



**Press Release  
For immediate publication**

## **Medicago Reports 2006 Third Quarter Results**

**Quebec City (Quebec), November 28, 2006** – Medicago Inc. (TSX-V: MDG) (“Medicago” or the “Company”) today reported its financial results for the third quarter ended September 30, 2006. The Company’s financial statements and Management’s Discussion and Analysis are available at [www.sedar.com](http://www.sedar.com) and at [www.medicago.com](http://www.medicago.com).

### **Third Quarter Highlights**

- Closing of \$2 million gross proceeds Initial Public Offering and listing on the TSX Venture Exchange
- Company successfully delivered second part of contract with Acambis PLC (Nasdaq: ACAM), a leading developer of vaccines against infectious diseases
- Ongoing discussions with potential partners regarding the development of vaccines
- Closing of European subsidiary before the end of 2006

“During the last quarter, we continued to build strong relations with our partners, notably Acambis, by successfully delivering on important milestones in this contract,” said Andrew J. Sheldon, President and CEO of Medicago. “Beyond these partnerships, we are also very active in the vaccine space. During the quarter, we participated in a number of conferences including the World Vaccine Congress, Biopartnering London and Bio-Europe, where our technology was well received and has led to additional partnership opportunities that are currently under discussion.”

### **Financial Results**

The Company revenues totalled \$14,128 in the third quarter of 2006, compared to \$155,364 for the same period a year ago. Loss for the third quarter was \$1,784,324 or \$0.16 per share, compared to \$1,498,309 or \$0.17 per share in 2005. For the nine-month period ended September 30, 2006, revenues stood at \$136,087, compared to \$523,546 a year ago. Loss for the nine-month period was \$5,483,729 in 2006, compared to \$4,602,090 in 2005. As of September 30, 2006, the Company had cash and cash equivalents of \$2,239,965.

Since August 30<sup>th</sup>, Medicago listed its shares on the TSX Venture Exchange, completing an Initial Public Offering for gross proceeds of \$2 million. Unfortunately, poor market conditions in the biotechnology sector limited the amount of funds the Company was able to raise. In order to conserve its resources, the Company prudently decided to focus on activities that enable us to generate revenues. Then it has been decided to close the operations of its European subsidiary, Medicago SAS, at the end of 2006, for an expected annual savings of approximately \$150,000. Further to that, some employee departures were not replaced.

### **Outlook**

“Our goal for the quarters to come is to advance our current programs and leverage our technology platform and manufacturing capabilities to form additional strategic partnerships which could generate more revenues for Medicago,” concluded Mr. Sheldon.

## **About Medicago**

Medicago is a biotechnology company focused on the development, production and commercialization of 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 biopharmaceuticals for both partners and patients.

The Company has established collaboration agreements notably with Acambis PLC (Nasdaq: ACAM - [www.acambis.com](http://www.acambis.com)) for the development of several products and is also developing its own proprietary pipeline.

For more information, please visit [www.medicago.com](http://www.medicago.com).

### 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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For further information:

Mr. Andrew J. Sheldon, President and CEO  
Mr. Pierre Labbé CA, Vice-President and CFO  
(418) 658-9393

E-mail: [info@medicago.com](mailto:info@medicago.com)  
[www.medicago.com](http://www.medicago.com)

**CONSOLIDATED STATEMENTS OF EARNINGS***Unaudited*

	Three-Month Periods		Nine-Month Periods	
	Ended September 30		Ended September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>Revenues from research agreements</b>	14 128	155 364	136 087	523 546
<b>Expenses (revenues)</b>				
Research and development	941 101	1 146 611	3 247 788	3 491 768
Research grants and contributions	(10 069)	(40 516)	(65 312)	(85 208)
Research and development tax credits	(250 319)	(313 000)	(853 518)	(940 000)
General and administrative	611 437	505 532	1 895 773	1 789 923
Exchange loss (gain)	5 009	3 133	2 836	(1 011)
Depreciation of property, plant and equipment	158 128	142 921	457 797	352 889
Amortization of intangible assets	27 843	26 644	83 315	77 690
Other financial expenses	315 322	182 348	851 137	439 585
	1 798 452	1 653 673	5 619 816	5 125 636
<b>Loss for the period</b>	(1 784 324)	(1 498 309)	(5 483 729)	(4 602 090)
<b>Basic and diluted loss per share</b>	(0,16)	(0,17)	(0,57)	(0,53)