



DISCLOSURE, CONFIDENTIALITY & TRADING POLICY

The Policy:

Medicago Inc. (“Medicago”) is a public company whose common shares are listed on the TSX Venture Exchange Inc. (the “Exchange”).

This policy establishes procedures which are designed to (i) permit the disclosure of information about Medicago to the public in an informative, timely and broadly disseminated manner, (ii) ensure that non-publicly disclosed information of Medicago remains confidential, and (iii) ensure that trading of Medicago’s securities by directors, officers, employees and certain other persons related to Medicago and its subsidiaries remains in compliance with applicable securities laws.

These procedures are consistent with sound disclosure practices of National Policy 51-201 and the Exchange’s rules on disclosure and trading.

This policy has been reviewed and approved by the directors of Medicago on July 31, 2006.

Definitions Used in this Policy:

Certain defined terms used in this policy are set out in **Schedule “A”**.

Terms of this Policy:

If there is any question or concern with respect to the application of this policy to any Employee or to any particular circumstance, a Disclosure Officer (Parts I and II) or an Information Officer (Part III), as applicable, should be contacted for guidance.

PART I DISCLOSURE

1. Timely Disclosure

Medicago will publicly disclose Material Information immediately upon it becoming apparent that the information is material except in circumstances where, in the opinion of Disclosure Officers, immediate release of the information would be unduly detrimental to the interest of Medicago and where, in such an event, Medicago complies with any confidential filing obligations and maintains confidentiality of the information. Examples of timely disclosure which would be detrimental to the interest of Medicago may be found in section 13 hereof.

2. Disclosure Officers

For purposes of this Policy, the board of directors shall appoint one or more Disclosure Officers. Such appointments will be made following each annual general meeting, or at other times, at the discretion of the Board.

Concurrent with the adoption of this policy the following senior officers are appointed as Disclosure Officers: Andrew J. Sheldon, President and Chief Executive Officer and Pierre Labbé, Vice-President and Chief Financial Officer who can be contacted at (418) 658-9393. The names of these individuals will be given to the market surveillance divisions of the Exchange as principal contacts for Medicago.

Generally, the Disclosure Officers are the only individuals authorized to communicate with analysts, the media and investors about information concerning Medicago. Employees who are not Disclosure Officers should refer all calls from the financial community, shareholders and media to the Disclosure Officers.

If, in the opinion of a Disclosure Officer, it is appropriate for another employee, director or officer to discuss information about Medicago, the Employee will first advise a Disclosure Officer of the nature of the information to be discussed and, afterwards, advise the Disclosure Officer of what actually was discussed. Employees may not communicate Undisclosed Material Information.

Any Employee who becomes aware of any information which may constitute Material Information must advise a Disclosure Officer as soon as possible.

It is the responsibility of senior management to ensure that the Disclosure Officers are fully informed at all times of Medicago developments in order that they can evaluate those events that may require disclosure, the status of material operational developments, extraordinary transactions, other transactions outside the normal course of business, etc. The Disclosure Officers must ensure that directors are advised of the disclosure of Material Information.

3. What Constitutes Material Information?

Information is material if it would reasonably be expected to result in a significant change in the market price or value of any of Medicago's securities or if the information would be considered important by investors making decisions to buy or sell securities of Medicago.

If an Employee is unsure whether or not information is material, the Employee should contact a Disclosure Officer before disclosing it to anyone. Employees should be cautious in such matters. If the Disclosure Officer is unable to determine whether or not the information is material, he may convene a meeting of senior management and, if necessary, of the directors, to determine if the information is material, whether or not it should be disclosed or remain confidential, and if the information needs to be disclosed, the method for disseminating the information.

Developments, whether actual or proposed, which are likely to give rise to material information with respect to Medicago and its business and thus to require prompt disclosure may include, but are not limited to those events listed on **Schedule "B"**.

