

Attention Business Editors:

Medicago completes \$2,210,000 non-brokered private placement

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QUEBEC CITY, Aug. 29 /CNW/ - Medicago Inc. ("Medicago") (TSX-V: MDG) today announced that it has completed a previously announced non-brokered private placement of 11,050,000 units (the "Units") at a price of \$0.20 per Unit for gross proceeds of \$2,210,000.

Each Unit consists of one common share (the "Common Shares") and one-half common share purchase warrant of Medicago (the "Warrants"), with each full warrant ("Warrant") entitling the holder thereof to purchase one Common Share for a purchase price of \$0.30 at any time prior to 5:00 p.m. (EST) on August 28, 2009. The Warrants are subject to an accelerated expiry if, at any time after December 30, 2008, the published closing trade price of the Common Shares on the TSX Venture Exchange Inc. is equal or superior to \$0.60 for any 20 consecutive trading days, in which event the Company may give the Holder a written notice and the Warrants will automatically expire, if not exercised, 30 days after receipt of such notice.

The Common Shares, the Warrants and the Common Shares underlying the Warrants will be subject to a statutory four-month hold period.

Medicago will pay a cash finder's fee of \$120,600 in connection with the placement. Net proceeds will be used to fund and support the development of multiple vaccine products. The balance will be allocated to working capital and other general corporate purposes.

"Completing this private placement in a time of market turbulence is an indication of the quality of the team involved in this transaction," said M. Andy Sheldon, president and CEO.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of Medicago in the United States. The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or unless an exemption from such registration is available.

About Medicago Inc.

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 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 assumes no responsibility for the content or accuracy of this press release.

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