

AMENDED AND RESTATED AGENCY AGREEMENT

September 27, 2011

MEDICAGO INC.
1020 route de l'Église
Suite 600
Sainte-Foy, Québec G1V 3V9

Attention: Mr. Pierre Labbé, Vice-President & Chief Financial Officer

Dear Sirs:

We understand that Medicago Inc. (the “**Corporation**”) proposes to issue and sell up to 38,462,600 common shares of the Corporation (the “**Offered Shares**”) at a price of \$0.65 per Offered Shares (the “**Issue Price**”) to raise up to \$25,000,690 (the “**Offering**”).

Subject to the terms and conditions contained in this Agreement, the Corporation hereby appoints Bloom Burton & Co., Desjardins Securities Inc. and Paradigm Capital Inc. (collectively, the “**Agents**”), acting severally and not solidarily, as its sole and exclusive agents to solicit offers to purchase Offered Shares, with such solicitations to be made directly or through other duly registered investment dealers approved by the Corporation in the Qualifying Jurisdictions. Except as expressly provided herein, the sale of the Offered Shares is to be effected in reliance upon exemptions from the prospectus requirements of the securities laws the Qualifying Jurisdictions (as defined below). The parties agree that any offer or sale of Offered Shares in any state of the United States (the “**U.S. Jurisdictions**”) will be made in accordance and in compliance with the terms of this Agreement and the Subscription Agreement (as defined below) in a transaction exempt from the registration requirements of the U.S. Securities Act (as defined below) and any applicable state securities laws. The Agents propose to offer the Offered Shares for sale, as agents of the Corporation, on a best efforts basis, in the manner contemplated by this Agreement.

We understand that Phillip Morris Investments B.V., legal successor to Phillip Morris Participations B.V. (“**PMP**”) benefits from a preemptive right (the “**Preemptive Right**”) under a certain Representation Right and Preemptive Right Agreement dated October 21, 2008 and filed on SEDAR (the “**PMP Agreement**”) and has not yet indicated whether it will exercise such right in connection with the Offering. Any such exercise will be outside and in addition to the Offering.

In consideration of (i) the agreement of the Agents to solicit offers to purchase Offered Shares, and (ii) the services rendered and to be rendered by the Agents in connection with the foregoing, the Corporation agrees to pay to the Agents a commission (the “**Commission**”) equal to 3.5% of the gross proceeds from the sale of the Offered Shares (without any commission on any Common Shares issued to PMP under its Preemptive Right outside of the Offering, as the case may be).

This agreement (the “Agreement”) amends and supersedes the agency agreement dated September 23, 2011 entered into between the parties hereto.

Section 1.1 Definitions and Interpretation

- (1) Where used in this Agreement, or in any amendment to this Agreement, the following terms will have the following meanings, respectively:
- (a) “**Administrative Agent**” means Desjardins Securities Inc.;
 - (b) “**affiliate**” or “**associate**” when used to indicate a relationship with a person or company, has the same meaning ascribed thereto in the *Securities Act* (Québec) as if the word “company” was therein changed to “Person”;
 - (c) “**Agents**” has the meaning given to that term above;
 - (d) “**Beneficiaries**” has the meaning given to that term in Section 7.2(3);
 - (e) “**Business**” means the business of developing vaccines based on proprietary manufacturing technologies and virus-like particles currently carried on and proposed to be carried on by the Corporation and its Subsidiaries after the Closing Date;
 - (f) “**Business Day**” means a day other than a Saturday, a Sunday or a day on which chartered banks are not open for business in Montreal, Québec;
 - (g) “**Claims**” and individually a “**Claim**” means losses or damages (other than losses of profit), claims, actions, suits, proceedings, liabilities, costs and expenses, including all amounts paid in settlement of any actions, suits, proceedings or to satisfy judgments or awards, and all reasonable fees, disbursements and taxes of counsel in connection with (i) any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or (ii) the Indemnified Party enforcing its rights of indemnification or contribution under this Agreement;
 - (h) “**Closing**” means the completion of the issue and sale by the Corporation of the Offered Shares on the Closing Date pursuant to this Agreement;
 - (i) “**Closing Date**” means September 27, 2011 or such other date as may be agreed to in writing by the Corporation and the Agents;
 - (j) “**Closing Time**” means 8:00 a.m. (Montreal time) on the Closing Date, or any other time on the Closing Date as agreed to by the Corporation and the Agents;
 - (k) “**Commission**” has the meaning given to that term above;

- (l) **“Common Shares”** means common shares of the Corporation;
- (m) **“Continuous Disclosure Documents”** means all of the information and documents filed by the Issuer or on its behalf with the Securities Commissions pursuant to the requirements of the Securities Laws as at the date hereof, including: (i) the Financial Statements; (ii) the proxy solicitation circular of the Issuer dated April 26, 2011; (iii) the annual information form of the Issuer dated March 29, 2011; (iv) the material change report of the Issuer dated April 5, 2011; and (v) the press releases dated April 6, 2011 (relating to the research collaboration agreement with a top 10 global pharmaceutical company), May 26, 2011 (relating to the research collaboration agreement with the U.S. Army Medical Research Institute of Infectious Diseases), June 8, 2011 (relating to the results from a U.S. Phase I human clinical trial for the Corporation’s seasonal influenza vaccine candidate), June 21, 2011 (relating to the receipt of a third milestone payment of US\$5.6 million from DARPA) and June 30, 2011 (relating to the results from a Phase II human clinical trial for the Corporation’s H5N1 Avian Influenza VLP Vaccine candidate).
- (n) **“Corporation”** means Medicago Inc.;
- (o) **“DARPA”** means the Defense Advanced Research Projects Agency;
- (p) **“DARPA Agreement”** means the Technology Investment Agreement dated August 9, 2010 between Medicago USA Inc. and DARPA;
- (q) **“distribution”** means distribution or distribution to the public, as the case may be, for the purposes of the Securities Laws or any of them;
- (r) **“Environmental Laws”** has the meaning given to that term in Section 4.1(1)(tt);
- (s) **“Financial Statements”** means the annual and interim historical financial statements of the Corporation for the periods ended December 31, 2010, March 31, 2011 and June 30, 2011, including the notes with respect thereto together with the report of PricewaterhouseCoopers LLP, Chartered Accountants, on the audited financial statements as at and for the periods included therein;
- (t) **“including”** means including without limitation;
- (u) **“Indemnified Party”** and **“Indemnified Parties”** have the meanings given to those terms in Section 7.2(1);
- (v) **“Intellectual Property”** means, collectively, all intellectual property rights owned by or exclusively licensed to the Corporation which pertain to the Business, products and technology of the Corporation as it is currently conducted or whatsoever nature, kind or description, including all: (i) trade-

marks, service marks, trade-mark and service mark registrations, trade-mark and service mark applications, rights under registered user agreements, trade names and other trade-mark and service mark rights; (ii) copyrights and applications therefore, including all computer software and rights related thereto; (iii) all foreign and domestic patents and patent applications (including all provisional, divisional, substitution, continuation and continuation in-part applications, and all foreign counterparts thereof) and all foreign and domestic patents (including extensions, reissues, re-examinations, renewals, inventors certificates and foreign counterparts thereof); (iv) preclinical and clinical data and results, (v) trade secrets and proprietary and confidential information; (vi) industrial designs and registrations thereof and applications therefore; (vii) renewals, modifications, developments and extensions of any of the items listed in clauses (i) through (vi) above; and (viii) patterns, plans, designs, research data, other proprietary know-how, processes, drawings, technology, inventions, formulae, specifications, performance data, quality control information, unpatented blue prints, flow sheets, equipment and parts lists, instructions, manuals, records and procedures, and all licenses, agreements and other contracts and commitments relating to any of the foregoing;

- (w) “**Issue Price**” has the meaning given to that term above;
- (x) “**lien**” means any mortgage, charge, pledge, hypothec, prior claim, security interest, assignment lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, including any arrangement or condition which, in substance, secures payment or performance of an obligation;
- (y) “**Material Adverse Effect**” or “**Material Adverse Change**” means any effect or change in the affairs of the Corporation, its Subsidiaries or the Business, taken as a whole, that is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), obligations, cash flow, income, affairs, business operations or prospects of any of the Corporation, its Subsidiaries or the Business, taken as a whole and as a going concern, or that is materially adverse to the completion of the transactions contemplated by this Agreement, taken as a whole;
- (z) “**Material Change**” means a change in the business, operations, affairs, securities or capital of the Corporation, its Subsidiaries or the Business that significantly affects, or that would reasonably be expected to have a significant effect on the market price or value of any securities of the Corporation and includes a decision to implement such a change made by the directors of the Corporation or by management of the Corporation who believed that confirmation of the decision by the directors of the Corporation is probable;

