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MEDICAGO INC. ANNOUNCES THE FILING OF A FINAL PROSPECTUS IN CONNECTION WITH ITS INITIAL PUBLIC OFFERING

QUÉBEC CITY, QUÉBEC – August 2, 2006 – Medicago Inc. (“**Medicago**”) is pleased to announce that it has filed a final prospectus with the securities regulatory authorities in each of the provinces of Québec, Ontario, Alberta and British Columbia in connection with its initial public offering of units (the “**Units**”) at a price of \$1.00 per Unit, 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 \$1.10 at any time prior to 5:00 p.m. (Montreal time) on the date that is 24 months following the closing of the offering. Pursuant to its initial public offering, Medicago intends to issue a minimum of \$2,000,000 of Units up to a maximum of \$4,000,000 of Units. Medicago granted to the agent of the offering, Dundee Securities Corporation, a number of compensation options, exercisable at the offering price for a period of 24 months following the closing of the offering, representing 7% of the number of Units to be issued pursuant to the offering.

The closing of the offering is subject to customary conditions and is expected to occur on or about August 9, 2006.

The TSX Venture Exchange (the “**Exchange**”) has conditionally approved the listing of the Common Shares under the symbol “MDG” which listing will be subject to Medicago fulfilling all of the requirements of the Exchange.

Located in Québec City, Medicago is a biotechnology company focused on the development, production and commercialization of protein-based biopharmaceutical products. Medicago has a suite of proprietary plant-based manufacturing technologies that significantly decrease the cost of producing and improving access to new biopharmaceutical drugs for both its commercial partners as well as patients.

Medicago has established collaboration agreements with Acambis PLC (NASDAQ: ACAM – www.acambis.com) and InterveXion Therapeutics LLC (www.intervexion.com) for the development of several partner products and is also developing its own proprietary pipeline of products which includes a biogeneric product, aprotinin, as well as a cholesterol-lowering compound that is endogenous to alfalfa.

The common shares of Medicago have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to or for the account or benefit of any U.S. person except in compliance with the registration requirements of the United States or pursuant to an exemption therefrom.

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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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You are also invited to consult the final prospectus which will be available on the SEDAR Website at www.sedar.com.