

SEDAR VERSION

**FIRST SUPPLEMENTAL INDENTURE
TO THE WARRANT INDENTURE DATED AS OF NOVEMBER 27, 2009**

BETWEEN

MEDICAGO INC.

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

OCTOBER 21, 2010

FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE is made as of October 21, 2010.

BETWEEN: **MEDICAGO INC.**, a company incorporated under the laws of the Province of Quebec, having its head office currently in the City of Québec, in the Province of Québec

(hereinafter referred to as the “**Company**”);

AND: **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada and authorized to carry on business in all provinces of Canada

(hereinafter referred to as the “**Warrant Agent**”)

WHEREAS by warrant indenture (the “**Warrant Indenture**”) made as of November 27, 2009 between the Company and the Warrant Agent provision was made for the issue of common share purchase warrants (the “**Warrants**”) by the Company;

WHEREAS a total of 8,050,000 Warrants have been issued and are outstanding pursuant to the Warrant Indenture;

WHEREAS the Company wishes to reduce the exercise price of the Warrants from \$1.00 to \$0.43 except for the Warrants held by insiders of Medicago which, pursuant to the rules of the Toronto Stock Exchange, will not be subject to the reduced exercise price but will remain at the original exercise price of \$1.00 per share; and

WHEREAS all things necessary have been done and performed to authorize the execution and delivery of this Supplemental Indenture as per Section 8 of the Warrant Indenture.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, this Supplemental Indenture witnesseth, and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1 **INDENTURE SUPPLEMENTAL TO WARRANT INDENTURE**

1.1 Supplemental Indenture

The terms “this Supplemental Indenture”, “hereto”, “herein”, “hereof”, “hereby”, “hereunder” and similar expressions, unless the context otherwise specifies or requires, refer to this First Supplemental Indenture and not to any particular article, section or other portion hereof, and include any and every instrument supplemental or ancillary hereto or to implement the terms hereof. The expression “Indenture” as used herein shall mean the Warrant Indenture, as amended and supplemented by the Supplemental Indenture, and any indenture, deed or

instrument supplemental or ancillary thereto. This Supplemental Indenture is a Supplemental Indenture within the meaning of the Warrant Indenture, and the Warrant Indenture and this Supplemental Indenture shall hereafter be read together and shall have effect as far as practicable as if all the provisions thereof and hereof were contained in one instrument. In this Supplemental Indenture, unless there is something within the subject matter or context inconsistent therewith, expressions shall have the same meanings as corresponding expressions defined in the Warrant Indenture. All the provisions of the Warrant Indenture, except only insofar as the same may be inconsistent with the express provisions of this Supplemental Indenture or be specifically amended hereby, shall apply to and shall have effect in connection with this Supplemental Indenture.

ARTICLE 2
AMENDMENTS TO WARRANT INDENTURE

2.1 *Section 1.1.17 of the Warrant Indenture is hereby deleted in its entirety and replaced by the following:*

“**Exercise Price**” at any time means, the price at which a Common Share may be purchased by the exercise of one Warrant, being \$1.00 per Common Share for the Insiders Warrants and \$0.43 per Common Share for the Non-Insiders Warrants, subject to adjustment in accordance with the provisions of Article 4, in which case it shall mean the adjusted price in effect at such time and, for greater certainty, the Exercise Price of any Warrants acquired by PMP after the date of an adjustment referred to in Article 4 shall be adjusted as if such Warrants had been issued prior to such date;

2.2 *Section 1.1.39 of the Warrant Indenture is hereby deleted in its entirety and replaced by the following:*

“**Warrants**” means the “**Insiders Warrants**”, being the Warrants held insiders of the Company, and the “**Non-Insiders Warrants**”, being the Warrants held by non-insiders of the Company, created by and authorized under this Indenture;

2.3 *Section 2.1 of the Warrant Indenture is hereby deleted in its entirety and replaced by the following:*

Creation and Issue of Warrants

Up to 7,996,112 Non-Insiders Warrants and 53,888 Insiders Warrants are hereby authorized, all in accordance with the terms and conditions hereof. The Warrant Certificates shall be certified and delivered by the Warrant Agent to such persons as the Company may direct by written order of the Company.

2.4 *Schedule "A" to the Warrant Indenture is hereby deleted in its entirety and replaced by Schedule "A" hereto.*

ARTICLE 3
EFFECTIVE DATE

3.1 Effective Date

Notwithstanding its date of execution and its formal date, the effective date of this Supplemental Indenture shall be November 4, 2010.