- (aa) “**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 any securities of the Corporation;
- (bb) “**misrepresentation**” has the meaning given to that term in the applicable Securities Laws;
- (cc) “**New Facility Lease Agreement**” means the lease agreement dated August 10, 2010 between Medicago USA Inc. and ARE-NC Region No. 6, LLC;
- (dd) “**NI 45-102**” means National Instrument 45-102 – *Resale of Securities* adopted by the Securities Commissions;
- (ee) “**NI 45-106**” means National Instrument 45-106 – *Prospectus and Registration Exemptions* adopted by the Securities Commissions;
- (ff) “**Offered Shares**” has the meaning given to that term above;
- (gg) “**Offering**” has the meaning given to that term above;
- (hh) “**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or any other entity however designated or constituted;
- (ii) “**PMP Agreement**” has the meaning given to that term above;
- (jj) “**PMP**” has the meaning given to that term above;
- (kk) “**Preemptive Right**” has the meaning given to that term above;
- (ll) “**Prospectus Exemptions**” has the meaning given to that term in Section 2.1;
- (mm) “**Purchasers**” means the purchasers of Offered Shares pursuant to a Subscription Agreement;
- (nn) “**Qualifying Jurisdictions**” means the provinces of British Columbia, Alberta, Québec and Ontario;
- (oo) “**SEC**” means the United States Securities and Exchange Commission;
- (pp) “**Securities Commission**” means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions;

- (qq) “**Securities Laws**” means, collectively, the applicable securities laws of each of the Qualifying Jurisdictions and the respective regulations and rules made under those securities laws together with all applicable published policy statements, blanket orders and rulings of the Securities Commissions and all published discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated by this Agreement and the securities legislation and published policies of each other relevant jurisdiction together with applicable published policy statements of the Canadian securities administrators and the securities laws of each other relevant jurisdiction where the Offered Shares are permitted to be sold under this Agreement;
 - (rr) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval;
 - (ss) “**Standard Listing Conditions**” has the meaning given to that term in Section 6.1(h);
 - (tt) “**Subscription Agreements**” means the subscription agreements between the Corporation and the Purchasers providing for the purchase and sale of Common Shares under the terms of the Offering;
 - (uu) “**Subsidiaries**” means Medicago Europa S.A.S., Medicago R&D Inc., 9177-4083 Québec Inc., 9177-4265 Québec Inc., Medicago USA Inc. and Fiducie Financière Medicago;
 - (vv) “**Transfer Agent**” means Computershare Investor Services Inc. as duly appointed as the transfer agent and registrar for the common shares of the Corporation;
 - (ww) “**TSX**” means the Toronto Stock Exchange;
 - (xx) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
 - (yy) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.
- (2) The words “Agreement”, “hereof”, “herein”, “hereunder”, “hereto” and similar phrases mean and refer to this agreement.
 - (3) All dollar amounts in this Agreement are expressed in Canadian currency.
 - (4) The division of this Agreement into Sections and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation hereof. Any reference in this Agreement to a section, paragraph, subsection, subparagraph, clause or subclause will refer to a section, paragraph, subsection, subparagraph, clause or subclause of this Agreement.

- (5) All words and personal pronouns relating to those words will be read and construed as the number and gender of the party or parties referred to in each case required and the verb will be construed as agreeing with the required word and/or pronoun.

Section 2.1 Offered Shares

The Offered Shares to be issued and sold under this Agreement by the Corporation will be duly and validly issued by the Corporation and when issued and sold by the Corporation, those securities will be issued as fully paid shares.

Section 2.2 Selling Restrictions

- (1) The Agents will offer the Offered Shares for sale in a manner exempt from the prospectus requirements under the Securities Laws of the Qualifying Jurisdictions and any other jurisdictions where such Purchasers reside or from registration requirements in the U.S. Jurisdiction, without the necessity of obtaining any order or ruling of any Securities Commission or similar regulatory authorities outside the Qualifying Jurisdictions (the “**Prospectus Exemptions**”), other than, as the case may be, the approval of the *Autorité des marchés financiers* required under paragraph 12(2) of the *Securities Act* (Québec). Accordingly, each Purchaser shall purchase Offered Shares under Prospectus Exemptions as more fully described in the Subscription Agreements. Sales shall be conducted by the Agents directly and through other investment dealers and brokers and exempt market dealers registered as such in the Qualifying Jurisdictions (the Agents, together with such other investment dealers and brokers and exempt market dealers, are referred to herein as the “**Selling Firms**”), only as permitted by applicable Securities Laws, upon the terms and conditions set forth in this Agreement. The Agents agree to not distribute or take any actions in connection with the distribution of the Offered Shares in such a manner as would give rise to the obligation to register the Offered Shares, or the filing of a prospectus with respect to the Offered Shares, under the laws of any jurisdiction outside the Qualifying Jurisdictions including, without limitation, the United States of America, and to only distribute the Offered Shares in the Qualifying Jurisdictions in accordance with all applicable laws. Notwithstanding the foregoing provisions of this Section, an Agent will not be liable to the Corporation under this Section with respect to a default by another Agent under this Section.
- (2) The Corporation shall at its expense comply with all applicable regulatory requirements of the Qualifying Jurisdictions and all applicable rules of the TSX in connection with the offering and sale of the Offered Shares to the Purchasers under the Prospectus Exemptions, including the filing of any required reports and the payment of applicable fees relating thereto.
- (3) The Agents will use its reasonable best efforts to notify the Corporation with respect to the identity and jurisdiction of residence of each Purchaser as soon as practicable with a view to affording sufficient time to allow the Issuer to secure compliance with all applicable regulatory requirements in connection with the offering and sale of the Offered Shares to such Purchasers under the Prospectus Exemptions.

- (4) The Agents shall obtain from each Purchaser a completed and executed Subscription Agreement and (if applicable) originally executed other forms prescribed by the TSX or required under the Securities Laws or by the Issuer in connection with the subscription of Offered Shares contemplated hereunder. In order to facilitate organization of the closing of the Offering, each of the Agents will use its reasonable best efforts to provide copies of such documents to the Issuer's counsel not less than 24 hours prior to the Closing Time.
- (5) The Corporation acknowledges and agrees that the first trade in the Offered Shares by the holders thereof shall be subject in all Qualifying Jurisdictions to the resale restrictions set forth in NI 45-102.
- (6) The Corporation agrees to use its reasonable commercial best efforts to comply with NI 45-102 as may be necessary to qualify the resale of the Offered Shares by the holders thereof pursuant to NI 45-102.
- (7) The parties acknowledge that the Offered Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States except pursuant to exemptions from the registration requirements of the U.S. Securities Act and the applicable laws of any applicable state of the United States.
- (8) The parties acknowledge and agree that the Agents and the Selling Firms will not have any selling restrictions nor will they be subject to any liability under this Agreement or otherwise in relation to the Preemptive Right of PMP and the Corporation agrees to protect, hold harmless and indemnify each of the Agents and the Selling Firms against all Claims of PMP, its affiliates or related parties, relating to the Offering or the Offered Shares.

Section 3.1 Material Change

- (1) The Corporation will promptly inform the Agents in writing during the period from the date of this Agreement until the Closing of the full particulars of:
 - (a) any Material Change (whether actual, anticipated, contemplated, proposed or threatened);
 - (b) any Material Fact that has arisen or has been discovered and would have been required to have been stated in the Continuous Disclosure Documents had that fact arisen or been discovered on, or prior to, the date of any of the Continuous Disclosure Documents;
 - (c) any change in any Material Fact contained in any the Continuous Disclosure Documents or whether any event or state of facts has occurred after the execution of this Agreement, which, in any case, is of such a nature as to render any of the Continuous Disclosure Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Continuous Disclosure Documents including as a result of any of the

Continuous Disclosure Documents containing an untrue statement of a Material Fact or omitting to state a Material Fact required to be stated therein or necessary to make any statement therein not false or misleading in light of the circumstances in which it was made or which would result in any of the Continuous Disclosure Documents not complying with applicable Securities Laws or U.S. securities laws as the case may be; or

- (d) any amendment or modification to any of the constating documents or by-laws of the Corporation.

