



PRESS RELEASE

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## MEDICAGO ANNOUNCES 2009 THIRD QUARTER FINANCIAL RESULTS

**Quebec City, Quebec— November 27, 2009** — 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 third quarter ended September 30, 2009. 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).

"Our most important development this quarter and a milestone step for Medicago was the initiation of our first "in-human" clinical trial with our lead pandemic vaccine candidate," said Andy Sheldon, President and CEO of Medicago. "This trial will generate data which will further validate our manufacturing technology and our ability to rapidly produce effective vaccines in plants. Looking ahead, the recently completed \$11.6 million bought deal financing will enable us to advance our pandemic influenza vaccine through Phase II clinical studies."

### Status of Phase I clinical trial

All doses have been administered to the 48 subjects enrolled in the Company's Phase I clinical trial with its H5N1 pandemic influenza vaccine. Results from this study are expected the week of December 21, 2009.

### Financial Results

Consolidated loss for the three-month period ended September 30, 2009 was (\$3,163,000) or (\$0.03) per basic and diluted share, compared to a loss of (\$2,739,000) or (\$0.07) per basic and diluted share in the same period in 2008. Consolidated loss for the nine-month period ended September 30, 2009 was (\$8,584,000) or (\$0.09) per basic and diluted share, compared to a loss of (\$4,641,000) or (\$0.15) per basic and diluted share in the first nine months of 2008.

There were no revenues in the third quarter and first nine months of 2009 compared to \$2,248,000 for the first nine months of 2008 during which revenues were generated by two agreements signed with Philip Morris International ("PMI") in 2008.

Research and development ("R&D") expenses totaled \$2,059,000 in the third quarter of 2009 compared to \$1,119,000 in the third quarter of 2008. For the first nine months of 2009, R&D expenses increased to \$5,284,000 compared to \$3,351,000 in the same period of 2008. R&D expenses were higher as a result of increased activities related to the production of clinical materials and start of the Phase I trial.

Investment tax credits were \$120,000 for the three-month period ended September 30, 2009, compared to \$330,000 for the three-month period ended September 30, 2008. For the nine months ended September 30, 2009 investment tax credits decreased to \$393,000 compared to \$1,021,000 in 2008. The decrease in tax credits for the quarter and the nine months resulted from a decrease in the provincial tax credits rate from 37.5% to 17.5% applicable to the R&D activities of the Company as a result of the private placement with PMI.

General and administrative ("G&A"), business development and intellectual property ("IP") expenses totaled \$866,000 for the three-month period ended September 30, 2009, compared to \$716,000 in the same period of 2008. For the first nine months of 2009, G&A, business development and IP expenses increased to \$2,615,000 compared to \$2,046,000 in 2008. The increase was mainly due to an increase in salaries, explained by the hiring of a CFO in May 2008 and the hiring of a Director, Investor Relations and Communications in January 2009, higher license and patent costs, and an increase in tradeshows and travelling expenses.

Other net financial expenses amounted to \$259,000 and \$682,000 for the three-month and nine month period ended September 30, 2009 respectively, compared to \$446,000 and \$1,345,000 in the same periods in 2008. This decrease is mainly the result of a lower interest rate on the Bio-levier loan and higher interest income explained by the increase in cash, cash equivalents and short-term investments and no expenses related to warrants issued as financing fees.

As at September 30, 2009, the Company had consolidated assets of \$15.3 million, including cash, cash equivalents and short-term investments of \$8.0 million, compared to consolidated assets of \$20.6 million, including cash and cash equivalents of \$14.0 million as at December 31, 2008.

As at November 26, 2009, there were 98,016,690 common shares issued and outstanding, 5,816,412 stock options outstanding and 53,233,946 warrants outstanding.

### **Subsequent event**

On November 27, 2009, the Company completed an offering of 16,100,000 Subscription receipts at a price of \$0.72 per Subscription receipt for gross proceeds of \$11,592,000. These funds will be used to further support the development of Medicago's pandemic and seasonal influenza vaccines programs.

### **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 25, 2009 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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