ARTICLE 4
MISCELLANEOUS

4.1 Confirmation of Warrant Indenture

The Warrant Indenture as amended and supplemented by this Supplemental Indenture shall continue in full force and effect and is in all respects confirmed.

4.2 Execution

This Supplemental Indenture may be simultaneously executed in several counterparts, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

4.3 Formal Date

For the purpose of convenience this Supplemental Indenture may be referred to as bearing the formal date of October 21, 2010 irrespective of the actual date of execution hereof.

4.4 No Novation

The parties confirm that it is their intention that no novation be effected as a result of this Supplemental Indenture.

MEDICAGO INC.

Per: (s) Pierre Labbé
duly authorized

**COMPUTERSHARE TRUST COMPANY OF
CANADA**

Per: (s) Benjamin van de Werve
duly authorized

Per: (s) Louis-Philippe Marineau
duly authorized

SCHEDULE A

FORM OF WARRANT CERTIFICATE

Certificate No.: _____ No. of Warrants: _____ ISIN No.: CA58450N1289

CUSIP No.: 58450N128

WARRANTS
Exercisable to Acquire
Common Shares
of
MEDICAGO INC.

(Incorporated under Part IA of the *Companies Act* (Québec))

THIS IS TO CERTIFY THAT, for value received, ● (the “**holder**”) is the registered holder of the number of Warrants of Medicago Inc. (“**Medicago**”) specified above and, for each Warrant held, is thereby entitled to be issued, subject to adjustment and except as otherwise described herein, one fully paid and non-assessable Common Share and subject to the limitation referred to below by surrendering to Computershare Trust Company of Canada (the “**Warrant Agent**”) at its principal transfer office in Montréal, Québec during the exercise period hereinafter referred to, a certified cheque or bank draft made payable to Medicago in the amount of the Exercise Price as hereinafter determined in respect of each Common Share to be issued, this Warrant Certificate and a notice of exercise in the form set forth in Appendix 1 annexed hereto duly completed and executed, provided notice is also sent to Medicago by delivering to it a copy of such documents.

Capitalized terms which are not otherwise defined herein shall have the same meaning as in the Warrant Indenture dated November 27, 2009 between Medicago and the Warrant Agent (which indenture, together with all instruments supplemental or ancillary thereto including the First Supplemental Indenture dated October 21, 2010 between Medicago and the Warrant Agent, is herein referred to as the “**Warrant Indenture**”).

Surrender of this Warrant Certificate will be deemed to have been effected only on personal delivery thereof to, or, if sent by mail or other means of transmission, on actual receipt thereof by, the Warrant Agent at the office specified above.

This Warrant Certificate evidences Warrants of Medicago issued or issuable under the provisions of the Warrant Indenture. **Reference is made to the Warrant Indenture for particulars of the rights of the holders of the Warrants and of Medicago and of the Warrant Agent in respect thereof and of the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth in full, to all of which the holder, by acceptance hereof, assents. To the extent of any inconsistency between the terms of the Warrant Indenture and the terms of this Warrant Certificate, the terms of the Warrant Indenture shall prevail.** Medicago will furnish to the holder, on request and upon payment of a reasonable charge for photocopying and postage, a copy of the Warrant Indenture.

The Warrants evidenced by this Warrant Certificate may be exercised by the holder (including, if applicable, any agent under any power of attorney granted by such holder) at any time until the Expiry Time.

On and after the date of any exercise of the Warrants evidenced by this Warrant Certificate, the holder will have no rights hereunder except to receive certificates representing the Common Shares thereby issued to him upon delivery of a certified cheque or bank draft payable to Medicago in respect of each Common Share to be issued in the amount of \$0.43 (the “**Exercise Price**”), this Warrant Certificate and a duly completed notice of exercise as set out in Appendix “1” thereto to the Warrant Agent at its principal office in Montréal, Québec. After the Expiry Time, all rights under any unexercised Warrant evidenced hereby will wholly cease and terminate and this Warrant Certificate will be void.

Medicago will not be obligated to issue any fraction of a Common Share on the exercise of any Warrant. To the extent that a holder of Warrants would otherwise have been entitled to receive, on the exercise of Warrants, a fraction of a Common Share, such right may only be exercised in respect of such fraction in connection with another Warrant or Warrants which in the aggregate entitle the holder to receive a whole number of Common Shares. If a Warrantholder is not able to combine Warrants so as to be entitled to acquire a whole number of Common Shares, the number of Common Shares which such Warrantholder is entitled to receive shall be rounded down to the prior whole number, as applicable.

The Warrant Indenture provides for adjustments to the number of Common Shares issuable and to the Exercise Price in certain events set forth therein.

