Condensed consolidated interim financial statements of

Medicenna Therapeutics Corp.

(Expressed in Canadian Dollars)

For the three months ended June 30, 2017

Medicenna Therapeutics Corp.

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

as at

	June 30, 2017	March 31, 2017
	$	$
Assets		
Current assets		
Cash	**12,031,892**	14,038,115
Prepaids and deposits	**174,958**	213,825
Other receivables	**165,862**	133,560
	12,372,712	14,385,500
Intangible assets	**89,861**	93,983
Fixed assets	**3,276**	3,744
	12,465,849	14,483,227
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	**1,833,010**	1,399,616
Deferred government grants (Note 10)	**5,283,549**	5,949,870
	7,116,559	7,349,486
License fee payable	**477,000**	477,000
	7,593,559	7,826,486
Shareholders' Equity		
Common shares (Note 7)	**13,529,984**	13,463,734
Contributed surplus (Notes 8 and 9)	**4,044,847**	3,594,945
Accumulated other comprehensive income	**169,299**	214,230
Deficit	**(12,871,840)**	(10,616,168)
	4,872,290	6,656,741
	12,465,849	14,483,227

Commitments (Note 11)

The accompanying notes are an integral part of these condensed consolidated interim financial statements (unaudited)

Medicenna Therapeutics Corp.

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

	Three months ended June 30, 2017	Three months ended June 30, 2016
	$	$
Operating expenses		
General and administration (Note 13)	**438,091**	208,114
Research and development (Note 13)	**1,804,790**	65,001
Total operating expenses	**2,242,881**	273,115
Interest income	**2,300**	1,387
Foreign exchange (loss) gain	**(15,091)**	119,826
	(12,791)	121,213
Net loss for the period	**(2,255,672)**	(151,902)
Cummulative translation adjustment	**(44,931)**	-
Net loss and comprehensive loss for the period	**(2,300,603)**	(151,902)
Basic and diluted loss per share	**(0.09)**	(0.01)
Weighted average number of common shares outstanding (note 7)	**24,314,009**	16,249,999

The accompanying notes are an integral part of these condensed consolidated interim financial statements (unaudited)

Medicenna Therapeutics Corp.

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

	Three months ended June 30, 2017	Three months ended June 30, 2016
	$	$
Operating activities		
Net loss for the period	(2,255,672)	(151,902)
Items not involving cash		
Depreciation	4,590	-
Stock based compensation	236,294	-
R&D warrant expense	236,858	-
Government grant expense recoveries	(538,318)	(1,084,959)
Unrealized foreign exchange	77,030	-
Changes in non-cash working capital		
Other receivables and deposits	6,565	113,306
Accounts payable and accrued liabilities	433,394	(232,580)
	(1,799,259)	(1,356,135)
Financing activities		
Proceeds from issuance of equity instruments (net)	-	4,895,812
Warrant and option exercises	43,000	-
Loan from shareholders	-	(1,459,014)
	43,000	3,436,798
Effect of foreign exchange on cash	(249,964)	(57,441)
Net increase (decrease) in cash	(2,006,223)	2,023,222
Cash, beginning of period	14,038,115	5,338,710
Cash, end of period	12,031,892	7,361,932
Other non-cash transactions		
Broker warrant and incentive warrants issued	$ -	$ 1,941,161

The accompanying notes are an integral part of these condensed consolidated interim financial statements (unaudited)

Medicenna Therapeutics Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

Three months ended June 30, 2017 and 2016

	Common shares issued and outstanding		Special Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Number	Amount					
		$	$	$	$	$	$
Balance, March 31, 2016	**16,249,999**	**1,730,425**	**2,457,373**	**865,039**	**176,960**	**(2,984,903)**	**2,244,894**
Special warrant financings	-	-	3,805,810	1,979,739	-	-	5,785,549
Effect of Transaction	14,500	2,171,856	-	215,179	-	-	2,387,035
Issued to A2 shareholders	1,071,429	-	-	-	-	-	-
Issued to MTI special warrant holders	4,971,416	6,263,183	(6,263,183)	-	-	-	-
Issued in MTI private placement	2,000,000	3,281,086	-	163,868	-	-	3,444,954
Research and development warrant amortization	-	-	-	236,858	-	-	236,858
Stock based compensation	-	-	-	140,185	-	-	140,185
Warrant and option exercises	5,990	17,184	-	(5,923)	-	-	11,261
Net loss and comprehensive loss	-	-	-	-	37,270	(7,631,265)	(7,593,995)
Balance, March 31, 2017	**24,313,334**	**13,463,734**	**-**	**3,594,945**	**214,230**	**(10,616,168)**	**6,656,741**
Stock based compensation	-	-	-	236,294	-	-	236,294
Research and development warrant amortization	-	-	-	236,858	-	-	236,858
Warrant and option exercises	30,714	66,250	-	(23,250)	-	-	43,000
Net loss and comprehensive loss	-	-	-	-	(44,931)	(2,255,672)	(2,300,603)
Balance, June 30, 2017	**24,344,048**	**13,529,984**	**-**	**4,044,847**	**169,299**	**(12,871,840)**	**4,872,290**

The accompanying notes are an integral part of these condensed consolidated interim financial statements (unaudited)

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. The comparative figures are those of MTI prior to the Transaction.

