



**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

## **MEDICAGO ANNOUNCES FIRST QUARTER RESULTS**

**Quebec City, Quebec – May 30, 2007** – Medicago Inc. (“Medicago” or “the Company”), (TSX-V: MDG), today reported its financial results for the fiscal quarter ended March 31, 2007. 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).

### **2007 First Quarter Highlights**

- Launch of pre-clinical studies for an Influenza vaccine with Hemagglutinin to demonstrate protection against Influenza infection.
- Initiation of development of an avian (H5N1) Influenza vaccine.

"The first quarter of 2007 saw Medicago initiate important pre-clinical studies with our Influenza candidates" said Andy Sheldon, President and CEO of Medicago. "We have successfully prepared and started work on our Avian Influenza candidate (H5N1). This will lead to further pre-clinical testing and results in the second quarter of 2007. We believe that our speed and level of production can play a critical role in addressing the world's concern of availability of an H5N1 vaccine in the face of a pandemic."

### **Financial Results**

The Company revenues totalled \$18,500 in the first quarter of 2007, compared to \$44,000 for the same period a year ago. This decrease is due to a milestone payment in 2006 higher than a milestone payment in 2007. Consolidated loss for the third quarter was \$1,647,000 or \$0.10 per share, compared to \$1,983,000 or \$0.23 per share in the first quarter of 2006.

Research and development expenses decreased by \$449,000 to \$739,000 in 2007 compared to the same period in 2006. This decrease is mainly a result of lower wages and salaries, lower consultant fees, lower laboratory supplies and no expenses in our European subsidiary that we closed at the end of 2006. Research grants and contribution increased by \$35,000 to \$63,000 for the three-month period ended March 31, 2007 compared to the three-month period ended March 31, 2006. This increase is due to the grant portion of the proceeds of a non-bearing interest loan (TPC) in the quarter. Investment tax credits were at \$76,000 for the three-month period ended March 31, 2007, \$189,000 lower than the three-month period ended March 31, 2006. 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 2007.

General and administrative, business development and intellectual property expenses decreased by \$152,000 to \$542,000 for the three-month period ended March 31, 2007 compared to the same period in 2006. This decrease is mainly attributable to lower wages and salaries.

Other net financial expenses amounted to \$350,000 for the three-month period ended March 31, 2007, \$88,000 higher compared to the three-month period ended March 31, 2006. This increase is mainly the result of higher interest on the long-term Bio-Levier debt. Concerning the Bio-Levier debt, interest amounting to \$301,000 was capitalized to the principal during 2007 (\$209,000 in 2006).

Total consolidated assets were \$6.9 million as of March 31, 2007, a decrease of \$1.7 million from \$8.6 million as of December 31, 2006 due to a decrease in the current assets of term deposit for \$1.2 million and investment tax credits receivable for \$0.3 million.

### **Subsequent events**

On May 29, 2007 the Company completed a private placement of 4,000,000 units (the "Units") at a price of \$0.50 per Unit for gross proceeds of \$2 million, each Unit consisting of one common share of Medicago and one common share purchase warrant. Each share purchase warrant entitles the holder thereof to purchase one common share at a price of \$0.75 until May 29, 2009. The common shares, the warrants and the common shares and warrants underlying the compensation options as well as the common shares underlying the warrants are subject to a four-month hold period expiring on September 30, 2007.

### **Outlook**

"Our goal for the quarters to come is to complete our pre-clinical study for an influenza vaccine and launch a full H<sub>5</sub>N<sub>1</sub> vaccine program. We believe the initiation of scientific work on these two fronts will gain Medicago market recognition and credibility as we advance those research programs towards completion" concluded Mr. Sheldon. We expect the following milestones in 2007 and 2008.

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

### **About Medicago Inc.**

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.

### **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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***The TSX Venture Exchange Inc. has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.***

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<b>Consolidated results of Operations</b>		
	<b>Quarters ended</b>	
<b><i>Unaudited</i></b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>
Revenues	\$18,500	\$44,000
Net loss	(\$1,647,000)	(\$1,983,000)
Basic and diluted net loss per share	(\$0.10)	(\$0.23)