4. Basic Disclosure Rules

All public disclosure by Medicago of Material Information pursuant to this policy must be made by way of press release, disseminated through a widely circulated newswire service company.

In order to maintain consistent and accurate disclosure about Medicago, the following principles should generally be followed:

- (a) no selective disclosure. Previously undisclosed information may not be disclosed to selected persons; if there is disclosure it must be made widely, i.e. by way of a press release;
- (b) disclosure must be updated if earlier disclosure has become misleading as a result of intervening events; and
- (c) unfavourable information must be disclosed as promptly and completely as favourable information;
- (d) half truths are misleading. Disclosure must include any information without which the rest of the disclosure would be misleading;

- (e) if Material Information is to be announced at a conference or at a shareholders' meeting or a press conference or other forum, its announcement must be coordinated with an advance general public announcement by a press release containing the relevant information.

Medicago will maintain a routine procedure for all corporate communications. For Material Information the procedure consists of drafting a press release, circulating it for review to the Disclosure Officers; the directors (with respect to material announcements or announcements involving financial results); and other officers as appropriate to confirm the accuracy of the information contained in the disclosure, alerting the Exchange and disseminating the release through a national wire service. The company may also use other distribution channels so as to effect broad dissemination to the public. With the exception of Material Changes requiring immediate disclosure, news releases will be released outside of market hours whenever possible.

Medicago recognizes that posting information to its website will not, by itself, ordinarily satisfy the "generally disclosed" requirement of securities legislation. However, the company will post to its website press releases disclosing Material Information and shall provide a link to SEDAR, for access to all material documents regarding Medicago.

Any news release containing financial information based on Medicago's financial statements (prior to the release of such financial statements) should be reviewed by the directors or the audit committee of the board of directors. It is not contemplated that Medicago will provide "earnings guidance."

5. Forward-Looking Information

Subject to the approval and disclosure procedures provided elsewhere in this policy, Medicago may provide limited forward-looking information to enable shareholders and the investment community to better evaluate Medicago and its strategy prospects and opportunities. Medicago will ensure that such statements are identified as forward-looking. Moreover, such statements will be accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statements and a description of the factors or assumptions that were used in making the forward-looking statements.

Medicago, to the extent practicable in the circumstances, will update forward-looking statements which continue to be material or which change materially over time.

6. Correction of Selective or Inaccurate Disclosure

If previously Undisclosed Material Information has been inadvertently disclosed to an analyst or any other person or if Material Information that has been disclosed previously is revealed to be inaccurate or incomplete, the Undisclosed Material Information or the information required to correct any inaccuracy in previously disclosed Material Information must be publicly disclosed immediately by way of press release. The Exchange should be contacted and, as need be, a halt in trading in Medicago securities should be requested pending the issuance of the press release. Pending the public release of the Material Information, the parties who have knowledge of the information should be advised that the information is material and has not been generally disclosed.

7. Rumors

Rumors can cause unusual market activity. Medicago will respond consistently to market rumors in the following manner: "it is our policy not to comment on market rumors or speculation". If market activity indicates that trading is being unduly influenced by rumors, the Exchange may request, or Medicago may determine, that a clarifying statement be made through a press release. A trading halt may be instituted or requested pending an announcement by Medicago. If the rumor is true, either in whole or in part, immediate disclosure of Undisclosed Material Information will generally be required. The

determination to make disclosure will be made by the Disclosure Officers and, if necessary, by the directors.

8. Contact with Significant Investors, Analysts and Others; Analyst Reports

Medicago recognizes that meetings with significant investors, analysts and other market participants are an important element of Medicago's investor relations program. Medicago will meet with investors, analysts and other market participants on an individual or small group basis (including participating in industry conferences) as needed and will initiate contacts or respond to calls in a timely, consistent and accurate fashion in accordance with the requirements of this policy. Medicago recognizes, however, that private meetings carry with them the risk of inadvertent selective disclosure.