Section 4.1 Representations and Warranties and Covenants of the Corporation

(1) The Corporation represents and warrants as follows to each of the Agents, and acknowledges that each of the Agents is relying upon such representations and warranties in connection with its execution and delivery of this Agreement and the completion of the Offering:

- (a) each of the Corporation and its Subsidiaries is, and will be at the Closing Date, validly subsisting under the laws of its governing jurisdiction, and has and will at the Closing Date have all requisite corporate power and authority to own, lease and operate its properties and assets and conduct its business as currently conducted; the Corporation has and will have at the Closing Date all requisite corporate power and authority to enter into this Agreement and carry out its obligations hereunder, and to issue, sell and deliver the Offered Shares, in accordance with the provisions of this Agreement; each of the Corporation and its Subsidiaries is current with all material filings required to be made under the laws of Canada and the Province of Québec and all other jurisdictions in which it exists or carries on any material business and has all necessary licences, leases, permits, authorizations and other approvals necessary to permit it to conduct its business as it is currently conducted, except where the absence of such power and authority or failure to make any filing or obtain any license, lease, permit, authorization or other approval would not have a Material Adverse Effect, and all such licences, leases, permits, authorizations and other approvals are in full force and effect in accordance with their terms except where the failure to so maintain such licences, leases, permits, authorizations or other approvals would not have a Material Adverse Effect;
- (b) except as contemplated in its Continuous Disclosure Documents, there are no agreements, options, warrants, rights of conversion or other rights pursuant to which the Corporation is, or may become obligated to issue or transfer any securities (including debt securities) or any securities convertible or exchangeable, directly or indirectly, into any of its securities;
- (c) other than as set out in its Continuous Disclosure Documents, to the best knowledge of the Corporation after due inquiry, no agreement, will be in force

or effect at the Closing Date which in any manner affects the voting or control of any of the securities of the Corporation;

- (d) the authorized capital of the Corporation consists of an unlimited number of Common Shares of which, as at September 22, 2011, 173,537,702 Common Shares were issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation, and other than as disclosed in its Continuous Disclosure Documents, as of the date hereof, no options to acquire Common Shares are issued and outstanding and, other than as disclosed in its Continuous Disclosure Documents, no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for purchase, acquisition, subscription or issuance of any unissued Common Shares or other securities of the Corporation;
- (e) the Corporation has not received any notice from PMP that it will participate in the Offering or waived its Preemptive Right in relation to the Offering;
- (f) the Corporation has no subsidiaries other than 9177-4083 Québec Inc. and Medicago USA Inc. The Corporation does not beneficially own, or exercise control or direction over, outstanding voting shares of any company other than the Subsidiaries. The Corporation exercises control or direction over all of the outstanding voting shares of the Subsidiaries. The Corporation beneficially owns, directly or indirectly all of the issued and outstanding shares in the capital of 9177-4083 Québec Inc. and Medicago USA Inc. and, together with the shares of the Subsidiaries, such shares are free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands of any kind whatsoever, with the exception of the moveable hypothec granted to Investissement Québec. All shares or units, as the case may be, of the Subsidiaries have been duly authorized and validly issued and are outstanding as fully paid and non-assessable shares or units, as the case may be, and no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from the Corporation or the Subsidiaries of any interest in any of such shares or units, as the case may be, or for the issue of any unissued shares or units, as the case may be, in the capital of the Subsidiaries or any other security convertible into or exchangeable for any such shares or units, as the case may be;
- (g) neither the Corporation nor the Subsidiaries are: (i) in breach or violation of any of the terms or provisions of, or in default under (whether after notice or lapse of time or both) any indenture, mortgage, deed of trust, loan agreement or other agreement (written or oral) or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject, which breach or violation or the consequences thereof would, alone or in the aggregate, have a Material Adverse Effect; or (ii) in violation of the provisions of its articles, by-laws or resolutions or any statute or any order, rule or regulation of any court or governmental agency or body having

jurisdiction over it or any of its properties, which violation or the consequences thereof would, alone or in the aggregate, have a Material Adverse Effect;

- (h) other than such agreements or instruments which will terminate or be discharged, as applicable, or for such agreements pursuant to which the consent of the other contracting party will be obtained simultaneously with or prior to the Closing, the execution and delivery of this Agreement and the Subscription Agreements, the issue, sale and delivery of the Offered Shares, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), any indenture, mortgage, deed of trust, loan agreement, lease or other agreement (written or oral) or instrument to which the Corporation or the Subsidiaries is a party or by which it is bound or to which any of its property or assets is subject, other than any breach or violation or the consequences thereof which would, alone or in the aggregate, not have a Material Adverse Effect on the Corporation, on a consolidated basis, nor will such action conflict with or result in any violation of the provisions of the articles, by-laws or resolutions of the Corporation or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its properties which violation or the consequences thereof would, alone or in the aggregate, have a Material Adverse Effect on the Corporation as a whole;
- (i) except as provided in the “Offre de prêt” with Investissement Québec of July 28, 2003, as amended thereafter, no consent, approval, authorization, order, registration or qualification of or with any person, court or governmental agency or body is required for execution and delivery of this Agreement, the Subscription Agreements and the issuance of the Offered Shares by the Corporation;
- (j) the sale and delivery of the Offered Shares was not accompanied by an advertisement of the Offered Shares;
- (k) assuming the accuracy of the representations and warranties of each Purchaser set forth in his respective Subscription Agreement, the offer, sale, issuance and delivery of the Offered Shares are exempt from the prospectus requirements of the relevant Securities Laws, and are exempt from or not subject to the registration requirements of the U.S. Securities Act and any applicable state securities laws;
- (l) the Offered Shares issued to Purchasers at the Closing Time will not be subject to any statutory hold period under the Securities Laws other than a four month hold period from the date of the issuance of the Offered Shares;
- (m) the Corporation shall use reasonable commercial best efforts to maintain the listing of the Common Shares on the TSX and the Issuer’s status as a

reporting issuer (or the equivalent) in good standing in each of the Qualifying Jurisdictions under the Securities Laws;

- (n) the Corporation has not provided to a Purchaser or any potential purchaser of the Offered Shares a prospectus or offering memorandum as defined in the Securities Laws or similar document in connection with the sale of the Offered Shares;
- (o) the Common Shares to be issued by the Corporation and all other outstanding Common Shares of the Corporation have been duly authorized for issuance and, when certificates for such Common Shares are countersigned by the Transfer Agent, those Common Shares will be validly issued as fully paid and non-assessable Common Shares in the capital of the Corporation and will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Corporation;
- (p) the definitive form of certificate representing the Common Shares is in proper form under the laws of Québec and complies in all material respects with the requirements of the TSX and does not conflict with the constating documents of the Corporation;
- (q) no order ceasing or suspending trading of the securities of the Corporation (except at the request of the Corporation and as approved by the Agents), prohibiting the sale of such securities or preventing the use of the Prospectus Exemptions has been issued to the Corporation and is outstanding and, to the knowledge of the Corporation, no investigations or proceedings for such purposes are pending or threatened;
- (r) the Corporation is a reporting issuer or the equivalent in good standing under the Securities Laws of the Qualifying Jurisdictions;
- (s) the Corporation is in compliance, in all material aspects, with its timely disclosure obligations under Securities Laws of each of the Qualifying Jurisdictions;
- (t) there is not, in the constating documents of the Corporation or in any material agreement, mortgage, note, debenture, indenture or other instrument or document to which the Corporation is a party (other than the “Offre de prêt” with Investissement Québec of July 28, 2003, as amended thereafter), any restriction upon or impediment to the declaration or payment of dividends by the directors of the Corporation or the payment of dividends by the Corporation to the holders of its Common Shares;
- (u) there are no legal or governmental actions, proceedings or investigations pending or, to the best of the Corporation’s knowledge, contemplated or threatened against the Corporation or the Subsidiaries, at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board or agency, domestic or foreign, which:

- (i) would, in any way, have a Material Adverse Effect; or (ii) questions the validity of the issuance, sale or delivery of the Offered Shares or the validity of any action taken or to be taken by the Corporation pursuant to or in connection with this Agreement or the Subscription Agreements;
- (v) all necessary corporate action has been taken by the Corporation to authorize the execution, delivery and performance of this Agreement and the Subscription Agreements;
- (w) none of the Corporation, the Subsidiaries nor, to the best of the Corporation's knowledge, any other party to any agreement or instrument is in material default in the observance or performance of any term or obligation to be performed by it under any such agreement or instrument to which the Corporation or the Subsidiaries is a party and no event has occurred which with notice or lapse of time or both would constitute such a default on the part of the Corporation or the Subsidiaries, in any such case which default or event would have a Material Adverse Effect;
- (x) this Agreement has been duly and validly executed and delivered by the Corporation, constitutes a valid and binding obligation of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;
- (y) each of the Corporation and the Subsidiaries is the beneficial owner of all its respective properties, business and assets or of the interests in its respective properties, business or assets, and all agreements under which the Corporation or the Subsidiaries hold an interest in a property, business or asset are in good standing according to their terms except where the failure to be in such good standing does not and will not have a Material Adverse Effect;
- (z) the Corporation will apply the net proceeds from the issue and sale of the Offered Shares to continue the development of its influenza vaccines and expand the pipeline with new products;
- (aa) neither the Corporation nor the Subsidiaries has received notice from any governmental or regulatory authority of any jurisdiction in which it carries on a material part of its business, or owns or leases any material property, of any restriction on its ability to or of a requirement for it to qualify to, nor is it otherwise aware of any restriction on its ability to or of a requirement for it to qualify to, conduct its business in such jurisdiction, except such qualifications as have been satisfied or that would not result in a Material Adverse Effect;