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 June 30, 2017, the head office is located at 200-1920 Yonge Street, Toronto, Ontario, Canada, M4S 3E2 and the registered office is located at 2200, 10235 - 101 Street, Edmonton, Alberta T5J 3G1.

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

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

2. Basis of presentation

(a) Statement of compliance

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the period ended March 31, 2017.

The condensed consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issue on August 8, 2017.

(b) 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

2 Basis of presentation (continued)

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

(c) Significant accounting judgments, estimates and assumptions

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

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

The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of the fair value of financial instruments, intangible assets, valuation of tax accounts and the determination of the functional currency of the Company. Significant estimates also take place in connection with the valuation of stock-based compensation and warrants.

The accompanying unaudited condensed consolidated interim financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended March 31, 2017. They do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited condensed consolidated interim financial statements. Operating results for the three-month period ended June 30, 2017, are not necessarily indicative of the results that may be expected for the full year ended March 31, 2018. For further information, see the Company's audited consolidated financial statements including notes thereto for the year ended March 31, 2017.

(d) New standards, amendments, and interpretations adopted during 2018

IAS 7 Statement of Cash Flows

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

3. Accounting Standards issued for adoption in future periods

The following IFRS pronouncement has been issued but is not yet effective:

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

4. 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.

5. Financial risk management

(a) Fair value

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

Classification of financial instruments

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

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

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

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

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

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

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

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

(Expressed in Canadian Dollars)

5. Financial risk management (continued)

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

(b) Credit risk

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

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

(c) Interest rate risk

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

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles all of its financial obligations out of cash. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. As at June 30, 2017, 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 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 three months ended June 30, 2017 of $183,000 (June 30, 2016 - $122,000).

Balances in foreign currencies are as follows:

	June 30, 2017	March 31, 2017
	$	$
Cash	**6,274,599**	7,069,230
Accounts payable and accrued liabilities	**(789,385)**	(389,200)
Deferred government grant	**(4,077,422)**	(4,470,226)
	1,407,792	2,209,804

(Expressed in Canadian Dollars)

6. Accounts Payable and Accrued Liabilities

	June 30, 2017	March 31, 2017
	$	$
Trade payables	**550,674**	486,786
Accrued liabilities	**1,282,336**	912,830
	1,833,010	1,399,616

7. Share Capital

Authorized
Unlimited common shares

Escrowed securities

Pursuant to the policies of the Toronto Stock Exchange Venture (“TSXV”), 14,682,858 common shares of the Company are held in escrow as at June 30, 2017.

Ten percent (10%) of the escrowed shares were released on March 3, 2017 upon receipt of the final TSXV approval in connection with the Transaction and a further fifteen percent (15%) will be releasable on each of the six month, twelve month, eighteen month, twenty-four month, thirty month and thirty-six month anniversaries of such approval in accordance with the policies of TSXV.

Calculation of loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding for the year three months ended June 30, 2017 and 2016 calculated as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016
Issued common shares beginning of the period	**24,313,334**	16,249,999
Effect of warrant and option exercises	**675**	-
Weighted average common shares for the period ended	**24,314,009**	16,249,999

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

(Expressed in Canadian Dollars)

8. Warrants

Warrant continuity:

	Number of warrants	Weighted average exercise price
		$
Balance outstanding at March 31, 2016	**1,435,040**	**2.00**
Warrants issued during the year		
Broker warrants	484,772	2.00
Incentive warrants	1,379,083	2.00
Warrants exercised during the year	(4,790)	2.00
Balance outstanding at March 31, 2017 and June 30, 2017	**3,294,105**	**2.00**
Warrants exercisable at March 31, 2017 and June 30, 2017	1,915,022	2.00

At June 30, 2017, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
	$	
147,040	2.00	March 4, 2018
1,288,000	2.00	March 1, 2021
198,000	2.00	April 5, 2021
68,360	2.00	April 5, 2018
31,080	2.00	April 22, 2018
30,820	2.00	November 30, 2018
1,379,083	2.00	January 1, 2021
151,722	2.00	February 28, 2019
3,294,105		

9. Stock Options

During the three months ended June 30, 2017 the Company granted 125,000 stock options exercisable at $2.40 per share. The options vest 50% after one year, 25% after two years and 25% after three years and have a ten-year life. There were no stock options granted in the three months ended June 30, 2016.

