



**PRESS RELEASE  
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## **MEDICAGO ANNOUNCES 2006 RESULTS**

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**Quebec City, Quebec, Canada — April 17, 2007** — Medicago Inc. (TSX-V : MDG), a developer and manufacturer of vaccines and therapeutic proteins using its rapid and cost effective plant-based platform, today announced its operational and financial results for the fiscal year ended on December 31, 2006.

### **2006 Highlights**

#### IPO on the TSX Venture

Medicago successfully completed its IPO on the TSX Venture on August 30, 2006.

#### Expression of two major antigens of Influenza vaccines

We have expressed the principal antigens responsible for developing immunity against influenza and have demonstrated, in an animal study, for one of these antigens that we can protect against challenge from Influenza virus. Results from an animal study are expected on the second antigen in the 2<sup>nd</sup> quarter of 2007.

#### Successful completion of milestones with partner Acambis

We have continued our progress with our partner Acambis and have achieved all the milestones specified in the contract.

#### Positive animal studies results for MED-205 (cholesterol lowering)

We had encouraging positive results with our cholesterol lowering compound MED-205 by demonstrating lowering of total cholesterol and Tri-glycerides in an animal model. These results compare favorably to existing products already on the market.

"We are pleased with our performance throughout 2006 as we successfully met the objectives we set at the time of our initial public offering last August" said Andy Sheldon, President and Chief Executive Officer of Medicago. "We have delivered on critical scientific milestones within our protein-production program, among which the Neuraminidase and Hemagglutinin expression results represent key achievements that will allow us to address the fast-growing market for Influenza vaccines. As an early-stage company, we have proven we can pursue our unique technology development programs while respecting the established timeline and solidifying our current partnerships. In 2007, we will apply the same diligence to our daily operations in order to meet the next scientific milestones. This will include continued development of our Influenza vaccine candidates namely our H5N1 vaccine against avian flu and the signature of new strategic partnership".

### **Outlook**

The Company plans to complete the major scientific milestones necessary to proceed into first-in-man clinical trials of vaccines in 2008. Other upcoming milestone events expected in 2007 and 2008 include:

- Completion of preclinical studies on a H5N1 vaccine
- Submission of the first IND for H5N1 Vaccine
- Phase I clinical studies results

- Signature of new strategic partnership

## Financials

Total revenue for the fiscal year ended December 31, 2006 was \$ 156,000 compared to \$566,000 for the corresponding period in 2005. This decrease is due to the completion in 2005 of agreements commenced in 2004 with two clients that generated revenues of \$516,000 during 2005. This decrease was partly offset with higher revenues from agreements begun in 2005 for \$86,000 and a new agreement in 2006 for \$20,000.

Total expenditures for the year ended December 31, 2006 were \$7,914,000 compared with \$7,123,000 for the year ended December 31, 2005.

Research and development expenses for the fiscal year ended December 31, 2006 were \$4,260,000 a decrease of \$606,000 from the 2005 fiscal year. This decrease is mainly a result of lower wages and salaries and lower consultant fees.

Investment tax credits were at \$902,000 for the year ended December 31, 2006, \$520,000 lower than the year ended December 31, 2005. The decrease is due to the fact that federal investment tax credits were not refundable once the company became public in August 2006 and the lower level of research and development expenses in 2006.

General and administrative, business development and intellectual property expenses for the year ended December 31, 2006 increased by \$109,000 to \$2,694,000 compared to 2005. This increase is mainly attributable to higher legal fees related to more patents granted than in 2005.

Other net financial expenses amounted to \$1,157,000 for the year ended December 31, 2006, \$516,000 higher compared to the year ended December 31, 2005. This increase is mainly the result of higher interest on the long-term Bio-Levier debt. Concerning the Bio-Levier debt, interest amounting to \$1,052,000 was capitalized to the principal during 2006 (\$383,000 in 2005).

Consolidated loss for the year ended December 31, 2006 was \$7,758,000 or \$0.68 per basic and diluted share compared to a loss of \$6,556,000 or \$0.77 per basic and diluted share in 2005.

The Company had cash and cash equivalents, and term deposit totalling \$1.7 million at December 31, 2006, a decrease of \$0.7 million from December 31, 2005. The Company had working capital of \$1.3 million as at December 31, 2006.

Total consolidated assets were \$9.5 million as of December 31, 2006, a decrease from \$12.4 million as of December 31, 2005 due to a decrease in the current assets of a term deposit for \$1 million and investment tax credits receivable for \$1.5 million. Long-term debt increased by \$3.9 million to \$14 million, result of the use of the remaining amount available on the Bio-Levier debt and the capitalized interest on this debt. As of December 31, 2006, there were 17,112,440 common shares issued and outstanding, 1,628,978 stock options outstanding, 3,872,321 warrants outstanding and 140,268 unit options outstanding.

Subsequent to the end of the year, the Company announced that it launched a pre-clinical study for an influenza vaccine. The object of this pre-clinical study is to test the immunogenicity of the Hemagglutinin (HA) developed by Medicago. The results of this study should be published in the second quarter of 2007.

Additional information about the Company, including the MD&A and financial results may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## About Medicago:

Medicago is a biotechnology company focused on the development, production and commercialization of vaccines and therapeutic protein-based biopharmaceuticals using a proprietary manufacturing system developed from its expertise in the genetic engineering of plants. Medicago's Proficia technology offers speed, flexibility and cost advantages that can greatly improve the accessibility of today's emerging vaccines and biopharmaceuticals for both partners and patients. The Company is developing its own proprietary pipeline of vaccines and also has established collaboration agreements notably with Acambis PLC (LSE: ACM, [www.acambis.com](http://www.acambis.com)) for the development of several products.

## Forward Looking Statements

This press release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected herein. The Company disclaims any obligation to update these forward-looking statements.

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## CONSOLIDATED STATEMENT OF EARNINGS

	2006 \$	2005 \$
<b>Revenues from research agreements</b>	<u>156,087</u>	<u>566,035</u>
<b>Expenses</b>		
Research and development	4,269,184	4,874,688
Research grants and contributions	(72,544)	(166,670)
Research and development tax credits	(901,715)	(1,421,945)
General and administrative, business development and intellectual property	2,693,751	2,584,974
Exchange loss (gain)	14,067	2,958
Depreciation of property, plant and equipment	620,792	503,394
Amortization of intangible assets	132,760	103,965
Other financial expenses, net	<u>1,157,423</u>	<u>641,139</u>
	<u>7,913,718</u>	<u>7,122,503</u>
<b>Loss for the year</b>	<u>(7,757,631)</u>	<u>(6,556,468)</u>
<b>Basic and diluted loss per share</b>	<u>(0.68)</u>	<u>(0.77)</u>