The Warrant Indenture contains provisions making binding on all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by holders of a specified majority of all outstanding Warrants.

On presentation at the principal office of the Warrant Agent in Montréal, Québec, subject to the provisions of the Warrant Indenture and on compliance with the reasonable requirements of the Warrant Agent, one or more Warrant Certificates may be exchanged at no cost to the holder for one or more Warrant Certificates of different denominations evidencing in the aggregate the same number of Warrants as the Warrant Certificate or Warrant Certificates being exchanged.

The Warrants evidenced by this Warrant Certificate may only be transferred, upon compliance with the conditions prescribed in the Warrant Indenture, on the register of transfers to be kept at the principal office of the Warrant Agent in Montréal, Québec by the holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe, such transfer will be duly noted on such register of transfers by the Warrant Agent. Notwithstanding the foregoing, Medicago will be entitled, and may direct the Warrant Agent, to refuse to record any transfer of any Warrant on such register if such transfer would

constitute a violation of the securities laws of any jurisdiction or require Medicago to qualify the Common Shares for distribution in any jurisdiction other than the Qualifying Provinces.

No Common Shares will be issued pursuant to any exercise of any Warrant if the issue of such security would constitute a violation of the securities laws of any applicable jurisdiction.

The holding of this Warrant Certificate will not constitute the holder a shareholder of Medicago or entitle such holder to any right or interest in respect thereof except as otherwise provided in the Warrant Indenture.

This Warrant Certificate will not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture. Time will be of the essence hereof.

THE WARRANTS REPRESENTED BY THIS CERTIFICATE WILL BE VOID AND OF NO VALUE UNLESS EXERCISED PRIOR TO 5:00 P.M. (MONTRÉAL TIME) ON OR BEFORE NOVEMBER 26, 2010.

IN WITNESS WHEREOF Medicago has caused this Warrant Certificate to be signed by its officer or other individual duly authorized in that behalf as of

MEDICAGO INC.

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Name:

Title:

This Warrant Certificate is one of the Warrant Certificates referred to in the Warrant Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA

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Name:

Title:

APPENDIX 1

NOTICE OF EXERCISE

To: **MEDICAGO INC.**

And To: **COMPUTERSHARE TRUST COMPANY OF CANADA**

The undersigned holder of the Warrants evidenced by the within Warrant Certificate hereby exercises its right to be issued Common Shares of Medicago Inc. (or such other securities or property to which such exercise entitles such holder in lieu thereof or in addition thereto under the provisions of the Warrant Indenture mentioned in such Warrant Certificate) that are issuable upon the exercise of such Warrants, on the terms specified in such Warrant Certificate and Warrant Indenture.

The undersigned hereby irrevocably directs that the said Common Shares be issued, registered and delivered as follows:

| Name(s) in Full | Address(es) | Number of Common Shares and Number of Warrants (# and #) |
|------------------------|--------------------|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

(Please print full name in which certificates for Common Shares are to be issued. If any shares are to be issued to a person or persons other than the holder, the holder must pay to the Warrant Agent all exigible transfer taxes or other government charges and sign the Form of Transfer.)

DATED this ____ day of _____, _____

Witness

Signature of Registered Holder

Name of Registered Holder

Note: The name of the Registered Holder on this Notice of Exercise must be the same as the name appearing on the face page of the Warrant Certificate to which this Notice of Exercise is attached.

- Please check if the Common Share certificates are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed.

Certificates will be delivered or mailed as soon as practicable after the due surrender of the Warrant Certificate to which this Appendix is attached.

APPENDIX 2

FORM OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

Name: _____

Address: _____

ISIN No.: CA58450N1289

CUSIP No.: 58450N128

(such person, the “**Transferee**”) _____ Warrants of Medicago Inc. (the “**Company**”) represented by the attached Warrant Certificate and does hereby appoint _____ as its attorney with full power of a substitution to transfer the Warrants on the appropriate register of the Warrant Agent.

If the sale evidenced hereby is being made to a U.S. Person (as such term is defined in Regulation S to the United States Securities Act of 1933 (the “**Act**”), the undersigned, by the execution of this form of transfer, certifies that such sale does not require registration of the Warrants being transferred hereby under the Act and tenders herewith evidence satisfactory to the Company to such effect.

DATED this ____ day of _____, _____

Witness

Signature of Transferor

Signature of Transferor must be Medallion guaranteed _____
Name of Transferor

Note: The name of the Transferor on this Form of Transfer must be the same as the name appearing on the face page of the Warrant Certificate to which this Form of Transfer is attached.