In the event that analyst reports are prepared with respect to the activities and prospects of Medicago, the Disclosure Officers should avoid getting involved in the content of an analyst's report, except to correct factual errors. Confirmation of or attempting to influence an analyst's opinions or conclusions may be considered to be selective disclosure by Medicago. "No comment" is an acceptable answer to questions that cannot be answered without violating the rule against selective disclosure. With regard to responding to financial models or drafts of analyst's reports, it is Medicago's policy to review, on request, the model or report for publicly disclosed factual content only and to give guidance only when assumptions have been made on the basis of incorrect public data. It is imperative that the control of this process be centralized through the Disclosure Officers. Medicago should confirm in writing that its review has been limited to publicly available factual information and detail what information (if any) has been provided. Medicago will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with an analyst's model or earnings estimate. Meetings with analysts may include general discussions regarding Medicago's prospects, business environment, management philosophy and long-term strategy but should avoid discussions regarding non-publicly disclosed Material Information.

Medicago will not redistribute analyst reports to persons outside of Medicago (including by posting such reports on its website).

Medicago will consider including in its regular periodic disclosures (such as its quarterly and annual managements discussion and analysis disclosure) details about topics of interest to analysts, investors and other market participants as a means of providing more information to the marketplace generally and limiting its "selective disclosure" risks.

9. Quiet Periods

In order to limit the potential for selective disclosure (and the perception or appearance of any selective disclosure), Medicago will observe a "quiet period" during which time there will be no comment with respect to the current financial period's operations or expected results. The quiet period will normally commence on the 15th day following the end of the 1st, 2nd, and 3rd quarter financial periods and on the 30th day following the end of the 4th quarter financial period and end at the end of the business day following the issuance of a press release disclosing the results for the period.

10. Notification of Market Surveillance

When the Exchange is open for trading, advance notice of a press release announcing Material Information must be provided to the market surveillance department (or similar department) of the Exchange to determine if a halt in trading is necessary to provide time for the market to digest the news. When a press release announcing Material Information is issued outside of trading hours, the market surveillance department of the Exchange should be notified before the opening of the market. Copies of all press releases should be supplied to the market surveillance department of the Exchange and to the relevant securities regulators immediately.

11. Disclosure Record

The Disclosure Officers will maintain, or cause to be maintained, a file containing all public information about Medicago. This includes news releases, brokerage research reports, if any, reports in the press and notes, if any, from meetings with analysts, significant investors and other market participants.

12. Electronic Communications; Medicago Website

This policy also applies to electronic communications, including Medicago's website. Accordingly, the Disclosure Officers are also responsible for electronic communication of Material Information.

The Vice-President and Chief Financial Officer is responsible for updating the investor relations section of Medicago's website and for monitoring all information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws.

Disclosure on Medicago's website alone does not constitute adequate disclosure of information that is considered Undisclosed Material Information. Any disclosure of Material Information on the website will be preceded by the issuance of a press release.

The Vice-President and Chief Financial Officer is also responsible for responses to electronic inquiries regarding Material Information. Only public information or information which could otherwise be provided in accordance with this policy will be utilized in responding to electronic inquiries.

In order to ensure that no Undisclosed Material Information is inadvertently disclosed, Employees may not participate in Internet chat rooms or newsgroup discussions on matters pertaining to Medicago's activities or its securities. Employees who encounter a discussion pertaining to Medicago should advise the Information Officer promptly, so that discussion may be monitored, if determined appropriate.

Medicago will not host or link to chat rooms, bulletin boards or news groups and will not link to or post analyst's reports on its website.

PART II CONFIDENTIALITY

13. When Information May Be Kept Confidential

Where the immediate disclosure of Material Information would be unduly detrimental to the interest of Medicago, its disclosure may be delayed and kept confidential temporarily. Keeping information confidential can only be justified where the potential harm to Medicago or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure and where confidentiality of the information is maintained.