- (bb) Computershare Investor Services Inc. at its principal office in Montreal has been duly appointed as the Transfer Agent for the Common Shares;
- (cc) the Continuous Disclosure Documents, as of their respective dates, do not contain any misrepresentation; Subsequent to the respective dates as of which information is given in the Continuous Disclosure Documents: (i) there has not been any Material Change or change in a Material Fact (actual, proposed, threatened or contemplated); (ii) there has not been any adverse Material Change in the consolidated financial position of the Corporation; and (iii) there has been no material transaction entered into by the Corporation or the Subsidiaries, other than those in the ordinary course of business;
- (dd) the Corporation and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; and (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;
- (ee) the Financial Statements of the Corporation:
 - (i) have been prepared in accordance with Canadian generally accepted accounting principles or, as the case may be, International Financial Reporting Standards applied on a basis consistent with those of preceding fiscal periods;
 - (ii) present fully, fairly and correctly, in all material respects, the assets, liabilities and financial condition of the Corporation and the results of its operations and the changes in its financial position for the periods then ended;
 - (iii) are in accordance with the books and records of the Corporation;
 - (iv) contain and reflect all necessary material adjustments for a fair presentation of the results of operations and the financial condition of the business of the Corporation for the periods covered thereby; and
 - (v) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation;
- (ff) the auditors of the Corporation who audited the Financial Statements and who provided their respective audit report thereon are independent public accountants as required under Securities Laws, are a "participating audit firm" (within the meaning of National Instrument 52-108 – *Auditor Oversight* of the Securities Commission) and are in compliance with any restriction or sanction imposed by the Canadian Public Accountability Board;

- (gg) there has never been a reportable disagreement (within the meaning of *Regulation 51-102 respecting Continuous Disclosure Obligations* (Québec)) between the Corporation and its present or former auditors;
- (hh) each of the Corporation and the Subsidiaries has filed all federal, provincial, state, local and foreign tax returns that are required to be filed at such time or have requested extensions thereof (except in any case in which the failure so to file would not have a Material Adverse Effect) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith;
- (ii) each of the Corporation and the Subsidiaries has established on its books and records reserves that are adequate for the payment of all taxes not yet due and payable and to the best of the Corporation's knowledge, there are no liens for taxes on the assets of the Corporation or the Subsidiaries and there are no audits known by the Corporation's management to be pending on the tax returns of the Corporation or the Subsidiaries (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would have a Material Adverse Effect;
- (jj) no domestic or foreign taxation authority has asserted or, to the best of the Corporation's knowledge, threatened to assert any assessment, claim or liability for taxes due or to become due in connection with any review or examination of the tax returns of the Corporation or the Subsidiaries (including, without limitation, any predecessor companies) filed over the last three years which would have a Material Adverse Effect;
- (kk) to the best of the Corporation's knowledge, the minute books and records of the Corporation and its Subsidiaries, copies of which were made available to counsel for the Agents in connection with its due diligence investigation of the Corporation and its Subsidiaries, for the periods from its date of incorporation to the date of examination thereof are all of the minute books and records of the Corporation and its Subsidiaries and contain copies of all proceedings of the shareholders, the boards of directors and all committees of the boards of directors of the Corporation and its Subsidiaries to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings of the shareholders, board of directors or any committees of the boards of directors of the Corporation or its Subsidiaries to the date of review of such corporate records and minute books not reflected in such minute books and other records;
- (ll) other than the Subsidiaries, the Corporation does not own, directly or indirectly, or exercise control or direction over, and has not agreed to acquire

outstanding securities of any other corporation or options to acquire securities of any other corporation, other than marketable securities held in the ordinary course of business, or a participating interest in any Person;

- (mm) none of the directors or officers of the Corporation or any associate or affiliate of the foregoing has, or to the knowledge of the Corporation, intends to have, any interest, direct or indirect, in any transaction or any proposed transaction with the Corporation which would materially affect, is material to or will materially affect the Corporation;
- (nn) the Corporation is not aware of any legislation, or proposed legislation (published by a legislative body), which it anticipates will have a Material Adverse Effect;
- (oo) each of the Corporation and the Subsidiaries is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not have a Material Adverse Effect;
- (pp) the Corporation does not have any loans or other indebtedness outstanding, outside the normal course of business, which has been made to any of their respective shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with them;
- (qq) except as publicly disclosed in respect of PMP, none of the directors, officers or employees of the Corporation, any known holder of more than ten percent (10%) of any class of securities of the Corporation, or any known associate or affiliate of any of the foregoing persons or companies, has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction which, as the case may be, is material to or will materially affect the Corporation;
- (rr) with respect to the premises which the Corporation or the Subsidiaries occupies as tenant, the Corporation or the Subsidiaries, as the case may be, occupies such leased premises and has the exclusive right to occupy and use the leased premises and the leases pursuant to which the Corporation or the Subsidiaries, as the case may be, occupies the leased premises are in good standing in all material respects and in full force and effect;
- (ss) each of the Corporation and the Subsidiaries is insured against such losses and risks and in such amount as are customary in the business in which it is engaged. All policies of insurance insuring the Corporation, the Subsidiaries or any of their respective businesses, assets, employees, officers and directors are in full force and effect, and the Corporation and the Subsidiaries are in compliance with the terms of such policies in all material respects. There are no material claims by the Corporation or the Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or

defending under a reservation of rights clause and that would result in a Material Adverse Effect;

- (tt) each of the Corporation and the Subsidiaries, in all material respects: (i) is in compliance with any and all applicable federal, provincial and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“**Environmental Laws**”); (ii) has received all permits, licences or other approvals required under applicable Environmental Laws to conduct its business; and (iii) is in compliance with all terms and conditions of any such permit, license or approval, and there have been no past, and there are no pending or, to the best of the Corporation’s knowledge, threatened claims, complaints, notices or requests for information received by the Corporation or the Subsidiaries with respect to any alleged material violation of any Environmental Law and no conditions exist which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law; except, in each case, other than those that would not have a Material Adverse Effect;

- (uu) the Corporation owns, or has obtained valid and enforceable licences for, or other rights to use, all the Intellectual Property that is material to the conduct of its Business, as currently conducted including, without limitation, all Intellectual Property used and required for the manufacture, testing and commercialization of its H5N1 vaccine candidate. Moreover, except with respect to the license rights granted to PMP under the research and license agreement effective October 21, 2008 or the rights granted to DARPA under the DARPA Agreement, the Corporation will be the sole owner or exclusive licensee (in the field of influenza vaccine) of any new Intellectual Property developed from the owned or licensed Intellectual Property. No royalties are payable in connection with any future sale of products currently being developed, including the H5N1 vaccine candidate, save for the royalties payable to Plant Bioscience Limited under the Commercial Licence Agreement dated January 1, 2009. The Corporation is not dependent on the technology licensed under such agreement and is of the opinion that it will have access to alternative technologies without incurring substantial delays and costs. The Corporation has no knowledge that the Corporation will be unable to obtain any rights or licences to use all Intellectual Property necessary for the conduct of its Business. Except for the license rights granted to PMP under the research and license agreement effective October 21, 2008, the Investissement Québec security interest on the Intellectual Property (and the option and priority of PMP to purchase from Investissement Québec the interest to the Bio-Levier loan granted by Investissement Québec to Medicago or the assets hypothecated by Medicago in favour of Investissement Québec following their acquisition by Investissement Québec as a result of the exercise of its hypothecary rights disclosed in the Corporation’s management information circular dated October 15, 2008) or the rights granted to DARPA under the DARPA Agreement, the Corporation has no knowledge of third

parties who have rights to or liens over any Intellectual Property, except for the ownership rights of the owners of the intellectual property which is licensed to the Corporation. The execution and delivery of this Agreement and the Subscription Agreements by the Corporation will not result in the breach of, or create on behalf of any third party the right to terminate, impair or modify (i) any license, sublicense or other agreement relating to any Intellectual Property owned by the Corporation that is material to the Business, as currently conducted, or (ii) any license, sublicense and other agreement as to which the Corporation is a party and pursuant to which the Corporation is authorized to use any third party Intellectual Property that is material to the Business, as currently conducted, or (iii) any right of the Corporation to develop, use, sell, or dispose of, or to bring any action for the infringement of any Intellectual Property. To the best of the Corporation's knowledge, there is no infringement by third parties of any of the Intellectual Property. There is no pending or, to the Corporation's knowledge, threatened action, suit, proceeding or claim by others challenging the Corporation's rights in or to any Intellectual Property, and the Corporation is unaware of any facts which form a reasonable basis for any such claim. There is no pending or, to the best of the Corporation's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or enforceability of any Intellectual Property, and the Corporation is unaware of any finding of unenforceability or invalidity of the Intellectual Property. There is no pending, or to the best of the Corporation's knowledge, threatened action, suit, proceeding or claim by others that the Corporation infringes, misappropriates or otherwise violates (or would infringe, misappropriate or otherwise violate upon commercialization of the Corporation's product or product candidates) any patent, trademark, copyright, trade secret, confidential information, know how or other proprietary or intellectual property rights of others. To the Corporation's knowledge, there is no patent or patent application by others that contains claims that interfere with the issued or pending claims of any of the Intellectual Property. To the Corporation's knowledge, there is no prior art that necessarily renders any patent application owned by the Corporation unpatentable that has not been disclosed to the United States Patent and Trademark Office and the Canadian equivalent;

