



**PRESS RELEASE**

---

**MEDICAGO ANNOUNCES 2009 FIRST QUARTER FINANCIAL RESULTS**

**Quebec City, Quebec— May 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 first quarter ended March 31, 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).

"During the quarter, we focused on moving our lead H5N1 VLP vaccine candidate into final preclinical studies in preparation for a CTA-filing this summer," said Andy Sheldon, President and CEO of Medicago. "We completed our pre-CTA meeting with Health Canada, which is an important milestone for the Company as it highlights our ability to advance a candidate towards human clinical trials. If granted approval by Health Canada, we will initiate a Phase I clinical trial in the third quarter of this year."

"In parallel with the development of our lead candidate, we initiated work on a VLP vaccine candidate against the new strain of influenza, A (H1N1) that recently surfaced in North America. We successfully expressed a H1 VLP antigen within 14 days of receiving the genetic sequence of the new virus. This rapid timeline establishes the capability of our proprietary vaccine manufacturing technology in plants and our ability to potentially be a first responder solution in the event of a pandemic. Results from a first animal study to confirm the immunogenic potential of this new candidate are expected in June 2009," concluded Mr. Sheldon.

**Outlook**

Medicago is currently concluding all the necessary preclinical work for its H5N1 VLP pandemic vaccine to enable it to file a CTA with Health Canada in 2009 which would then, following its review by Health Canada, allow it to proceed into human clinical trials. Upcoming milestones also include:

- Results from lethal challenge in ferrets and safety study in rats for H5N1 VLP pandemic vaccine
- Submission of a CTA to Health Canada and Initiation of a Phase I clinical trial for H5N1 pandemic vaccine
- Results from immunogenicity study in mice with new H1 VLP candidate
- Completion of immunogenicity study in mice for seasonal vaccine candidate
- Completion of agreement with first country for pandemic vaccine production facility

**Financial Results**

Consolidated loss for the three-month period ended March 31, 2009 was (\$2,625,000) or (\$0.03) per basic and diluted share, compared to a loss of (\$326,000) or (\$0.01) per basic and diluted share in the same period in 2008.

There were no revenues in the first quarter of 2009 compared to \$1,665,000 in the first quarter of 2008. This decrease is due to revenues generated by two agreements signed with Philip Morris International ("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.

Research and development ("R&D") expenses totaled \$1,397,000 in the first quarter of 2009 compared to \$1,101,000 in the first quarter of 2008. R&D expenses were higher mainly as a result of the Company's preclinical studies on its H5N1 VLP vaccine and the development of a cGMP process for the production of clinical materials for the upcoming Phase I trial.

Investment tax credits decreased by \$234,000 for the three-month period ended March 31, 2009, compared to the three-month period ended March 31, 2008. The decrease in tax credits for the quarter 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 of PMI.

General and administrative ("G&A"), business development and intellectual property ("IP") expenses totalled \$893,000 for the three-month period ended March 31, 2009, compared to \$660,000 in the same period of 2008. The increase

was mainly due to an increase in travelling expenses, licenses and patents costs and salaries. The increase in travelling expenses is explained by more investor relations and business development activities. The increase in salaries is explained the hiring of a CFO in May 2008 and the hiring of a Director, Investor Relations and Communications in January 2009.

Other net financial expenses amounted to \$244,000 for the three-month period ended March 31, 2009, compared to \$389,000 in the same period 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.

As at March 31, 2009, the Company had consolidated assets of \$18.7 million, including cash, cash equivalents and short-term investments of \$11.8 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 May 26, 2009, there were 90,324,940 common shares issued and outstanding, 5,817,245 stock options outstanding, 64,933,196 warrants outstanding, and 280,000 unit options outstanding.

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

At the Annual and Special Meeting of Shareholders held yesterday, all matters put before the shareholders were approved, including the amendment of the Stock Option Plan to increase the number of options available under the Stock Option Plan to 9.0 million. The Board of Directors will consist of Randal Chase, Andrew J. Sheldon, Pierre Seccareccia, Jonathan Goodman, Damien Levesque, 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).

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

- 30 -

The TSX Venture Exchange assumes no responsibility for the content or accuracy of this press release

### **Contact:**

**Medicago, Inc.**  
Andy Sheldon  
President and CEO  
(418) 658-9393

**Medicago Inc.**  
Arianna Vanin  
Director, Investor Relations  
(514) 796-3993