Examples of circumstances in which disclosure might be unduly detrimental to the interests of Medicago include: (a) where the release of information would prejudice the ability of Medicago to pursue specific and limited objectives or to complete a transaction that is underway; (b) where the disclosure of the information would provide competitors with confidential information that would be of significant benefit to them or would undermine the competitive position of Medicago; and (c) where the disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations.

All decisions to keep Material Information confidential must be made by the Disclosure Officers or, if necessary, by the directors of Medicago. In such circumstances, Medicago will comply with any obligation to make a confidential filing with applicable securities regulators and maintain confidentiality of the information.

14. Access to Confidential Information

Employees will be given access to confidential information on an “as needed” basis only and must not disclose that information to anyone except with the prior approval of a Disclosure Officer and where such disclosure is in the necessary course of business (e.g., discussions with Medicago’s bankers or advisers where the disclosure of the confidential information is necessary and the persons receiving it understand that it is to be kept confidential). Other circumstances where disclosure may be considered in the “necessary course of business” may include communications with: (i) vendors, suppliers or strategic partners; (ii) employees, officers and directors; (iii) lenders, legal counsel, auditors, financial advisors and underwriters; (iv) parties to negotiations; (v) labour unions and industry associations; (vi) government agencies in non-governmental regulators; and (vii) credit rating agencies. Selective disclosure of Material Information to an analyst, institutional investor or other market professional is not generally considered in the “necessary course of business”.

Employees must not discuss confidential information in situations where they may be overheard or participate in discussions regarding decisions by others about investments in Medicago.

15. Disclosure of Confidential Information

In the event that confidential information, or rumors respecting the same, is divulged in any manner (other than in the necessary course of business), Medicago is required to make an immediate announcement on the matter. The Exchange must be notified of the announcement in advance in the usual manner.

16. Disclosure of Information to Outsiders

Before a meeting with other parties at which Undisclosed Material Information of Medicago may be discussed in compliance with this policy, the other parties should be told that they must not divulge that information to anyone else, other than in the necessary course of business, and that they may not trade in Medicago’s securities until after the information is publicly disclosed and a reasonable period of time for its dissemination has passed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with Medicago should be considered.

PART III TRADING POLICY

17. Purpose of the Policy

Medicago has developed this policy to establish the obligations of Employees and other Restricted Persons with respect to trading in securities of Medicago. This policy prescribes rules for Employees and other Restricted Persons with respect to trading in securities of Medicago by them when there is Undisclosed Material Information. Strict adherence to this policy will promote investor confidence in securities of Medicago by assuring to the investing community that persons who have access to Undisclosed Material Information will not make use of it by trading in securities of Medicago before the information has been disclosed and properly disseminated.

18. General Prohibition

No Employees or Restricted Persons may trade in the securities of Medicago when they are aware of Undisclosed Material Information, regardless of whether or not a specified Blackout Period has been imposed. In addition, Employees or Restricted Persons are prohibited from informing, or “tipping”, anyone else about that information, or informing anyone else about an imposed Blackout Period. Anonymous disclosure of information is also prohibited.

This prohibition extends to other securities whose price or value may reasonably be expected to be affected by changes in the price of Medicago's securities and includes the granting or exercise of stock options.

Rapid buying and selling by Employees and Restricted Persons of Medicago's securities is strongly discouraged because of the possible perception of trading on Undisclosed Material Information.

In addition, employees should be cautious in such matters and when Employees or Restricted Persons intends to transact in Medicago's securities, they should contact an Information Officer to advise him accordingly before executing any trades in securities of Medicago (which includes the exercise of stock options), even if they are not aware of information that would constitute Undisclosed Material Information.

19. Information Officers

For purposes of this Policy, the board of directors shall appoint one or more Information Officers. Such appointments will be made following each annual general meeting or at other times at the discretion of the Board.

Concurrent with the adoption of this policy the following senior officers are appointed as Information Officers: Andrew J. Sheldon, President and Chief Executive Officer and Pierre Labbé, Vice-President and Chief Financial Officer, and both can be contacted at (418) 658-9393.