- (vv) the Corporation (or parties under contractual obligation to the Corporation) holds and is in compliance with all licences, certificates, approvals and permits from all provincial, federal, state, United States, foreign and other regulatory authorities, including but not limited to Health Canada (“**HC**”), the Canadian Therapeutic Products Directorate (the “**TPD**”), the Canadian Food Inspection Agency (the “**CFIA**”), the U.S. Food and Drug Administration (“**FDA**”) and any foreign regulatory authorities performing functions similar to those performed by HC, TPD, CFIA or FDA, that are material to the conduct of the Business as currently conducted, all of which are valid and in full force and effect, and there is no proceeding pending or, to the Corporation's knowledge, threatened which may cause any such license, certificate, approval or permit to be withdrawn, cancelled, suspended or not

renewed. The Corporation is not, to its knowledge, in violation of any material law, order, rule, regulation, writ, injunction or decree of any court or governmental agency or body applicable to the investigation of new drugs in humans or animals or the cultivation, growing or processing of genetically modified organisms, including, but not limited to, those promulgated by HC, CFIA or FDA;

- (ww) The clinical, pre-clinical and other studies and tests conducted by or on behalf of or sponsored by the Corporation or its Subsidiaries or in which the Corporation or its Subsidiaries or its products or product candidates that are described in the Continuous Disclosure Documents of the Corporation have participated or the results of which are referred to in the Continuous Disclosure Documents of the Corporation were, to the knowledge of the Corporation, and if still pending are being, conducted in accordance with, as applicable, good clinical practice, good laboratory practices or scientific standards as appropriate for each particular study type. Each of the Corporation and its Subsidiaries is and has operated in compliance with all rules, regulations and policies of HC, TPD, CFIA or the FDA to the extent that the Corporation or a Subsidiary was or is required to. The Corporation or its Subsidiaries has not received any notices or other correspondence from any such agency requiring the termination, suspension or material modification or clinical hold of any clinical or pre-clinical studies or tests that are described in the Continuous Disclosure Documents of the Corporation or the results of which are referred to in the Continuous Disclosure Documents of the Corporation;
- (xx) the Corporation is not currently pursuing any material litigation against any person for any infringement, misappropriation or misuse of the Intellectual Property;
- (yy) no proceedings have been taken, instituted or, to the knowledge of the Corporation, are pending, for the dissolution or liquidation of the Corporation or the Subsidiaries;
- (zz) there are no outstanding claims, actions, suits, litigation, arbitration, investigations or proceedings, whether or not purportedly on behalf of the Corporation, or, to the Corporation's knowledge, proposed or threatened in writing against the Corporation which, if determined adversely to the Corporation would have a Material Adverse Effect or which may restrict or prohibit the ability of the Corporation to perform its obligations hereunder;
- (aaa) the Subscription Agreements will, at the Closing Time, be duly authorized, executed and delivered by the Corporation and, assuming the Subscription Agreements have been duly authorized, executed and delivered by the other parties thereto, will constitute a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of

general application limiting enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only at the discretion of the court.

- (bbb) None of the Corporation or any of its Subsidiaries, except Medicago USA Inc., has guaranteed the performance of any obligation of Medicago USA Inc. or shall be liable to any Person in the event of non-compliance with or breach of any obligation of Medicago USA Inc.;
 - (ccc) none of Medicago USA Inc. nor, to the best of the Corporation's knowledge, any other party to the DARPA Agreement or New Facility Lease Agreement is in default in the observance or performance of any term or obligation to be performed by it under the DARPA Agreement or New Facility Lease Agreement and no event has occurred which with notice or lapse of time or both would constitute such a default on the part of Medicago USA Inc.;
 - (ddd) the Corporation has validly granted a license to Medicago USA to use the Intellectual Property necessary for the purposes of the DARPA Agreement;
 - (eee) the facility described in the New Facility Lease Agreement is in operation since August 19, 2011 and the Corporation is not aware of any fact or event or situation that would or could cause any stoppage;
 - (fff) there have been no change or amendment to the terms of the New Facility Lease Agreement or the DARPA Agreement since the respective date thereof and the Corporation is not in default thereunder and is not aware of any situation that would cause any such default;
 - (ggg) the total construction costs of the facility in the New Facility Lease Agreement are currently estimated at US\$18.3 million, and the Corporation is not aware of any fact or event or situation that would or could cause any material increase in such construction costs;
- (2) All of the representations, warranties, covenants and agreements of the Corporation contained in this Agreement or contained in documents delivered pursuant to this Agreement will survive the purchase and sale of the Offered Shares, and the termination of this Agreement and such representations, warranties, covenants and agreements of the Corporation will continue in full force and effect for the benefit of the Agents, under expiry of applicable limitation periods.
- (3) The Agents will be entitled to rely on the respective representations and warranties of the Corporation contained in this Agreement or any Closing certificate or other certificate delivered pursuant to this Agreement notwithstanding which any of the Agents may undertake or may have undertaken or which may be undertaken or may have been undertaken on any of the Agents' behalf.

Section 5.1 Covenants of the Corporation

The Corporation covenants and agrees with the Agents that the Corporation:

- (1) will advise the Agents, promptly after receiving notice or obtaining knowledge of:
(i) the issuance by any Securities Commission of any order suspending or preventing the Offering; (ii) the institution, threatening or contemplation of any proceeding for any of those purposes; and will use its best efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal of the order promptly; (iii) the issuance by the SEC of any order suspending or preventing the Offering;
- (2) will advise the Agents, promptly after receiving notice of or obtaining knowledge of any request made by any Securities Commission or the SEC to amend or supplement any of the Continuous Disclosure Documents, or provide any additional information;
- (3) will apply the net proceeds from the issue and sale of the Offered Shares in accordance with the disclosure set out under Section 4.1(1)(z); and
- (4) subject to applicable law, will not, without prior consultation with the Administrative Agent, acting reasonably, on its own behalf and on behalf of the other Agents, during the period commencing on the date hereof and expiring on the completion of the distribution to the public of the Offered Shares provided such obligation shall not extend beyond a period of 45 days after the Closing Date, issue any press release. An appropriate legend concerning U.S. sales shall be included on each page of any press release issued in relation with the Offering, stating the following: “Not for distribution to the United States newswire services or for dissemination in the United States”.

Section 6.1 Conditions of Closing

The obligations of the Agents under this Agreement will be subject to the following conditions which are for the exclusive benefit of the Agents:

- (a) the Agents and their counsel shall have received favourable legal opinions dated as of the Closing Date, which shall cover *inter alia* matters relating to the Corporation, the Subsidiaries and the Offering, addressed to the Agents and their counsel from counsel to the Corporation and the Subsidiaries, in form and content to the satisfaction of the Agents’ counsel, acting reasonably;
- (b) in connection with this opinion, counsel to the Corporation may rely on the opinions of local counsel, dated the Closing Date and in form and substance reasonably satisfactory to the Agents and their counsel (signed copies of which shall be addressed to and delivered to the Agents and their counsel) with respect to those matters governed by Laws other than those of Québec, Ontario, Alberta, British Columbia or the federal laws of Canada;

- (c) the Agents shall have received a legal opinion of the Corporation's U.S. counsel in form and substance satisfactory to the Agents and their counsel, acting reasonably, to the effect that no registration of the Offered Shares is required under the U.S. Securities Act in connection with the offer and sale in the United States of the Offered Shares in the manner contemplated by Section 8.1 hereof;
- (d) the Agents will have received certificates dated the Closing Date signed by those senior officers of the Corporation as may be acceptable to the Agents, acting reasonably, in form and content satisfactory to the Agents, acting reasonably, with respect to the following:
 - (i) the constating documents of the Corporation;
 - (ii) the resolutions of the board of directors of the Corporation, relevant to the allotment, issue and sale of the Offered Shares, and the authorization of the other agreements and transactions contemplated by this Agreement; and
 - (iii) the incumbency and signatures of signing officers of the Corporation, as the case may be;
- (e) the Corporation will deliver to the Agents, at the Closing Time, a certificate dated the Closing Date, addressed to the Agents and signed by the President and Chief Executive Officer and the Vice-President and Chief Financial Officer of the Corporation, on behalf of the Corporation, and not in their personal capacity, certifying for and on behalf of the Corporation after having made due inquiry and having carefully examined the Continuous Disclosure Documents, to the effect that:
 - (i) subsequent to the respective dates as at which information is given in the Continuous Disclosure Documents there has been no Material Adverse Change, and none of the Corporation or its Subsidiaries has entered into any transaction out of the ordinary course of business which is material to the Corporation and its Subsidiaries on a consolidated basis other than as disclosed in the Continuous Disclosure Documents;
 - (ii) there are no actions, suits, proceedings or enquiries pending or threatened against or affecting the Corporation or its Subsidiaries at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which results in an adverse Material Change;
 - (iii) no order, ruling or determination having the effect of ceasing or suspending trading in the Offered Shares or any other securities of the Corporation or prohibiting the sale of the Offered Shares has been issued and, to the best of the knowledge, information and belief of the

persons signing the certificate, no proceedings for such purpose are pending or threatened;

