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**Medicago Selected to Negotiate Final Terms with the Defense Advanced Research Projects Agency for Significant Funding Award**

**Quebec City, Quebec, June 23, 2010** — Medicago USA Inc., a wholly owned subsidiary of Medicago Inc. (TSX: MDG), a clinical-stage biotechnology company focused on developing highly effective and affordable vaccines based on proprietary manufacturing technologies and Virus-Like Particles (VLPs), today announced that the Defense Advanced Research Projects Agency (DARPA), Broad Agency Announcement (BAA), Defense Sciences Research & Technology has determined the Company's proposal to provide scalable manufacturing of plant-expressed VLP vaccines in the U.S. is selectable for funding. Medicago USA and DARPA have commenced negotiations of the final terms and conditions required to receive this funding award. Medicago USA submitted its proposal in March 2010 in response to Solicitation No. DARPA-BAA-09-31 for the development of a large, cost-effective and rapid scale-up of Medicago's innovative technology to deliver cGMP-grade vaccine material.

"Our proposal being selected by DARPA for potential funding demonstrates our leadership position in the development of plant-based VLP vaccines, an alternative to the traditional method," said Andy Sheldon, President and CEO of Medicago. "We look forward to negotiating the final terms with DARPA for the potential to receive a significant funding award to develop a state-of-the art plant-based VLP vaccine facility in the U.S."

The recent H1N1 influenza outbreak and the associated delays in vaccine supply underscored the importance of alternative manufacturing solutions that provide rapid response capabilities and higher yields of vaccines than the traditional method. Medicago successfully expressed the H1 VLP antigen from the influenza strain that caused the influenza outbreak within 14 days of receiving the DNA sequence. In comparison, the traditional egg-based method took over six months to develop the vaccine.

"We are one of the few current technologies with the potential for a rapid response time in the event of a pandemic. Our VLP plant-based vaccine technology has in our opinion the flexibility to cost-effectively adapt quality vaccine production at a large-scale. With the successful completion of our phase I clinical trial, we are one of the most advanced alternative technology. Our vaccine candidates have demonstrated to date to be safe in humans and elicit a broad spectrum immunity, allowing for efficacy at low doses and therefore having the potential to translate into more vaccine doses per batch." added Mr. Sheldon.

### **About Medicago**

Medicago is committed to provide highly effective and affordable vaccines based on proprietary Virus-Like Particle (VLP) and manufacturing technologies. Medicago is developing VLP vaccines to protect against H5N1 pandemic influenza, using a transient expression system which produces recombinant vaccine antigens in non-transgenic plants. This technology has potential to offer advantages of speed and cost over competitive technologies. It could deliver a vaccine for testing in about a month after the identification and reception of genetic sequences from a pandemic strain. This production time frame has the potential to allow vaccination of the population before the first wave of a pandemic strikes and to supply large volumes of vaccine antigens to the world market. Additional information about Medicago is available at [www.medicago.com](http://www.medicago.com).

### **Forward Looking Statements**

*This news release includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with Medicago's business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", and similar expressions to the extent they relate to Medicago or its management. The forward-looking statements are not historical facts, but reflect Medicago's current expectations regarding future results or events, however, there is no assurance that Medicago will receive a funding award from DARPA. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including*

*the matters discussed under "Risks Factors and Uncertainties" in Medicago's Annual Information Form filed on March 24, 2010 with the regulatory authorities. Medicago assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.*

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