



PRESS RELEASE

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## MEDICAGO ANNOUNCES 2010 FIRST QUARTER FINANCIAL RESULTS

**Quebec City, Quebec— May 14, 2010** — Medicago Inc. (TSX: MDG), a biotechnology company focused on developing highly effective and affordable vaccines based on proprietary manufacturing technologies and Virus-Like Particles, today announced its operational and financial results for the first quarter ended March 31, 2010. The Company's financial statements and management report are available at [www.sedar.com](http://www.sedar.com) and at [www.medicago.com](http://www.medicago.com).

"During the quarter, we continued to advance our VLP based influenza vaccine candidates," said Andy Sheldon, President and CEO of Medicago. "We recently received our final phase I results indicating that our plant-based Influenza VLP vaccines are safe, effective and have the potential to induce a broad immune response. In addition, we continued to attract others to our technology with the signing of an agreement with Japan to potentially roll-out our technology globally."

"Moreover, our clinical and corporate advancements have culminated in our upcoming graduation to the TSX, which is a strong testament to our development. We will continue to deliver value to our shareholders as a senior listed Company and are excited about the future growth prospects and the additional visibility and opportunities our TSX listing will provide." stated Mr. Sheldon.

### Final Phase I Results for H5N1 Influenza Vaccine

Subsequent to quarter end, Medicago received its final phase I report for its H5N1 influenza vaccine. The phase I study enrolled 48 healthy volunteers between the ages 18 to 60 who received two doses of either Medicago's vaccine at doses of 5, 10 or 20 micrograms (mcg) or a placebo. The vaccine was found to be safe, well tolerated and also induced a solid immune response at all three dose levels. There were no serious adverse reactions or allergic reactions during the study. Preliminary results were reported in December 2009.

In addition, data for all biochemical, hematological and urinalysis assays were collected before and after each vaccination. The final results confirmed that the H5 VLP was well tolerated and safe and no statistical difference between the placebo group and the vaccine groups was seen for the above-mentioned analysis.

As previously disclosed, Medicago is proceeding with a Phase II clinical trial for its H5N1 influenza vaccine.

### Outlook

In the first quarter of 2010, the Company commenced work on the regulatory dossier for a phase II clinical trial that will be submitted to Health Canada in the following months. If granted approval, the Company expects to initiate a phase II clinical trial in the second-half of 2010 with results available thereafter. Upcoming milestones include among others:

- Submission of a CTA to Health Canada and Initiation of a Phase II clinical trial for H5N1 pandemic vaccine
- Completion of a Phase II clinical trial for H5N1 pandemic vaccine
- Completion of preclinical studies for H1N1 vaccine
- Agreements with additional countries for pandemic vaccine production facility

### Financial Results

Consolidated loss for the three-month period ended March 31, 2010 was \$3,709,000, or \$0.03 per basic and diluted share compared to a loss of \$2,625,000, or \$0.03 per basic and diluted share for the three-month period ended March 31, 2009.

For the three-month period ended March 31, 2010, the Company had revenues of \$34,000 generated by the successful completion of the proof of concept contract with the United States Army Research, Development and

Engineering Command laboratory specifically the Edgewood Chemical Biological Centre Research & Technology Directorate ("ECBC"). Medicago worked with ECBC to investigate the affordable production of industrial enzymes in the field of biofuels.

Research and development (R&D) expenses increased by \$1,165,000 to \$2,562,000 for the first quarter of 2010 compared to the first quarter of 2009. The increase in R&D expenses for the three-month period ended March 31, 2010 is mainly related to the upcoming Phase II study. The increase comes from outsourced contract work associated with the final payments related to phase I clinical trial, work for the development of the VLPEXpress and studies for the upcoming Phase II.

Research grants and contribution increased by \$337,000 for the three-month period ended March 31, 2010. The increase is mainly explained by the grant from Quebec's Consortium for Drug Discovery (CQDM) for \$371,000 that was obtained in the second quarter of 2009. The grant from the CQDM totaled \$1,773,000 of which \$1,265,000 is still available as of March 31, 2010.

Research and development tax credits were \$165,000 for the three-month period ended March 31, 2010, \$60,000 higher than the three-month period ended March 31, 2009. This is explained by the increase in R&D expenses.

General and administrative, business development and intellectual property (G&A) expenses increased by \$297,000 to \$1,190,000 for the three-month period ended March 31, 2010 compared to 2009. The increase was mainly due to an increase in license and patent related costs (\$286,000). Since 2007, Medicago has significantly expanded its IP portfolio. The Company filed several patent applications to secure its IP position on influenza VLPs made in plants. The expenses increase as these applications progress into national phases in multiple countries.

As at March 31, 2010, cash, cash equivalents and short-term investments were of \$11.3 million, a decrease of \$3.0 million from December 31, 2009. This decrease is mainly the result of the loss for the three-month period net of items not affecting cash and cash equivalents of \$3,350,000 that was partly offset by the exercise of 3,443,500 warrants totaling \$861,000 since the beginning of 2010.

As at May 13, 2010, there were 118,215,190 common shares issued and outstanding, 7,455,612 stock options outstanding and 57,120,696 warrants outstanding.

### **Voting Results of Annual Meeting of Shareholders**

At the Annual Meeting of Shareholders held yesterday all matters put before the shareholders were approved. The Board of Directors will consist of Randal Chase, Andrew J. Sheldon, Pierre Seccareccia, Jonathan Goodman, Pierre-Marc Johnson, Pierre Des Marais II and Louis P. Vézina. For further details, please see the management proxy circular available on [www.sedar.com](http://www.sedar.com).

This year, Medicago is pleased to present its 2009 annual report video. The video will provide viewers with highlights of the key accomplishments in 2009, and includes an overview of the company and the strategic initiatives. To view the video please go to: [www.medicago.com/investors](http://www.medicago.com/investors)

### **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. 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.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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