- (iv) the Corporation has complied with all covenants and satisfied all terms and conditions of this Agreement and the Subscription Agreements on its part to be complied with or satisfied up to the Closing Time; and
- (v) the representations and warranties of the Corporation contained in this Agreement and in the Subscription Agreements are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement;
- (f) all required authorizations and approvals shall have been obtained by the Corporation for the execution, delivery and performance by the Corporation of this Agreement and for the issuance and sale of the Offered Shares;
- (g) all authorizations and approvals shall have been obtained by the Corporation for the execution, delivery and performance by the Corporation of the Subscription Agreements;
- (h) the Offered Shares will have been approved for listing and posting for trading on the TSX on the Closing Date, subject only to satisfaction by the Corporation of customary post-closing conditions imposed by the TSX in similar circumstances (the “**Standard Listing Conditions**”);
- (i) the Corporation will have delivered to the Agents an executed copy of the Subscription Agreements at or prior to the Closing Time in form and substance satisfactory to the Agents and their counsel, acting reasonably;
- (j) the representations and warranties of the Corporation contained herein and in the Subscription Agreements being true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby;
- (k) the Corporation having complied with all covenants contained herein and in the Subscription Agreements and satisfied all terms and conditions contained herein to be complied with and satisfied by it at or prior to the Closing Time;
- (l) the Corporation shall have received a consent from Investissement Québec to apply the proceeds of the Offering as described in the Prospectus and not in repayment of the loan made pursuant to the “Offre de prêt” with Investissement Québec of July 28, 2003, as amended thereafter, the whole in form and substance satisfactory to the Agents and their counsel, acting reasonably;
- (m) as of the Closing Time, the Corporation will qualify as a qualified issuing corporation, for the purposes of the Québec Stock Savings Plan II and the Offered Shares that will be issued pursuant to the Offering to Purchasers that

are qualified mutual funds in a distribution for which an exemption from filing a prospectus is provided for in paragraph 1 of section 2.10 of NI 45-106 will be, for such Purchasers, qualifying shares for the purposes of the Québec Stock Savings Plan II, in accordance with the *Taxation Act* (Québec) and the regulations adopted thereunder, subject to customary conditions;

- (n) the Agents will have received such other certificates, opinions, agreements, materials or documents, in form and substance satisfactory to the Agents and their counsel, as the Agents or their counsel may reasonably request.

Section 7.1 Termination by Agents in Certain Events

- (1) In addition to any other remedies which may be available to the Agents, each Agent shall be entitled, at its option, to terminate and cancel, without any liability on the Agent's part, the Agent's obligations under this Agreement if, prior to the Closing Time:
 - (a) any inquiry, action, suit, investigation or other proceeding whether formal or informal is instituted, threatened or announced or any order is made by any federal, provincial or other governmental authority in relation to the Corporation, its shares or the Offered Shares, or if any law or regulation is promulgated, changed or announced which would, in the reasonable opinion of any of the Agents, operate to prevent or materially restrict the distribution or trading of the Offered Shares or would be expected to have a material adverse effect on the market price or value of the Offered Shares, any of the Agents shall be entitled at its option, in accordance with Section 7.1(1)(f) to terminate its obligations hereunder by notice to that effect given to the Corporation any time up to and including the Closing Time;
 - (b) there should develop, occur or come into effect or existence, or be announced, any event, action, state, condition or occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions or any law, action, regulation or other occurrence of any nature whatsoever which, in the opinion of an Agent, acting reasonably, materially adversely effects or involves, or is expected to materially adversely affect or involve, financial markets in Canada or elsewhere, or the business, prospects, operations, affairs, assets, liabilities (contingent or otherwise), capital of the Corporation and its Subsidiaries, taken as a whole, then any of the Agents shall be entitled at its option in accordance with Section 7.1(1)(f) to terminate its obligations hereunder by notice to that effect given to the Corporation any time up to and including the Closing Time;
 - (c) there should occur (i) any Material Change (whether actual or anticipated, and whether financial or otherwise) in the business, financial condition, affairs,

operations, assets, liabilities (contingent or otherwise), prospects or capital of the Corporation and its Subsidiaries, taken as a whole; (ii) any Material Fact which has arisen or has been discovered and would have been required to have been stated in any of the Continuous Disclosure Documents, (iii) any change in any Material Fact (including the disclosure of any previously undisclosed Material Fact) contained in any of the Continuous Disclosure Documents which fact or change is, or may be, of such a nature as to render any of such documents misleading or untrue or which would result in a misrepresentation therein or which would result in any of them not complying with Securities Laws; or the Agents become aware of any undisclosed material information or any other event, state of facts or circumstance, which in the opinion of any of the Agents, could be expected to have a Material Adverse Effect on the market price or value of the Offered Shares, then any Agent shall be entitled, at its option in accordance with Section 7.1(1)(f) to terminate its obligations hereunder by notice to that effect given to the Corporation any time up to and including the Closing Time;

- (d) if the state of the financial markets or other factors deemed by the Agents to be relevant become such that in the sole opinion of the Agents, acting reasonably, it would be impracticable or unprofitable to offer or continue to offer the Offered Shares for sale, then any Agent shall be entitled, at its option in accordance with Section 7.1(1)(f) to terminate its obligations hereunder by notice to that effect given to the Corporation any time up to and including the Closing Time;
- (e) the Corporation agrees that all terms and conditions in Section 6.1 shall be construed as conditions and complied with so far as they relate to acts to be performed or caused to be performed by it, that it will use its best efforts to cause such conditions to be satisfied by it, and that any breach or failure by the Corporation to comply with any such conditions shall entitle any of the Agents to terminate its obligations under this Agreement by notice to that effect given to the Corporation, at or prior to the Closing Time, unless otherwise expressly provided in this Agreement. Each Agent may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to its rights in respect of any other terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon an Agent only if such waiver or extension is in writing and signed by the Agent;
- (f) the rights of termination contained in this Section 7.1 may be exercised by any of the Agents and are in addition to any other rights or remedies any of the Agents may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there shall be no further liability on the part of the Agents to the Corporation or on the part of the Corporation to the Agents, except in respect of any liability

which may have arisen prior to or arise after such termination under Section 7.2 and Section 7.3.

Section 7.2 Indemnification

- (1) Each of the Corporation will protect, hold harmless and indemnify each of the Agents and their respective affiliates and their respective directors, officers, shareholders, employees, partners and agents (collectively, the “**Indemnified Parties**” and individually an “**Indemnified Party**”) from and against any and all Claims caused by or arising directly or indirectly by reason of the transactions contemplated in this Agreement including, without limitation:
 - (a) any breach of or default under any representation, warranty, covenant or agreement of the Corporation in this Agreement or any other document to be delivered pursuant hereto or the failure of the Corporation to comply with any of its obligations hereunder or thereunder;
 - (b) any information or statement (except any information or statement relating to the Agents, or any of them, provided by the Agents) contained in any of the Continuous Disclosure Documents or any other document delivered pursuant to this Agreement being or being alleged to be a misrepresentation or untrue or any omission or alleged omission to state in those documents any Material Fact (except facts relating to the Agents, or any of them, provided by the Agents) required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;
 - (c) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority or stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating to the Agents, or any of them, provided by the Agents) contained in any of the Continuous Disclosure Documents, preventing or restricting the trading in or the sale or distribution of the Offered Shares; or
 - (d) the Corporation not complying prior to the completion of the distribution of the Offered Shares with any requirement of any Securities Laws relating to the Offering.

and will reimburse the Indemnified Parties for all reasonable costs, charges and expenses, as incurred, which any of them may pay or incur in connection with investigating or disputing any Claim or action related thereto including the fees and expenses of legal counsel on a solicitor and own client basis. This indemnity will be in addition to any liability which the Corporation may otherwise have.

(2) If any Claim contemplated by this Section 7.2 is asserted against any of the Indemnified Parties, or if any potential Claim contemplated by this Section 7.2 comes to the knowledge of any of the Indemnified Parties, the Indemnified Party concerned will notify in writing the Corporation as soon as reasonably practicable, of the nature of the Claim (provided that any failure to so notify in respect of any potential Claim will not, subject to the following, affect the liability of the Corporation (the Corporation, for the purpose of this Section 7.2, is designated as the “**Indemnifying Party**”) under this Section 7.2 and provided further that any failure to so notify in respect of any actual Claim will not increase the liability of the Corporation or prejudice the defense of such liability under this Section 7.2). The Corporation will, subject to the following, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any suit brought to enforce the Claim; provided that the defence will be through legal counsel selected by the Corporation and acceptable to the Indemnified Party, acting reasonably and without undue delay, and no admission of liability will be made by the Corporation or the Indemnified Party without, in each case, the prior written consent of all the Indemnified Parties affected and the Corporation, in each case, which consent will not be unreasonably withheld or delayed. An Indemnified Party will have the right to employ separate counsel in any such suit and participate in its defence but the fees and expenses of that counsel will be at the expense of the Indemnified Party unless:

- (a) the Indemnifying Party fails to assume the defence of the suit on behalf of the Indemnified Parties within ten days of receiving notice of the suit;
- (b) the employment of that counsel has been authorized by the Indemnifying Party; or
- (c) the named parties to the suit (including any added or third parties) include the Indemnified Party and the Indemnifying Party and the Indemnified Party has been advised in writing by counsel that there are legal defences available to the Indemnified Parties that are different or in addition to those available to the Corporation or that representation of the Indemnified Party by counsel for the Indemnifying Party is inappropriate as a result of the potential or actual conflicting interests of those represented;

(in each of the cases set out in Section 7.2(2)(a), (b) or (c), the Indemnifying Party will not have the right to assume the defence of the suit on behalf of the Indemnified Party, but the Indemnifying Party will be liable to pay the reasonable fees and expenses of separate counsel for all Indemnified Parties and, in addition, of local counsel in each applicable jurisdiction on a solicitor and own client basis). Notwithstanding the foregoing, no settlement may be made by an Indemnified Party without the prior written consent of the Indemnifying Party which consent will not be unreasonably withheld or delayed.

