year ended March 31, 2024:

Exercise Price	**Outstanding Beginning of the Year**	**Granted during the Year**	**Outstanding, End of the Year**	**Weighted Average Remaining Contractual Life (years)**
US$1.85	13,333,334	-	13,333,334	3.4

13. 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 was eligible to receive up to US$14.1 million on eligible expenditures over a three-year period related to the development of the Company's phase 2b clinical program for bizaxofusp. Medicenna received the full US$14.1 million from CPRIT and the grant is complete.

Under the terms of the grant, the Company is required to pay a royalty to CPRIT, comprised of 3-5% of revenues on net sales of bizaxofusp until aggregate royalty payments equal 400% of the grant funds received at which time the ongoing royalty will be 0.5% of revenues. At this time the royalty is not determinable and therefore no liability has been recorded. In addition, the Company must maintain a presence in Texas for three years following completion of the grant.

14. 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 $0.1

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

million 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, 2024, the Company's intangible assets have a remaining capitalized net book value of $57 (March 31, 2023 - $65).

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, 2024, the Company is obligated to pay the following:

Contractual obligations	**Less than 1 year**	**1-3 years**	**3-5 years**	**Total**
	$	$	$	
Patent licensing and milestone costs	**176**	**582**	**731**	**1,489**

15. 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 (current and former), former Chief Development Officer, former Chief Medical Officer and former Chief Scientific Officer) and directors, earned the following compensation for the following years:

	2024	2023
	$	$
Salaries and wages	**2,224**	1,059
Board fees	**329**	322
Stock option expense	**814**	1,181
	3,367	2,562

(b) Amounts payable to related parties

As at March 31, 2024, the Company had trade and other payables in the normal course of business, owing to directors and officers of $0.2 million, (2023 - $0.1 million) related to board fees and accrued vacation.

16. Income taxes

(a) Provision for Income Tax

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

	2024	**2023**
	$	$
Loss before income taxes	**(25,465)**	(10,048)
Tax rate	**27%**	27%
Expected tax recovery	**(6,876)**	(2,713)
Change in statutory rates and foreign exchange rates	**-**	(319)
Change in fair value of warrant derivative & other permanent differences	**2,467**	(853)
Share issuance costs	**(67)**	(67)
Change in unrecognized deductible temporary difference	**4,476**	3,952
Total income tax expense (recovery)	**-**	-

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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	94,095	2038-2044
Property and equipment	186	N/A
Share issuance costs	1,585	2041-2044

17. Components of expenses

	2024	2023
	$	$
General and Administration Expenses		
Public company expenses	**4,731**	4,603
Salaries and benefits	**1,711**	943
Facilities and operations	**791**	582
Stock based compensation	**636**	866
Depreciation expense	**5**	5
	7,874	6,999

	2024	2023
	$	$
Research and Development Expenses		
Clinical	**4,695**	3,554
Salaries and benefits	**2,544**	2,266
Discovery and pre-clinical	**1,407**	1,274
Licensing, patent, legal fees and royalties	**1,370**	1,295
Chemistry, manufacturing, and controls	**923**	906
Stock based compensation	**573**	505
Regulatory	**107**	196
Other research and development expenses	**170**	56
Australian R&D refund claimed in eligible expenses (Note 7)	**(989)**	(748)
	10,800	9,304

18. Subsequent event

On April 30, 2024 the Company closed a $20 million financing through a private placement with RA Capital Management ("RA"), a multi-stage investment manager based in Boston, MA, by way of a non-brokered private placement (the "Offering"). Pursuant to the terms of the Offering, RA subscribed for 5,141,388 common shares in the capital of the Company (the "Shares") at a price of CA$1.95 per share and, in lieu of common shares, pre-funded warrants to purchase 5,141,388 common shares at a purchase price of CA$1.94 per pre-funded warrant, for total net proceeds to the Company of approximately CA$20 million.

Subsequent to year end, 294,000 warrants with a strike price of $1.20 were exercised for proceeds of $352,800 and 303,017 warrants with a strike price of $1.75 were exercised for proceeds of $530,280.