20. Undisclosed Material Information of Other Companies

Where Employees or Restricted Persons become aware of Undisclosed Material Information concerning another public company, they may not trade in the securities of that company until the information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, a "reasonable period of time" will be one business day; however, it may be shorter or longer depending upon the particular market following of that other company. An Information Officer should be consulted to determine what would be a "reasonable period of time" in the circumstances.

21. Restricted Persons

Restricted Persons are prohibited from trading whenever there are Pending Material Developments, even if they are unaware of the details of the same. In the circumstances where there are Pending Material Developments with respect to Medicago, a communication will be sent to all Restricted Persons, as well as to other Employees, if it is determined appropriate, informing them of the Blackout Period with respect to such Pending Material Development at which time they shall cease trading until further notice. No reason for the trading restriction will be provided.

Transactions that may be necessarily justifiable for independent reasons (as in a family emergency situation) are no exceptions to the restrictions set forth in this policy.

The Information Officers will make the determination as to when a pending transaction would constitute a Pending Material Development. As guidance, a Blackout Period must at least commence once negotiations on a proposed transaction have progressed to a point where it reasonably could be expected that the market price of Medicago's securities would materially change if the status of the transaction were publicly disclosed.

22. Blackout Period

No Employee or Restricted Person shall trade in Medicago's securities when Material Information has not been disclosed and for a reasonable period of time following the disclosure of that information. Open orders must also be cancelled during a Blackout Period. The purpose of the Blackout Period is to

allow the market to fully reflect the Material Information in the price of Medicago’s securities. The Information Officers will be responsible for setting the length of the Blackout Period and notifying Employees and Restricted Persons of it. Once notified of a Blackout Period, Restricted Persons are prohibited from disclosing non-routine Blackout Periods to others. Routine Blackout Periods for routine and scheduled announcements, that can often be material, such as quarterly and annual financial information, will be set as follows:

	Routine Blackout Period will be in effect from:	Routine Blackout Period will be in effect until:
Following 1 st Quarter	15 th day from the end of the quarter	The end of the 3 rd business day following the news release announcing the results
Following 2 nd Quarter	15 th day from the end of the quarter	
Following 3 rd Quarter	15 th day from the end of the quarter	
Following 4 th Quarter	30 th day from the end of the quarter	

Within the Routine Blackout Periods, the Information Officer or the board of directors can make individual determinations on whether there is any undisclosed Material Information, as required.

23. Insider Trading Reports

Directors, senior officers and persons beneficially owning or controlling 10% or more of the voting rights of Medicago are required to file insider trading reports within 10 days of a change in their ownership position in any securities of Medicago (this includes the grant of options or other convertible securities to such persons or the exercise by them of such options or convertible securities). Such persons are also required to file on SEDI an “initial” insider report within 10 days of the date on which the person or Medicago became an insider (an initial report is not required, however, when a person becomes an insider if he/she has no direct or indirect beneficial ownership, control or direction over securities of Medicago). If a person falls into one of these categories, that person likely will be required to file insider trading reports in other provinces and should consult the Information Officer as soon as possible whenever the individual trades securities to confirm his/her statutory obligations.

Upon request of an Information Officer, all Insiders must report to the Information Officer all of their transactions and those of related persons in the securities of Medicago.

24. Short Sales, Puts, Calls and Options

No Employee or Restricted Person shall sell the shares of Medicago short or buy puts underlying Medicago’s Shares.

25. Penalties

When Employees or other Restricted Persons violate this policy, it causes harm to the reputation to Medicago and undermines investors’ confidence in Medicago. As a result, Medicago may take its own disciplinary actions, which could result in termination of employment or implementation of a probationary period. Medicago is also entitled to pursue legal remedies through the courts. If appropriate, Medicago will also report the matter to the appropriate regulatory authorities.