(3) The Corporation hereby acknowledges and agrees that, with respect to this Section 7.2, the Agents are contracting on their own behalf and as agents for their affiliates, directors, officers, employees and agents and their respective affiliates,

directors, officers, employees and agents (collectively, the “**Beneficiaries**”). In this regard, each of the Agents will act as agent for the Beneficiaries of the covenants of the Corporation under this Section 7.2 with respect to the Beneficiaries and accepts these irrevocable appointments and will hold and enforce those covenants on behalf of the Beneficiaries.

- (4) In order to provide for just and equitable contribution in circumstances in which an indemnity provided in Section 7.2 would otherwise be available in accordance with its terms but is, for any reason not solely attributable to any one or more of the Indemnified Parties, held to be unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, the Agents and the Corporation, as the case may be, will contribute to the aggregate of all Claims (other than losses of profits in connection with the distribution of the Offered Shares, if any) of the nature contemplated in Section 7.2 and suffered or incurred by the Indemnified Parties in proportions reflective of the relative benefits received by the Corporation, and any Indemnified Party, as well as their relative fault and any other relevant equitable considerations, as determined by a court of competent jurisdiction; provided that the Agents will not in any event be liable to contribute, in the aggregate, any amount in excess of the total fee or any portion actually received.
- (5) No party who has engaged in any fraud, wilful default, fraudulent misrepresentation, gross negligence, wilful misconduct or reckless disregard will be entitled to claim indemnification under this Section 7.2 or contribution under Section 7.2(4) from any person who has not engaged in that fraud, fraudulent misrepresentation or gross negligence, wilful misconduct or reckless disregard.
- (6) For greater certainty, the Corporation will not have any obligation to contribute pursuant to Section 7.2(4) in respect of any Claim except to the extent the indemnity given by it in Section 7.2 would have been applicable to that Claim in accordance with its terms, had that indemnity been found to be enforceable and available to the Indemnified Parties.
- (7) The rights to contribution provided in this section will be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law provided that Section 7.2(4) and Section 7.2(5) will apply, mutatis mutandis, in respect of that other right.
- (8) If any Claim is brought in connection with the transactions contemplated by this Agreement and any of the Agents is required to testify in connection therewith or is required to respond to procedures designed to discover information relating thereto, it will have the right, acting reasonably, to employ its own counsel in connection therewith, and the reasonable fees and disbursements of such counsel in connection therewith as well as its reasonable fees at the normal per diem rate for its directors, officers, employees and agents involved in preparation for and attendance at such proceedings or in so responding and any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Corporation as they are incurred.

- (9) The obligations under this Section 7.2 shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

Section 7.3 Expenses

- (1) Whether or not the purchase and sale of the Offered Shares is completed, all expenses of or incidental to the creation, issuance, delivery and marketing of the Offered Shares and of or incidental to the Offering and all matters in connection with the transactions set out in this Agreement will be borne by the Corporation including, without limitation:
- (a) expenses payable in connection with the issue, sale or qualification for exempt distribution of the Offered Shares under applicable Securities Laws;
 - (b) the fees, expenses and disbursements of the auditors, legal counsel to the Corporation and all related local counsel;
 - (c) all out-of-pocket expenses of the Agents, including the fees of the Agents' Canadian legal advisors up to a maximum of \$20,000 (excluding disbursements and applicable taxes);
 - (d) all fees and expenses of the Transfer Agent; and
 - (e) in each case with the applicable taxes.

Section 7.4 Closing

- (1) The closing of the purchase and sale of the Offered Shares will be completed at the Closing Time at the offices of McCarthy Tétrault LLP, 1000 de La Gauchetière Street West, suite 2500, Montréal, Québec H3B 0A2, or at any other place determined in writing by the Corporation and the Agents. At the Closing Time:
- (a) the Corporation shall cause the Transfer Agent, to deliver share certificates for the Offered Shares, issued and sold by the Corporation pursuant to this Agreement, such certificate(s) being registered as per the instructions contained in the Subscription Agreements or in such other name as the Administrative Agent, on behalf of the Agents, or a Subscriber with the consent of the Agents may direct;
 - (b) the Corporation shall deliver to the Administrative Agent on its own behalf and on behalf of the other Agents, a direction to deduct the Commission and the expenses of the Agents pursuant to Section 7.3 from the gross proceeds of the sale of the Offered Shares issued and sold hereunder at the Closing Time;

- (c) except as may be otherwise agreed between the Agents, the Corporation and a Subscriber, the Administrative Agent will pay, by wire transfer, to the Corporation, on its own behalf and on behalf of the other Agents, an amount equal to the aggregate purchase price for the Offered Shares, net of the amount of the Commission and the expenses of the Agents pursuant to Section 7.3 with respect to the Offered Shares;
 - (d) the Corporation will provide all further documentation as may be contemplated in this Agreement or as counsel to the Agents may reasonably require.
- (2) The Corporation shall, prior to a Closing Date, make all necessary arrangements for the exchange of the definitive certificates representing the Common Shares, with the Transfer Agent. The Corporation shall pay all fees and expenses payable to the Transfer Agent in connection with the preparation, delivery, certification and exchange of the Common Shares and the fees and expenses payable to the Transfer Agent in connection with the initial or additional transfers as may be required in the course of the private placement of the Offered Shares.

Section 7.5 Restrictions on Further Issues or Sales

During the period commencing the date of this Agreement and ending on the day which is 90 days following the Closing Date, the Corporation will not, directly or indirectly, without the prior written consent of the Administrative Agent on its own behalf and on behalf of the other Agents (which consent will not be unreasonably withheld), issue, offer, sell, contract to sell, grant any option to purchase, transfer, assign or otherwise dispose of any Common Shares or any securities convertible into or exchangeable for any Common Shares, except in conjunction with: (i) the exercise of stock options and other similar issuances pursuant to the share incentive plan of the Corporation and other share compensation arrangements outstanding as of the date hereof, (ii) outstanding warrants or (iii) pursuant to the existing preemptive rights of PMP under the PMP Agreement.

Section 7.6 Standstill

The Corporation shall use reasonable efforts to cause its executive officers and directors and associates of both groups to enter, on or prior to the Closing Date, into agreements on terms and conditions satisfactory to the Administrative Agent in which they will covenant and agree that they will not, for a period commencing on the date hereof and ending 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange or otherwise, common shares or any securities convertible into or exchangeable for or exercisable to acquire common shares of the Corporation, held by them, directly or indirectly, without first obtaining the written consent of the Administrative Agent,

which consent will not be unreasonably withheld or delayed, and will not be withheld upon the occurrence of a take-over bid or similar transaction involving a change of control of the Corporation.

Section 8.1 Offering in the United States

(1) As used in this Section 8.1, the following terms have the following meanings:

“Directed Selling Efforts” means **“directed selling efforts”** as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Section 8.1, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Shares and shall include, without limitation, the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of any of the Offered Shares;

“General Solicitation” and **“General Advertising”** means **“general solicitation”** and **“general advertising”**, respectively, as used in Rule 502(c) of Regulation D, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over television or radio, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

“Institutional Accredited Investor” means these institutional “accredited investors” specified in Rule 501 (a) (1), (2), (3) and (7) of Regulation D;

“Regulation D” means Regulation D adopted by the SEC under the U.S. Securities Act;

“Regulation S” means Regulation S adopted by the SEC under the U.S. Securities Act;

“Selling Dealer Group” means the dealers and brokers other than the Agents who participate in the offer and sale of the Offered Shares pursuant to this Agreement;

“Substantial U.S. Market Interest” means **“substantial U.S. market interest”** as that term is defined in Regulation S; and

“U.S. Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

(2) Each Agent acknowledges that the Offered Shares have not been and will not be registered under the U.S. Securities Act or any state securities or “blue sky” laws and may not be offered or sold except in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and any applicable state securities

or “blue sky” laws. Accordingly, each Agent represents, warrants and covenants to the Corporation that:

