



Interim Condensed Consolidated Financial Statements of

Medicenna Therapeutics Corp.

(Expressed in Canadian Dollars)

For the three and six months ended September 30, 2024

Medicenna Therapeutics Corp.

Interim Condensed Consolidated Statements of Financial Position

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

	September 30, 2024	March 31, 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	30,426	16,982
Prepays and deposits	769	931
Other receivables (Note 4)	1,486	1,164
	<u>32,681</u>	<u>19,077</u>
Right of use asset (Note 6)	169	-
Property and equipment	25	-
Intangible assets	54	57
	<u>32,929</u>	<u>19,134</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5,12)	2,834	2,863
Current portion of lease liability (Note 6)	32	-
	<u>2,866</u>	<u>2,863</u>
Lease liability (Note 6)	144	-
Warrant derivative (Note 10)	9,867	11,080
	<u>12,877</u>	<u>13,943</u>
Shareholders' Equity		
Common shares (Note 7)	113,836	100,924
Pre-funded warrants (Note 7)	9,831	-
Contributed surplus (Note 7,8)	10,644	10,695
Accumulated other comprehensive (loss) income	(11)	19
Deficit	(114,248)	(106,447)
	<u>20,052</u>	<u>5,191</u>
	<u>32,929</u>	<u>19,134</u>
Commitments (Note 11)		
Subsequent event (Note 14)		

Approved by the Board

/s/ Albert Beraldo Director
/s/ Karen Dawes Director

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

Medicenna Therapeutics Corp.

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

	Three months ended Sept. 30, 2024	Three months ended Sept. 30, 2023	Six months ended Sept. 30, 2024	Six months ended Sept. 30, 2023
	\$	\$	\$	\$
Operating expenses				
General and administration (Note 13)	1,801	2,303	3,059	3,950
Research and development (Note 13)	3,726	3,134	6,508	5,946
Total operating expenses	5,527	5,437	9,567	9,896
Finance income	(378)	(342)	(708)	(688)
Change in fair value of warrant derivative (Note 10)	(1,253)	(960)	(1,213)	(2,707)
Foreign exchange (gain) loss	268	(412)	155	84
	(1,363)	(1,714)	(1,766)	(3,311)
Net loss for the period	(4,164)	(3,723)	(7,801)	(6,585)
Cumulative translation adjustment	(30)	503	(30)	(27)
Comprehensive loss for the period	(4,194)	(3,220)	(7,831)	(6,612)
Basic and diluted loss per share	(0.05)	(0.05)	(0.10)	(0.09)
Weighted average shares outstanding (Note 7)	76,837,596	69,637,469	75,238,944	69,637,469

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

Medicenna Therapeutics Corp.

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

	Six months ended September 30, 2024	Six months ended September 30, 2023
	\$	\$
Operating activities		
Net loss for the period	(7,801)	(6,585)
Items not involving cash		
Depreciation	16	2
Interest expense	2	-
Stock based compensation	1,089	563
Unrealized foreign exchange	155	493
Change in fair value of warrant derivative (Note 10)	(1,213)	(2,707)
Changes in non-cash working capital		
Other receivables and deposits	(160)	792
Accounts payable and accrued liabilities	(29)	53
	(7,941)	(7,389)
Investing activities		
Purchase of property and equipment	(33)	-
	(33)	-
Financing activities		
Issuance of share capital and prefunded warrants, net of issuance costs (Note 7)	19,714	-
Warrant and option exercises (Note 8)	1,889	-
	21,603	-
Effect of foreign exchange on cash and cash equivalents	(185)	(520)
Net increase (decrease) in cash and cash equivalents	13,444	(7,909)
Cash and cash equivalents, beginning of period	16,982	33,596
Cash and cash equivalents, end of period	30,426	25,687

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Medicenna Therapeutics Corp.

Interim Condensed 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		Pre-funded warrants		Contributed surplus	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	Number	Amount	Number	Amount				
	#	\$	#	\$	\$	\$	\$	\$
Balance, March 31, 2023	69,637,469	100,924	-	-	9,486	57	(80,981)	29,486
Stock based compensation	-	-	-	-	563	-	-	563
Cumulative translation adjustment	-	-	-	-	-	(27)	-	(27)
Net loss for the period	-	-	-	-	-	-	(6,585)	(6,585)
Balance, September 30, 2023	69,637,469	100,924	-	-	10,049	30	(87,566)	23,437
Balance, March 31, 2024	69,637,469	100,924	-	-	10,695	19	(106,447)	5,191
Stock based compensation	-	-	-	-	1,089	-	-	1,089
Issuance of common stock, net of issuance costs	5,141,388	9,883	-	-	-	-	-	9,883
Issuance of pre-funded warrants, net of issuance costs	-	-	5,141,388	9,831	-	-	-	9,831
Warrant and option exercises	2,262,400	3,029	-	-	(1,140)	-	-	1,889
Cumulative translation adjustment	-	-	-	-	-	(30)	-	(30)
Net loss for the period	-	-	-	-	-	-	(7,801)	(7,801)
Balance, September 30, 2024	77,041,257	113,836	5,141,388	9,831	10,644	(11)	(114,248)	20,052