The prohibition against trading on (or informing others with respect to) Undisclosed Material Information as set forth in Canadian securities legislation can be enforced by securities regulators through a wide range of penalties, including: (a) fines and penal sanctions; (b) civil actions for damages; (c) an accounting to Medicago for any benefit or advantage received; and (d) administrative sanctions by securities commissions, such as cease trade orders and removal of exemptions.

26. Policy Review and Oversight

The President and Chief Executive Officer shall have overall responsibility for developing and implementing this policy, monitoring the effectiveness of and compliance with this policy and informing Medicago's directors, officers and employees about the policy.

Medicago will review this policy annually to ensure that it is achieving its purpose and remains current based on the activities of Medicago at the time of review. Based on the results of the review, the policy may be revised accordingly. The Chairman of the Human Resources and Corporate Governance Committee shall be responsible for initiating the annual review. Any changes to this policy shall be approved by the board of directors.

SCHEDULE "A"

DEFINITIONS

"Blackout Period" means the period during which Employees and other Restricted Persons are prohibited from trading in Medicago's securities;

"Disclosure Officers" means the individuals who are responsible for communicating with analysts, the news media and investors and ensuring that other Employees do not communicate confidential information about Medicago;

"Employees" means all individuals currently employed by Medicago and its subsidiaries who may become aware of Undisclosed Material Information;

"Information Officers" means the individuals whom Employees or Restricted Persons may contact to determine whether or not they may execute trades in the market or reveal Undisclosed Material Information in the necessary course of business;

"Material Change" means a change in the business, operations or capital of Medicago that would reasonably be expected to have a significant effect on the market price or value of any of the securities of Medicago and includes a decision to implement the change by the directors of Medicago or by senior management of Medicago who believe that confirmation of the decision by the directors is probable;

"Material Fact" means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of Medicago's securities;

"Material Information" means any Material Fact or Material Change;

"Pending Material Developments" means a proposed transaction of Medicago that would constitute Material Information, however, a decision to proceed with the transaction has not been made by the directors or by senior management, although there is an expectation of concurrence from the directors;

"Restricted Persons" means:

- (a) directors and officers of Medicago; and
- (b) Employees of Medicago; and
- (c) a person employed by Medicago or retained by it on a professional or consulting basis; and
- (d) affiliates or associates of Medicago; and
- (e) a person proposing to become a party to a reorganization, amalgamation, merger, or similar business relationship with Medicago; and
- (f) a person who receives specific confidential information from a person previously described; and

"Undisclosed Material Information" means Material Information pertaining to Medicago that has not been publicly disclosed or information that has been publicly disclosed, but a reasonable period of time for its dissemination has not passed.

SCHEDULE “B”

EXAMPLES OF POTENTIALLY MATERIAL INFORMATION

The following are examples of the types of events or information which may be material to Medicago. This list is not exhaustive and is based on the examples provided by National Policy 51-201.

Changes in Corporate Structure

- changes in share ownership that may affect control of Medicago
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

Changes in Capital Structure

- public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings or warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in Medicago’s dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to rights of security holders

Changes in Financial Results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any periods
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of Medicago’s assets
- any material change in Medicago’s accounting policy

Changes in Business and Operations

- any development that affects Medicago’s resources, services or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major suppliers or clients
- significant new contracts, beyond the normal course of business; or services

- losses of significant contracts or business
- changes to the Board of Directors or executive management, including the departure of Medicago's CEO, Chairman or CFO (or persons in equivalent positions).
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of Medicago's securities or their movement from one quotation system or exchange to another

Acquisitions and Dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies including a take-over bid for, or merger with, another Company

Changes in Credit Arrangements

- the borrowing or lending of a significant amount of money, outside the normal course of business
- any mortgaging or encumbering of Medicago's assets, outside the normal course of business
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions, if any
- significant new credit arrangements

Other

- any other developments relating to the business and affairs of Medicago that would reasonably be expected to significantly affect the market price or value of any of Medicago's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions