

Medicenna Therapeutics Corp.
(previously A2 Acquisition Corp.)

(a capital pool corporation)

Interim Condensed Financial Statements

For the three and twelve month periods ended December 31, 2016

(Unaudited)

The accompanying unaudited Interim Condensed Financial statements
for the interim period ended December 31, 2016
have not been reviewed by the Company's auditors.
These financial statements are the responsibility of the management
and have been reviewed and approved by the Company's Audit Committee.

Medicenna Therapeutics Corp. (previously A2 Acquisition Corp.)
(a capital pool corporation)
Interim Condensed Statements of Financial Position
(Unaudited, expressed in CAD)

	December 31, 2016	December 31, 2015
		(audited)
Assets		
Current		
Cash (Note 3)	\$ 747,653	\$ 847,702
	\$ 747,653	\$ 847,702
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 8,330	\$ 13,651
Due to a director and officer (Note 5)	1,197	4,935
	<u>9,527</u>	<u>18,586</u>
Shareholders' Equity		
Capital stock (Note 6)	870,798	870,798
Contributed surplus (Note 6)	161,000	161,000
Deficit	(293,672)	(202,682)
	<u>738,126</u>	<u>829,116</u>
	\$ 747,653	\$ 847,702

See accompanying notes

Qualifying Transaction and Subsequent Event (note 10)

Approved by the Board of Directors:

"Fahar Merchant", DIRECTOR

"Albert Beraldo", DIRECTOR

Medicenna Therapeutics Corp. (previously A2 Acquisition Corp.)
(a capital pool corporation)
Interim Condensed Statements of Loss and Comprehensive Loss
(Unaudited, expressed in CAD)

	For the three month period ended December 31, 2016	For the three month period ended December 31, 2015	For the twelve month period ended December 31, 2016	For the Period from Incorporation on February 2, 2015 to December 31, 2015
				(audited)
Expenses				
Expenses relating to identification of qualifying transaction	\$ 32,202	\$ 12,476	\$ 49,708	\$ 16,914
Stock based compensation (Note 7 (b))	-	-	-	135,000
Professional fees	8,515	13,800	25,065	19,350
Office and administrative	7,155	4,533	16,217	31,418
	47,872	\$ 30,809	90,990	\$ 202,682
Net loss and comprehensive loss for the period	\$ 47,872	30,809	\$ 90,990	202,682
Net loss per common share:				
Basic and fully diluted (Note 8)	\$ 0.13	\$ 0.09	\$ 0.25	\$ 1.06
Weighted average number of common shares outstanding:				
Basic and fully diluted (Note 8)	357,143	357,143	357,143	190,404

* For the period presented escrowed shares are not included in calculation of weighted average number of common shares outstanding

See accompanying notes

Medicenna Therapeutics Corp. (previously A2 Acquisition Corp.)
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Interim Condensed Statements of Changes in Equity
(Unaudited, expressed in CAD)

	Number of shares	Share capital	Contributed surplus	Deficit	Total
Balance, February 2, 2015	-	\$ -	\$ -	\$ -	-
Shares issued for cash – founders' shares (Note 6)	714,285	500,000	-	-	500,000
Shares issued for cash – initial public offering (Note 6)	357,143	500,000	-	-	500,000
Share issuance costs (Note 6)	-	(103,202)	-	-	(103,202)
Stock options issued to directors (Note 7(b))	-	-	135,000	-	135,000
Stock options issued to agents (Note 7 (c))	-	(26,000)	26,000	-	-
Net loss for the period	-	-	-	(202,682)	(202,682)
Balance, December 31, 2015	1,071,428	\$ 870,798	\$ 161,000	\$ (202,682)	\$ 829,116
Net loss for the period	-	-	-	(90,990)	(90,990)
Balance, December 31, 2016	1,071,428	\$ 870,798	\$ 161,000	\$ (293,672)	\$ 738,126

See accompanying notes

Medicenna Therapeutics Corp. (previously A2 Acquisition Corp.)
(a capital pool corporation)
Interim Condensed Statements of Cash Flows
(Unaudited, expressed in CAD)

	For the twelve month period ended December 31, 2016		For the Period from Incorporation on February 2, 2015 to December 31, 2015	
Cash provided by (used in):				
Operating activities:				
Net loss for the period	\$	(90,990)	\$	(202,682)
Item not affecting cash:				
Stock based compensation		-		135,000
Net changes in non-cash working capital:				
Prepaid expenses		-		-
Accounts payable and accrued liabilities		(5,321)		13,651
Due to a director and officer		(3,738)		4,935
	\$	(100,049)	\$	(49,096)
Financing activities:				
Net proceeds on issuance of common stock		-		896,798
Net change in cash during the period	\$	(100,049)	\$	847,702
Cash, beginning of period	\$	847,702	\$	-
Cash, end of period	\$	747,653	\$	847,702

*See accompanying notes

Medicenna Therapeutics Corp. (previously A2 Acquisition Corp.)
(a capital pool corporation)
Notes to Interim Condensed Financial Statements
December 31, 2016
(Expressed in CAD)

1. NATURE OF THE CORPORATION AND GOING CONCERN

During the period ended December 31, 2016, the Company operated as a "Capital Pool Corporation" under the name A2 Acquisition Corp. Subsequent to the quarter end, on March 1, 2017 the Company completed a Qualifying Transaction with Medicenna Therapeutics Inc. ("Medicenna") and the name of the Company was changed to Medicenna Therapeutics Corp. (note 10)

A2 Acquisition Corp. (the "Company") was incorporated under the Alberta Business Corporations Act on February 2, 2015 and is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange") Corporate Finance Manual. The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4.

As at December 31, 2016, the head office, principal address and records office of the Company are located at 2440 Kensington Road NW, Calgary, AB T2N 3S1. Following completion of the Qualifying Transaction, 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.

On April 20, 2017, the Board of Directors approved the interim financial statements for the period ended December 31, 2016.

2. BASIS OF PRESENTATION

Statement of Compliance

The interim condensed financial statements comply with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and do not include all of the information required for full annual financial statements. The following disclosures are incremental to those included with the annual audited financial statements. Certain disclosures that are normally required in the notes to the annual audited financial statements have been condensed or omitted. These interim condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the period from incorporation on February 2, 2015 to December 31, 2015.

Significant Accounting Policies, Judgments, Estimates and Assumptions

In preparing these interim condensed financial statements, the accounting policies, methods of computation and significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the period from incorporation on February 2, 2015 to December 31, 2015.

Medicenna Therapeutics Corp. (previously A2 Acquisition Corp.)
(a capital pool corporation)
Notes to Interim Condensed Financial Statements
December 31, 2016
(Expressed in CAD)

3. CASH RESTRICTION

While the Company was a “Capital Pool Corporation”, the proceeds raised from the issuance of common shares could only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions applied until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4. A Qualifying Transaction was completed on March 1, 2017 (see note 10).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2016	December 31, 2015
Accounts payable	\$ 4,926	\$ 6,151
Accrued liabilities	3,404	7,500
	\$ 8,330	\$ 13,651

5. TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions. As at December 31, 2016, there was \$1,197 (December 31, 2015 - \$4,935) due to a Company director and officer for out-of-pocket expenses.

6. SHAREHOLDERS' EQUITY

Share consolidation

In accordance with the authority granted by shareholders at the Company's annual and special meeting on January 27, 2017 to permit it to implement a consolidation of the Company's outstanding common shares on a ratio of 1-for-14 in connection with the Qualifying Transaction. The Company's Board of Directors approved a 1-for-14 share consolidation which became effective February 28, 2017 (the “Consolidation”). The share consolidation affects all the Company'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 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 1-for-14 share consolidation.

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December 31, 2016
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6. SHAREHOLDERS' EQUITY (continued)

Common shares

Authorized - unlimited common shares

Issued:

	Number of common shares	Capital Stock \$
Shares issued for cash – founders' shares (in Escrow) ⁽ⁱ⁾	714,285	500,000
Shares issued for cash – initial public offering at \$0.10 ⁽ⁱⁱ⁾	357,143	500,000
Share issuance costs ⁽ⁱⁱ⁾	-	(103,202)
Agent's stock options (Note 7 (a))	-	(26,000)
 Balance, December 31, 2015 and December 31, 2016	 1,071,428	 870,798

(i) Escrowed shares

The issued and outstanding founders' common shares are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares were released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers and non-employees prior to the completion of a Qualifying Transaction were also required to be deposited in escrow until the Final Exchange Bulletin is issued. In addition, all common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by any person or company who became a control person were required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer were also required to be escrowed.

The weighted average shares outstanding does not include these shares as they are contingently returnable.

The Final Exchange Bulletin in respect of the Company's Qualifying Transactions was issued on March 3, 2017 (see note 10).

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Notes to Interim Condensed Financial Statements
December 31, 2016
(Expressed in CAD)

6. SHAREHOLDERS' EQUITY (continued)

(ii) Initial public offering

On July 7, 2015, the Company completed an initial public offering of 357,143 (pre-consolidation 5,000,000) common shares at a price of \$1.40 per share (pre-consolidation \$0.10 per share) for gross proceeds to the Company of \$500,000. Share issue costs incurred with regards to this share issuance amounted to \$103,202. The agent was granted a non-transferable option to acquire 35,714 (pre-consolidation 500,000) of common shares of the Company for a period of 24 months from the date of listing of the common shares on the Exchange at an exercise price of \$1.40 per common share (pre-consolidation \$0.10 per common share). The fair value of these stock options of \$26,000 was estimated at the grant date based on the Black-Scholes pricing model.

7. STOCK OPTIONS

The Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase Common Shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 10 years from the date of grant. Options may be exercised until the later of 12 months after the completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company. Any common shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The Company issued stock options to acquire shares as follows:

	Number of Options	Weighted Average Exercise Price
Granted ^(a) and ^(b)	142,857	\$ 1.40
Outstanding and exercisable, December 31, 2015 and December 31, 2016	142,857	\$ 1.40

The Company had the following stock options outstanding at December 31, 2016:

Number of Options	Exercise Price	Expiry Date	Weighted average remaining life (years)
35,714 ^(a)	\$ 1.40	July 7, 2017	0.53
107,143 ^(b)	\$ 1.40	July 7, 2025	8.53
142,857			

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December 31, 2016
(Expressed in CAD)

7. STOCK OPTIONS (continued)

(a) Broker warrants

On July 7, 2015, the Company granted 35,714 (pre-consolidation 500,000) broker warrants to its agent. These broker warrants vested immediately. Each broker warrant entitles the holder to purchase one common share at \$1.40 (pre-consolidation \$0.10) per share at any time on or before July 13, 2017. The fair value of these broker warrants of \$26,000 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	\$1.40 (pre-consolidation \$0.10)
Expected dividend yield	Nil
Risk-free interest rate	0.65%
Expected life	2.0 years
Expected volatility	100%

(b) Directors' and officers' options

On July 7, 2015, the Company granted 107,143 (pre-consolidation 1,500,000) stock options to directors. These options vested immediately. Each option entitles the holder to purchase one common share at \$1.40 (pre-consolidation \$0.10) per share at any time on or before July 13, 2025. The fair value of these stock options of \$135,000 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	\$1.40 (pre-consolidation \$0.10)
Expected dividend yield	Nil
Risk-free interest rate	1.66%
Expected life	10.0 years
Expected volatility	100%

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the twelve month period ended December 31, 2016 was based on the loss attributable to common shareholders of \$90,990 (December 31, 2015 \$202,682) and the average weighted average number of capital stock outstanding of 357,142 (non-escrowed shares) (pre-consolidation 5,000,000) (December 31, 2015 190,404 non-escrowed shares and pre-consolidation 2,665,663). Diluted loss per share did not include the effect of 142,857 (pre-consolidation 2,000,000) stock options outstanding as they are anti-dilutive. The weighted average shares outstanding does not include 714,286 (pre-consolidation 10,000,000) escrowed shares as they are contingently returnable.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, contributed surplus and deficit in the definition of capital.

The Company's primary objective with respect to its capital management prior to completion of its Qualifying Transaction was to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company was permitted to raise additional funds through the issuance of equity or by securing strategic partners.

The Company was not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 3.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, accounts payable, accrued liabilities and due to a director and officer approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at December 31, 2016, the Company had accounts payable of \$8,330 (December 31, 2015 - \$13,651) and \$1,197 (December 31, 2015 - \$4,935) due to Company directors and officers which are due within 12 months and had cash of \$747,653 to meet its current obligations. As a result, the Company has minimal liquidity risk.

10. QUALIFYING TRANSACTION AND SUBSEQUENT EVENT

As announced in a press release dated November 8, 2016, the Company and Medicenna entered into a letter of intent dated November 7, 2016 to complete a Qualifying Transaction. This was superseded by a formal amalgamation agreement between the Company, a wholly-owned subsidiary of the Company and Medicenna dated February 5, 2017 (the "Amalgamation Agreement").

On March 1, 2017, the Company acquired all of the securities of Medicenna by means of a three-cornered amalgamation pursuant to the terms and conditions of the Amalgamation Agreement (the "Transaction"). The Transaction comprised the Qualifying Transaction of the Company in accordance with the Exchange policies.

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

10. QUALIFYING TRANSACTION AND SUBSEQUENT EVENT (continued)

In connection with the Transaction, the Company issued an aggregate of 23,221,415 common shares to former holders of common shares of Medicenna at a deemed issuance price of \$2.00 per Company Share. In addition, 14,500 common shares were issued at a deemed price of \$2.00 per share to Richardson GMP Limited, an arm's length finder in connection with the Transaction. As a result of the foregoing, the outstanding capital of the Company upon completion of the Qualifying Transaction consists of 24,307,343 common shares.

The Company also issued the following convertible securities in connection with the Transaction: 1,100,000 stock options, 198,000 common share purchase warrants, 2,667,083 incentive warrants and 437,300 broker warrants.

An aggregate of 15,600,000 of the foregoing common shares are subject to 36-month escrow restrictions pursuant to Exchange policies. Ten percent (10%) of such escrowed shares were released on March 3, 2017 upon the issuance of the Final Exchange Bulletin 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 the date of the Final Exchange Bulletin.

Further details regarding Medicenna and the Qualifying Transaction are included in the filing statement of the Company dated February 27, 2017, a copy of which is available under the Company's profile on SEDAR at www.sedar.com.