



MEDICAGO ANNOUNCES 2009 FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS

Quebec City, Quebec— March 24, 2010 — Medicago Inc. (TSX-V: 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 fourth quarter and year ended December 31, 2009. The Company's financial statements and management report are available at www.sedar.com and at www.medicago.com.

Highlights

Corporate and Product Development

- Successfully completed its first human clinical trial with its H5N1 avian influenza vaccine. The vaccine was found to be safe, well tolerated and also induced a solid immune response.
- Successfully expressed a new VLP antigen (H1 VLP) from the influenza A (H1N1) strain that caused the recent influenza outbreak in North America and other countries. Using the Company's VLP vaccine and Proficia manufacturing technologies, the antigen was expressed within 14 days of receiving the DNA sequence.
- Signed a partnership agreement with Genopole biopark (Evry, France) to build a commercial facility to manufacture pandemic and seasonal influenza vaccines in France.
- Signed Memorandum of Understanding (MOU) with Ajanta Pharma to discuss and negotiate an agreement to commercialize Medicago's pandemic and seasonal influenza VLP-based vaccines in India and other territories.
- Signed Letter of Intent (LOI) with Tabuk Pharmaceuticals to negotiate an agreement to develop, produce and commercialize Medicago's influenza VLP-based vaccines in Saudi Arabia and other territories in the Middle East and North Africa.
- Awarded a proof of concept contract by the United States Army Research, Development and Engineering Command laboratory to investigate the affordable production of industrial enzymes in the field of biofuels.
- Subsequent to year-end, Medicago signed a Memorandum of Understanding (MOU) with NITT Partners to discuss and negotiate an agreement to commercialize Medicago's pandemic and seasonal influenza VLP-based vaccines in Japan and other territories.

Financial

- Completed a public financing of 16.1 million units at a price of 72 cents per unit for gross proceeds of \$11.592 million.
- Subsequent to year-end, 3,443,500 warrants at \$0.25 representing \$860,875 were exercised. Prior to the March 14, 2010 expiry date, 6,435,250 warrants totaling \$1,608,812 were exercised representing 99% of warrants issued in March 2008.

"2009 was a pivotal year for Medicago as we made significant progress both on the clinical and corporate front," said Andy Sheldon, President and CEO of Medicago. "We achieved positive phase I results from our first ever clinical evaluation of our plant-based pandemic H5N1 Influenza VLP vaccine, we successfully produced the H1N1 VLP antigen within 14 days of receiving the DNA sequence, we signed agreements with select countries for a pandemic vaccine production facility and we closed a significant equity financing with institutional investors."

"We are well positioned to create significant value in 2010. We have the financial resources in place to initiate and complete a phase 2 trial for our H5N1 vaccine. We also expect to file a CTA in the fourth quarter of 2010 to initiate a phase 1/2 trial for our H1N1 pandemic vaccine candidate, which will bolster our safety database for our seasonal vaccine candidate. In addition, our clinical results continue to attract new partners to our technology and facilitate our discussions with our existing partners. We believe that our proprietary plant-based manufacturing technology has the potential to transform the speed and economics of influenza vaccine production and we will continue to leverage our manufacturing technology to execute agreements with target countries that require domestic vaccine production facilities," added Mr. Sheldon.

Outlook

The Company is preparing a regulatory dossier which will be submitted to Health Canada in the following months. If granted approval, the company will initiate a phase 2 clinical trial in 2010 and results would be available in the fourth quarter of 2010.

Financial Results

Consolidated loss for the three-month period ended December 31, 2009 was \$3,891,000 or \$0.04 per basic and diluted share, compared to a loss of \$3,007,000 or \$0.04 per basic and diluted share in the same period in 2008. For the twelve-month period ended December 31, 2009, consolidated loss amounted to \$12,475,000 or \$0.13 per basic and diluted share compared to a loss of \$7,649,000 or \$0.17 per basic and diluted share in the same period of 2008.