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

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Notes to the Interim Condensed Consolidated Financial Statements

For the three months and six months ended September 30, 2024 and 2023

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

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 September 30, 2024, the head and registered office is located at Suite 903, 2 Bloor St W, 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 \$114.2 million as of September 30, 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 7, 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 interim condensed consolidated financial statements ("financial statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

The 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 year ended March 31, 2024.

The financial statements were approved by the Company's Board of Directors and authorized for issue on November 14, 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.

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d) Significant accounting judgments, estimates and assumptions

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

The accompanying unaudited interim condensed consolidated 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, 2024. 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 and six months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the full year ended March 31, 2025. For further information, see the Company's audited consolidated financial statements including notes thereto for the year ended March 31, 2024.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	September 30, 2024	March 31, 2024
	\$	\$
Cash held at banks	2,249	5,782
Short-term cashable instruments	28,177	11,200
	30,426	16,982

4. Other receivables

	September 30, 2024	March 31, 2024
	\$	\$
Investment tax credits receivable	1,252	984
Sales tax receivable	234	180
	1,486	1,164

Investment tax credits

The Company expects 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) and \$0.2 million through the Canadian scientific research and experimental development (SR&ED) program. The Australian refundable tax credit was recorded as a reduction R&D expenses for the year ended March 31, 2024.

5. Accounts payable and accrued liabilities

	September 30, 2024	March 31, 2024
	\$	\$
Trade payables	1,988	2,070
Accrued liabilities	846	793
	2,834	2,863

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6. Right of use asset and lease liability

The Company entered into an operating lease agreement for office space in Toronto. The lease has a commencement date of September 1, 2024, and expires on November 30, 2027. The lease includes a fixturing period until November 30, 2024 and two months of free rent.

Right of use asset	(\$)
Cost	
Balance, March 31, 2024	-
Additions	174
Depreciation expense	(5)
Balance, September 30, 2024	169
Net carrying value	
At March 31, 2024	-
At September 30, 2024	169

When measuring the lease liability, the Company discounted the lease payments using its incremental borrowing rate. The lease liability was valued as at the commencement date with lease payments discounted with a 15% interest rate.

At September 30, 2024, the Company's lease obligation related to its right of use assets is as follows:

Lease obligation	(\$)
Balance, March 31, 2024	-
Lease Additions	174
Interest Expense	2
Balance, September 30, 2024	176
Current portion	32
Non-current	144
	176

At September 30, 2024 the Company is committed to minimum lease payments as follows:

Maturity analysis	(\$)
Less than one year	51
One to five years	175
Total undiscounted lease liabilities	226

7. Share capital and pre-funded warrants

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

Equity Issuances

Six months ended September 30, 2024

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 5,141,388 pre-funded common share purchase warrants (the "Pre-funded Warrants") to purchase 5,141,388 common shares at a purchase price of CA\$1.94 per pre-funded warrant with no expiry date, for gross proceeds of \$20 million.

The costs associated with the Offering were \$0.3 million, which consisted of legal and regulatory costs and were allocated to share capital and prefunded warrants based on the relative investment amounts.

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

Year ended March 31, 2024

None

Calculation of loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. For the periods ended September 30, 2024, and 2023, the calculation was as follows:

	Three months ended September 30,		Six months ended September 30,	
	2024	2023	2024	2023
Common shares issued and outstanding, Beginning of period	76,432,786	69,637,469	69,637,469	69,637,469
Common shares issued from private placement	-	-	4,298,537	-
Exercise of Options and Warrants	404,810	-	1,302,938	-
Weighted average common shares issued and outstanding, end of period	76,837,596	69,637,469	75,238,944	69,637,469

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

8. Warrants

Warrants have been issued as part of equity financings. The pre-funded warrants are defined in Note 7 above and are listed separately on the Statement of Financial Position and on the Statement of Changes to Shareholders Equity and are excluded from the tables below.

The following is a summary of changes in warrants:

	Number of Warrants #	Weighted average exercise price \$
Warrants outstanding at March 31, 2023	16,185,386	2.23
Warrants expired during the period	(200,000)	1.20
Warrants outstanding at March 31, 2024	15,985,386	2.25
Warrants exercised during the period	(1,406,267)	1.34
Warrants expired during the period	(65,750)	1.20
Warrants outstanding at September 30, 2024	14,513,369	2.44

During the six months ended September 30, 2024, there were 1,406,267 warrants exercised for proceeds of \$1,890.

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

At September 30, 2024, the following warrants were outstanding and exercisable:

Number of Warrants #	Exercise Price \$	Expiry Date	Remaining Average Life (years)
1,180,035	1.75	October 17, 2024	0.05
13,333,334	US 1.85	August 9, 2027	2.86
14,513,369			2.62

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.

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9. Stock options

Changes to the stock option balance are summarized as follows:

	Number of options #	Weighted average exercise price \$
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
Granted	1,509,000	1.84
Exercised	(1,195,000)	0.76
Forfeited	(140,000)	0.86
Balance outstanding at September 30, 2024	8,395,890	1.49

During the six months ended September 30, 2024 the Company granted 1,509,000 options with an exercise price of \$1.84 per share. Of these granted, 850,000 were granted to the Company's officers with 650,000 vesting 50% after one year, 25% after two years and 25% after three years, and 200,000 vesting 50% after six months and 50% after one year, each tranche with a ten-year life. Another 579,000 options were granted to the Board and advisors of the Company and vest 50% upon issuance and 50% after 1 year and have a five-year life. Finally, 80,000 options were issued to consultants of the Company which vest in equal tranches over 1 year and have a five year life.

During the six months ended September 30, 2024, 1,195,000 options were exercised on a cashless basis which resulted in the issuance of 856,133 common shares. Pursuant to the Company's stock option plan, optionees can elect to exercise stock options on a cashless basis which results in a net number of shares issued to account for the exercise price of the options.

The following table summarizes information about stock options outstanding at September 30, 2024:

Exercise Price \$	Options Outstanding			Options Exercisable	
	Options #	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Options #	Weighted average exercise price \$
0.38-1.99	6,354,851	6.3	1.13	3,570,352	1.04
2.00-2.99	1,379,000	2.5	2.03	1,379,000	2.03
3.00-5.19	662,039	5.1	3.74	662,039	3.74
	8,395,890	5.6	1.49	5,611,391	1.60

10. 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,

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

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.

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

	Fair value of Warrant Derivatives \$
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
Change in fair value of warrant derivative	(1,028)
Foreign exchange loss	(185)
Balance, September 30, 2024	9,867

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 September 30, 2024.

	September 30, 2024	March 31, 2024
Exercise price of warrants (US \$1.85)	\$2.50	\$2.50
Underlying share price	\$1.89	\$1.87
Risk free interest rate	4.25%	5.00%
Expected hold period to exercise	1.0 years	1.5 years
Expected share price volatility	121%	109%
Expected dividend yield	Nil	Nil

The following table summarizes the outstanding warrant derivative for the period ended September 30, 2024:

Exercise Price	Outstanding Beginning of the period	Granted during the period	Outstanding, End of the period	Weighted Average Remaining Contractual Life (years)
US\$1.85	13,333,334	-	13,333,334	2.9

11. 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 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 September 30, 2024, the Company's intangible assets have a remaining capitalized net book value of \$54 (March 31, 2024 - \$57).

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

The Company has entered into various license agreements with respect to accessing patented technology. 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 September 30, 2024, the Company is obligated to pay the following:

Contractual obligations	Less than			Total
	1 year	1-3 years	3-5 years	
	\$	\$	\$	\$
Patent licensing and milestone costs	244	552	474	1,273

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 (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 periods:

	Three months ended		Six months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries and wages	639	724	866	977
Board fees	82	101	158	179
Stock option expense	469	184	727	427
	1,190	1,009	1,751	1,583

(b) Amounts payable to related parties

As at September 30, 2024, the Company had trade and other payables in the normal course of business owing to directors and officers of \$0.1 million, (March 31, 2024 - \$0.2 million) related to board fees and accrued vacation.

13. Components of expenses

	Three months ended		Six months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
General and Administration Expenses				
Public company expenses	678	1,350	1,238	2,420
Salaries and benefits	431	627	720	891
Stock based compensation	507	101	795	261
Facilities and operations	175	224	291	376
Depreciation expense	10	1	15	2
	1,801	2,303	3,059	3,950

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

	Three months ended September 30,		Six months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Research and Development Expenses				
Clinical	2,020	1,394	3,060	2,091
Salaries and benefits	934	654	1,550	1,154
Discovery and pre-clinical	486	369	1,083	886
Licensing, patent, legal fees and royalties	238	442	447	857
Chemistry, manufacturing, and controls	59	275	167	771
Stock based compensation	149	167	294	302
Regulatory	13	23	23	50
Other research and development expenses	22	10	79	35
Research and development tax credits	(195)	(200)	(195)	(200)
	3,726	3,134	6,508	5,946

14. Subsequent event

Subsequent to the end of the quarter, 1,089,650 warrants with a strike price of \$1.75 were exercised for proceeds of \$1.9 million.