



MEDICAGO ANNOUNCES 2008 THIRD QUARTER RESULTS

Quebec City, Quebec— November 27, 2008 — Medicago Inc. (TSX-V: MDG), today announced its Third Quarter Results for quarter ended September 30, 2008. The Company's financial statements and management report are available at www.sedar.com and at www.medicago.com.

Q3 2008 Highlights and subsequent event

- Completed a \$15,975,000 private placement with Philip Morris International ("PMI") on November 10, 2008
- Completed a non-brokered private placement of \$2,210,000
- Received a non-refundable grant of up to \$279,700 from Canada's National Research Council Industrial Research Assistance program ("NRC-IRAP") to support the development of seasonal influenza VLP vaccine program
- Signed an agreement with Evry Genopole biopark for a feasibility study to evaluate the establishment of a pandemic vaccine production facility in France

"Throughout the third quarter we maintained focus on advancing our pandemic influenza vaccine towards human clinical trials and attained a significant milestone by securing our first strategic partner, Philip Morris International. With PMI's financial support, we are moving closer towards a Phase I clinical trial with our H5N1 VLP pandemic vaccine," said Andy Sheldon, President and CEO of Medicago. "This quarter also saw our continued efforts to commercialize our proprietary plant-based technology globally. We signed an agreement with Evry Genopole Biopark to evaluate the establishment of a pandemic vaccine production facility in France and in August 2008, we were invited to join Jean Charest, Premier of Quebec, at the International Conference in China. We remain focused on driving our influenza vaccine programs into clinical trials and are confident that the remainder of 2008 will continue be a productive year for Medicago."

Outlook

Medicago is currently conducting 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, pending feedback from Health Canada, allow it to proceed into human clinical trials. Upcoming milestones include:

- Submission of a CTA to Health Canada for Medicago's H5N1 pandemic vaccine
- Production of clinical grade vaccine supply for use in Phase I human clinical trials
- Initiation of a Phase I clinical trial for its pandemic vaccine
- Continuation of business development activities with potential partners
- Completion of immunogenicity study in mice for seasonal vaccine candidate

Financial Results

Consolidated loss for the three-month period ended September 30, 2008 was (\$2,739,000) or (\$0.07) per basic and diluted share compared to a loss of (\$1,023,000) or (\$0.06) per basic and diluted share in the same period in 2007. For the nine-month period ended September 30, 2008 consolidated loss amounted to (\$4,641,000) or (\$0.15) per basic and diluted share compared to a loss of (\$4,220,000) or (\$0.24) per basic and diluted share in the first nine months of 2007.

There were no revenues for the three-month period ended September 30, 2008, nor for the three-month period ended September 30, 2007. For the nine-month period ended September 30, 2008, revenues from research agreements were \$2,248,000 compared to \$18,500 for the nine-month period ended September 30, 2007. This increase is due to revenues generated by two non-exclusive licensing agreements signed with PMI.

Research and development ("R&D") expenses totaled \$1,119,000 in the third quarter of 2008 compared to \$582,000 in the third quarter of 2007. For the first nine months of 2008, R&D expenses increased to \$3,351,000 compared to \$2,197,000 in the same period of 2007. R&D expenses were higher mainly as a result of the Company's preclinical studies on its H5N1 VLP vaccine and the development of the cGMP process for the production of clinical materials for the upcoming Phase I trial, including higher laboratory supplies and analysis, outsourced contract work, and wages and salaries.

Investment tax credits totaled \$330,000 for the three-month period ended September 30, 2008, \$138,000 lower than the three-month period ended September 30, 2007. The decrease in tax credits for the quarter resulted from an amendment to the Company's 2006 provincial tax returns performed in 2007, which claimed an additional \$176,000 of tax credits. For the nine-month ended September 30, 2008 investment tax credits increased by \$167,000 to \$1,021,000. This increase is explained by the corporate reorganization completed on April 1, 2007, which resulted in the creation of new entities to perform its research and development activities and therefore maximizing its R&D tax credits.

General and administrative ("G&A"), business development and intellectual property ("IP") expenses increased to \$785,000 for the three-month period ended September 30, 2008, compared \$465,000 in the same period in 2007. For the nine-month ended September 30, 2008, G&A, business development and IP expenses increased to \$2,220,000 compared to \$1,655,000 in 2007. The higher expenses are explained by an increase in salaries, which included the hiring of a CFO, consultant fees, stock-based compensation and increase in outsourced contract work.

Other net financial expenses amounted to \$449,000 for the three-month period ended September 30, 2008, compared to \$269,000 in the same period in 2007. For the nine-months ended September 30, 2008, net financial expenses totaled \$1,345,000 compared to \$728,000 in the same period a year ago. This increase is the result of higher interest on bank loans, higher amortization of deferred financing expenses and no grants in 2008.

As at September 30, 2008, the Company had consolidated assets of \$7.5 million, including cash and cash equivalents of \$1.0 million, compared to consolidated assets of \$6.7 million, including cash and cash equivalents of \$0.2 million as at December 31, 2007.

Subsequent event

On November 10th 2008, following the approval by the shareholders of the Company, Medicago completed a private placement with an indirect subsidiary of Philip Morris International Inc. ("PMI") of 45,000,000 units (the "Units") at a price of \$0.355 per Unit for net proceeds of \$15,975,000. These funds will be used to further fund the development of Medicago's pandemic and seasonal influenza vaccines programs. Following this placement, PMI holds an interest of 49.8% of the issued and outstanding common shares of Medicago.

Each Unit consists of one common share in the share capital of Medicago (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles its holder to purchase one Common Share until October 20, 2010, at a price equal to \$0.375 for the first year following the date of the issuance of the Warrants and \$0.405 for the second year following the date of the issuance of the Warrants.

Resignation of a Director

Mr. Paul Marshall resigned from the Board of Directors of the Company effective today.

"We would like to thank Paul for the significant contributions he has made to our Board. We have benefited greatly from his insights and we wish him well in his future endeavours," said Dr. Randal Chase, Chairman of the Board of Directors of Medicago.

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 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.

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