



PRESS RELEASE
FOR IMMEDIATE DIFFUSION

**MEDICAGO ANNOUNCES GRADUATION TO THE TSX
AND EXECUTION OF A \$10 MILLION STANDBY EQUITY DISTRIBUTION AGREEMENT**

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Quebec City, Quebec— May 13, 2010 — Medicago Inc. ("**Medicago**") (TSX-V: MDG), a biotechnology company focused on developing highly effective and affordable vaccines based on proprietary manufacturing technologies and Virus-Like Particles, is pleased to announce that it has received the final approval from the Toronto Stock Exchange (the "**TSX**") to graduate from the TSX Venture Exchange and list its common shares on the TSX. Medicago's common shares will commence trading on the TSX on May 14, 2010 under the symbol "MDG".

Medicago is also pleased to announce that it has entered into a Standby Equity Distribution Agreement ("**SEDA**") with YA Global Master SPV Ltd. ("**YA Global**"), a fund managed by Yorkville Advisors, LLC, whereby Medicago has the option, once the Company obtains all necessary regulatory approvals, at its sole discretion, to issue and sell, and YA Global is committed to purchase, up to CAD \$10 million of common shares from Medicago in tranches. (the "**Common Shares**").

"We currently have the resources in place to reach our clinical milestones," said Andy Sheldon, President and CEO of Medicago. "However, the addition of this tool provides us with a flexible, low-cost source of capital, at a time and an amount of our choice, allowing our primary focus to remain on the execution of our development plans."

"We are excited about our potential investment in Medicago as their plant-based vaccine technology represents a much needed alternative to the traditional method of vaccine production." said Dr. Michael J. Nowak, Managing Director at Yorkville Advisors. "Medicago's approach has the potential to rapidly and cost-efficiently deliver large volumes of effective vaccines in a scalable manner," added Mr. Sheldon.

In accordance with the terms of the SEDA, Medicago will have the right, from time to time during a period of up to 36 months from the date of the SEDA, to issue and sell to YA Global, and YA Global undertakes to acquire from Medicago, Common Shares for a maximum aggregate consideration of \$10,000,000 (the "**Commitment Amount**") upon exercise by Medicago of a draw down (each, a "**Draw Down**"). The maximum amount of a Draw Down will be the lesser of \$500,000 or the remaining portion of the Commitment Amount. In connection with the SEDA, the Company will file a preliminary short-form base shelf prospectus with the applicable securities authorities and this filing, once final, will allow the Company to qualify the shares issued under this SEDA, which, consequently, will not be subject to resale restrictions.

The purchase price of the Common Shares issued under the SEDA will be (i) 95% of the relevant daily volume-weighted average price per Common Share for the applicable day (the "**Average Daily Price**") if such Average Daily Price is equal to or greater than \$0.20; (ii) 92.5% of the relevant Average Daily Price of the Common Shares if such Average Daily Price is equal or greater than \$0.15 but less than \$0.20; and (iii) 90% of the relevant Average Daily Price of the Common Shares if such Average Daily Price is equal to or greater than \$0.10 but less than \$0.15. A copy of the SEDA will be available electronically at www.sedar.com.

Medicago is party to a Representation Right and Preemptive Right Agreement with Philip Morris Participations B.V. ("**PMP**") and available on SEDAR, under which Medicago, upon any issuance of securities, must offer to PMP or to its affiliates to subscribe to a number of Common Shares which would preserve a participation by PMP of (i) 40.6% of all the issued and outstanding Common Shares assuming the exercise of all outstanding warrants and options of Medicago except for the warrants held by PMP; and (ii) a number of Common Share purchase warrants such that, if exercised, PMP will have a controlling interest of 58.3% in Medicago calculated on a fully diluted basis. At each Draw

Down, Medicago will offer to PMP to maintain its participation in its share capital in compliance with the terms of this agreement.

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.

About Yorkville Advisors, LLC

Yorkville Advisors, LLC is the investment manager to a family of funds, which specializes in providing flexible, innovative finance investments in publicly listed companies worldwide. Pioneered nine years ago by Yorkville, a SEDA offers companies a cost effective way to raise capital to fund their business plans, growth strategies, or other corporate uses. Yorkville has offices in Jersey City, New Jersey; Jupiter, Florida; Denver, Colorado; London and Hong Kong. It also has a joint venture agreement in Italy. For further information please visit www.yorkvilleadvisors.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 Medicago 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.

- 30 -

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