Stock option transactions for the three months ended June 30, 2017 are set forth below:

	Number of options	Weighted average exercise price
		$
Balance outstanding at March 31, 2017	1,291,657	1.97
Granted	125,000	2.40
Exercised	(30,714)	1.40
Balance outstanding at June 30, 2017	**1,385,943**	**2.02**

(Expressed in Canadian Dollars)

9. Stock Options (continued)

The following table summarizes information about stock options outstanding at June 30, 2017:

	Options Outstanding			Options Exercisable	
Exercise Prices	Options	Weighted average remaining contractual life	Weighted average exercise price	Options	Weighted average exercise price
$		Years	$		$
1.40	110,943	7.75	1.40	110,943	1.40
2.00	1,100,000	9.63	2.00	-	-
2.40	125,000	9.96	2.40	-	-
3.00	50,000	4.75	3.00	12,500	3.00
	1,385,943	**9.33**	**2.02**	**123,443**	**1.56**

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

		June 30, 2017
Exercise price	$	2.40
Grant date share price	$	2.40
Risk free interest rate		0.52%
Expected life of options		5 years
Expected volatility		85.00%
Expected dividend yield		-
Weighted average fair value of options granted during the year	$	1.27

10. 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.

On February 24, 2017, the Company received an advance of US$5,000,000 from CPRIT and as of March 31, 2017, $5,949,870 (US$4,470,226) remained available for offset from the advance. Of this advance $538,318 (US$398,754) was recognized as an offset against eligible expenses during the three months ended June 30, 2017. The Company has recognized the amount not offset against expenses during the year as a current liability in the amount of $5,283,549 (US$4,071,472).

The total amount offset against expenditures in the three months ended June 30, 2016 was $1,084,959.

The amount payable at June 30, 2017 and March 31, 2017 represents funds received and not yet spent on approved grant expenditures.

(Expressed in Canadian Dollars)

11. Commitments

Contractual obligations	1 year	1-3 years	3-5 years	Total
Patent licensing costs, minimum annual royalties per license agreements	$47,000	$93,000	$240,000	$380,000
Liquidity event payment	$159,000	$318,000	$159,000	$636,000

12. 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, Chief Operations Officer, Chief Development Officer and Chief Scientific Officer) and directors, received the following compensation for the following periods:

	June 30, 2017	June 30, 2016
	$	$
Salaries and wages	**340,651**	262,663
Board fees	**20,750**	-
Stock option expense	**200,720**	-
	562,121	262,663

(b) Loan from shareholders

As at June 30, 2017 and March 31, 2017, there were no amounts outstanding to shareholders. As of March 31, 2016, the Company had an unsecured, non-interest bearing and payable on demand loan outstanding of $1,459,014 to the Company's shareholders. Pursuant to a directors' resolution of the Company dated June 1, 2016, this loan was re-paid to the shareholders on June 8, 2016.

(c) Amounts payable to related parties

As at June 30, 2017, the Company had trade and other payables owing to related parties of $372,000 related to expense reimbursements and accrued vacation and bonuses.

(Expressed in Canadian Dollars)

13. Components of Expenses

	Three months ended June 30, 2017	Three months ended June 30, 2016
	$	$
General and Administration Expenses		
Depreciation expense	**4,590**	1,237
Stock based compensation	**116,818**	-
Facilities and operations	**39,894**	26,404
Legal, professional and finance	**114,805**	54,771
Salaries and benefits	**256,619**	235,956
Other expenses	**84,181**	43,272
CPRIT grant claimed in eligible expenses (Note 10)	**(178,816)**	(153,526)
	438,091	208,114

	Three months ended June 30, 2017	Three months ended June 30, 2016
	$	$
Research and Development Expenses		
Chemistry, manufacturing and controls	**85,451**	498,698
Regulatory	**43,303**	90,271
Discovery and pre-clinical	**235,220**	30,000
Research and development warrant	**236,858**	-
Clinical	**886,782**	243,605
Salaries and benefits	**334,583**	97,868
Licensing, patent legal fees and royalties	**81,597**	(19,406)
Stock based compensation	**119,476**	-
CPRIT grant claimed on eligible expenses (Note 10)	**(359,502)**	(931,433)
Other research and development expenses	**141,022**	55,398
	1,804,790	65,001