For the year ended December 31, 2009, the company had no revenues compared to \$2,248,000 for the year ended December 31, 2008. Revenues in 2008 were generated by two agreements signed with Philip Morris International (PMI). This increase is due to revenues generated by two agreements signed with PMI. Revenues were offset by \$196,000, representing the value of the 2,000,000 common share purchase warrants granted to PMI upon the execution of the non-exclusive licensing agreement in February 2008.

R&D expenses increased by \$1,284,000 for the quarter ended December 31, 2009 compared to the fourth quarter of 2008. For the twelve-month period ended December 31, 2009, R&D expenses increased by \$3,218,000 to \$7,917,000 compared to 2008. The increase in R&D expenses is related to the production of Phase I clinical materials and the beginning and completion of the phase I clinical study.

In the fourth quarter of 2009, Wage and Salaries increased by \$494,000, Laboratory Supplies and External Analysis increased by \$229,000, and Outsourced Contract Work increased by \$447,000, compared to the fourth quarter of 2008. In 2009, Wage and Salaries increased by \$1,080,000, Laboratory Supplies and External Analysis increased by \$868,000, and Outsourced Contract Work increased by \$1,041,000 compared to 2008. These increases are related to the additional staff, contract workers and materials required for the completion of the preclinical work and the production of clinical materials for the Phase I clinical study.

Research Grants and Contribution increased by \$269,000 to \$353,000 for the year ended December 31, 2009. The increase is mainly explained by the grant obtained in the second quarter of this year from Quebec's Consortium for Drug Discovery (CQDM) to develop the VLPEXpress, a high-throughput platform that will accelerate the Company's discovery and development of new vaccines by rapidly expressing, purifying and testing candidate VLPs, for \$137,000 and the grant obtained in 2008 from Canada's National Research Council (NRC) industrial research assistance program to support the development of the Company's seasonal influenza VLP vaccine program for \$160,000. The grant from the CQDM totaled \$1,773,000 of which \$1,636,000 is still available as of December 31, 2009 along with \$24,000 from the grant from the NRC.

Research and Development tax credits increased by \$376,000 for the quarter ended December 31, 2009 compared to the three-month period ended December 31, 2008. This increase is explained by an increase of 95 % in R&D expenses during the fourth quarter of 2009 and a provision of \$138,000 taken in the fourth quarter of 2008 for Federal tax credits. Research and Development tax credits were \$669,000 for the year ended December 31, 2009, \$252,000 lower than for the year ended December 31, 2008. Although R&D expenses increased by 95 % in 2009, following the completion of the private placement with PMI in 2008, the Company is now considered associated with PMI for tax purposes, resulting in a decrease of the tax credit rate at the provincial level from 37.5% to 17.5% and is no longer entitled to a Federal tax credit.

General and administrative, business development and intellectual property (G&A) expenses increased by \$741,000 to \$3,806,000 compared to 2008. This is mainly explained by an increase in tradeshows and travelling expenses (\$120,000), license and patent related costs (\$85,000) and salaries and fringe benefits (\$346,000). The increase in salaries is explained by the hiring in 2009 of a director, investor relations and communications and a corporate controller, the fact that the CFO has been there for 12 months in 2009 compared to 8 months in 2008 and some remuneration adjustments. The variation in trade show and travelling for 2009 is explained by increased investor relations and business development activities.

Net financial expenses amounted to \$924,000 for the year ended December 31, 2009, \$790,000 lower compared to the year ended December 31, 2008. This decrease is mainly the result of lower interest rate on the Bio-levier loan for

\$343,000, higher interest income for \$184,000 explained by the increase in cash, cash equivalents and short-term investments and no expenses of warrants issued as financing fees in 2009 compared to \$258,000 in 2008.

As at December 31, 2009, the Company had cash, cash equivalents and short-term investments totaling \$14.3 million as at December 31, 2009, an increase of \$0.3 million from December 31, 2008.

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.

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 25, 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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