- (a) it has not offered and sold, and will not offer or sell, and has not and will not solicit any offers to buy, any Offered Shares forming part of its allotment except (i) in an “offshore transaction” (as such term is defined in Regulation S) in accordance with Regulation S or (ii) in the United States in accordance with the restrictions but forth in clause (3) below;
 - (b) it has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Shares, except with its affiliates, any Selling Dealer Group members or with the prior written consent of the Corporation; and
 - (c) it shall require each Selling Dealer Group member to agree, for the benefit of the Corporation, to comply with, and shall use its best efforts to ensure that each Selling Dealer Group member complies with, the provisions of this Section 8.1 as if such provisions applied to such Selling Dealer Group member.
- (3) Each Agent covenants to and agrees with the Corporation that:
- (a) all offers and sales of the Offered Shares in the United States will be effected through one or more United States affiliates of an Agent or another United States broker-dealer each of which is registered pursuant to Section 15 of the U.S. Exchange Act, and which is in good standing with the Financial Industry Regulatory Authority, Inc. and otherwise in compliance with all applicable U.S. broker-dealer requirements (each, a “**U.S. Affiliate**”), and only in states of the United States where such U.S. Affiliate is registered or exempt from registration;
 - (b) each U.S. Affiliate selling Offered Shares in the United States is a duly registered broker-dealer with the SEC and is a member of, and in good standing with, the Financial Industry Regulatory Authority, Inc.;
 - (c) it will not, either directly or through a U.S. Affiliate, solicit offers for, or offer to sell, the Offered Shares in the United States by means of any form of General Solicitation or General Advertising and neither it nor its affiliate(s), nor any persons acting on its or their behalf, have engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares;
 - (d) it will cause each U.S. Affiliate to solicit offers for the Offered Shares in the United States only from, and will cause each U.S. Affiliate to offer the Offered Shares only to, persons it reasonably believes to be Institutional Accredited Investors;
 - (e) it will cause each U.S. Affiliate to inform all purchasers of the Offered Shares in the United States that the Offered Shares have not been and will not be

registered under the U.S. Securities Act or any state securities or “blue sky” laws and the Offered Shares are being sold to them without registration under the U.S. Securities Act in reliance upon an exemption therefrom;

- (f) through a U.S. Affiliate, it will cause each purchaser in the United States to execute a purchaser’s letter containing customary representations and warranties;
 - (g) it shall cause each U.S. Affiliate to agree, for the benefit of the Corporation, to the same provisions as are contained in this Section 8.1;
 - (h) at least one Business Day prior to the Closing Date, it shall cause each U.S. Affiliate to provide the Transfer Agent with a list of all purchasers of the Offered Shares in the United States; and
 - (i) it will cause each U.S. Affiliate to provide a certificate, substantially in the form of Exhibit “1” hereto.
- (4) The Corporation represents, warrants, covenants and agrees to and with the Agents, for the benefit of the Agents and the U.S. Affiliates, that:
- (a) it is a “foreign issuer” (as such term is defined in Regulation S) and reasonably believes that there is no Substantial U.S. Market Interest in the Offered Shares;
 - (b) it is not, and after giving effect to the Offering and the application of proceeds thereof will not be, required to register as an “investment company” pursuant to the provisions of the United States Investment Corporation Act of 1940, as amended;
 - (c) none of the transactions contemplated by this Agreement, including, without limitation, the use of the proceeds from the sale of the Offered Shares, will violate or result in a violation of Section 7 of the U.S. Exchange Act or any regulation promulgated thereunder, including, without limitation, Regulations G, T and X of the Board of Governors of the U.S. Federal Reserve System;
 - (d) for so long as any of the Offered Shares are outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and it is neither exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, nor subject to and in compliance with Section 13 or 15(d) of the U.S. Exchange Act, it shall furnish to any prospective purchaser of Offered Shares, upon the request of such prospective purchaser, the information required to be provided by paragraph (d)(4) of Rule 144A;
 - (e) none of it, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Affiliates, or any members of the Selling Dealer Group, in respect of whose activities the Corporation makes no representation) has

offered or will offer to sell the Offered Shares by means of any form of General Solicitation or General Advertising;

- (f) none of it, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Affiliates, or any members of the Selling Dealer Group, in respect of whose activities the Corporation makes no representation) has engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares, or has taken or will take any action that would cause the exemptions afforded by Section 4(2) of the U.S. Securities Act or Regulation S to be unavailable for offers and sales of the Offered Shares pursuant to this Agreement;
- (g) the Corporation will, within the prescribed time periods, prepare and file any forms or notices required under applicable state securities or “blue sky” laws;
- (h) neither the Corporation nor any of its affiliates has taken, directly or indirectly, any action which was designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Corporation or facilitate the sale or resale of the Offered Shares; and
- (i) during the period of one year after the Closing, the Corporation will not, and will not permit any of its “affiliates” (as such term is defined in Rule 144) to resell any of the Offered Shares sold in the United States, which constitute “restricted securities” under Rule 144 that have been reacquired by any of them.

Section 9.1 Stabilization

In connection with the distribution of the Offered Shares, the Agents and members of their selling group (if any) may effect transactions which stabilize or maintain the market price of the Common Shares at levels above those which might otherwise prevail in the open market, in compliance with Securities Laws. Those stabilizing transactions, if any, may be discontinued at any time.

Section 10.1 Obligations of the Agents to be Joint and Not Solidary

The rights and obligations of the Agents under this Agreement, including but not limited to the right and obligation to offer for sale the Offered Shares, shall be several and not solidary.

This Agreement will be construed in relation to each Agent as if separate agreements had been made between the Corporation and each Agent.

Section 11.1 Notice

Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be delivered to:

- (a) in the case of the Corporation:

Medicago Inc.
1020, route de l'Église, Bureau 600
Sainte-Foy, Québec G1V 3V9

Attention: President & CEO
Facsimile: (418) 658-6699
Email: sheldona@medicago.com

with copies to:

McCarthy Tétrault LLP
Le Complexe St-Amable
1150 Claire-Fontaine, 7th Floor
Québec, Québec G1R 5G4

Attention: Philippe Leclerc
Facsimile: (418) 521-3099
Email: pleclerc@mccarthy.ca

- (b) in the case of the Administrative Agent on its own behalf
and on behalf of the Agents:

Desjardins Securities Inc.
1170 Peel Street, Suite 300
Montreal, Québec H3B 0A9

Attention: François Carrier
Facsimile: (514) 842-7975
Email: francois.carrier@vmd.desjardins.com

with a copy to:

Fasken Martineau DuMoulin LLP
Stock Exchange Tower
800 Place Victoria, Suite 3700
Montreal, Québec H4Z 1E9

Attention: Jean-Pierre Chamberland
Facsimile: (514) 397-7600
Email: jchamberland@fasken.com

The parties may change their respective addresses for notices by notice given in the manner set out above. Any notice or other communication will be in writing, and unless delivered personally to the addressee or to a responsible officer of the addressee, as applicable, will be given by facsimile transmission and will be deemed to have been given when (i) in the case of a notice delivered personally to a responsible officer of the addressee, when so delivered; and (ii) in the case of a notice delivered or given by facsimile, on the first Business Day following the day on which it is sent.

Section 12.1 Representative of Agents

Except with respect to Section 7.1 and Section 7.2, all actions, determinations and notices on behalf of the Agents under this Agreement or contemplated by this Agreement may be carried out or given on behalf of the Agents by the Administrative Agent and the Administrative Agent will in good faith discuss with the other Agents the nature of any of the transactions and notices prior to giving effect to them or the delivery of them, as the case may be.

Section 13.1 Miscellaneous

- (1) This Agreement will be governed by and interpreted in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. For the purpose of all legal proceedings, this agreement will be deemed to have been performed in the Province of Québec and the courts of the Province of Québec will have jurisdiction to entertain any action arising under this agreement. Each of the parties hereto hereby submits to the exclusive jurisdiction of the courts of the Province of Québec and elects domicile in the District of Montreal, Province of Québec.
- (2) Time will be of the essence of this Agreement and, following any waiver or indulgence by any party, time will again be of the essence of this Agreement.
- (3) Except for as expressly provided herein, all representations, warranties, covenants and agreements of the Corporation contained in this Agreement or contained in documents submitted pursuant to this Agreement and in connection with the transaction of purchase and sale contemplated by this Agreement will survive the completion of the transactions contemplated herein and therein and will continue in full force and effect. The Agents will be entitled to rely on the representations and warranties of the Corporation contained in this Agreement or delivered pursuant to this Agreement notwithstanding any investigation which the Agents may undertake or which may be undertaken on the Agents' behalf.
- (4) Each of the parties to this Agreement will be entitled to rely on delivery of a facsimile copy of this Agreement or a scanned copy delivered by email and acceptance by each party of any such facsimile or scanned copy will be legally effective to create a valid

and binding agreement between the parties to this Agreement in accordance with the terms of this Agreement.

- (5) No Agent will be liable to any other party hereto with respect to a default by any of the other Agents.
- (6) This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same agreement.
- (7) To the extent permitted by applicable law, the invalidity or unenforceability of any particular provision of this Agreement will not affect or limit the validity or enforceability of the remaining provisions of this Agreement.
- (8) This Agreement and the other documents referred to in this Agreement constitute the entire agreement between the Agents and the Corporation relating to the subject matter of this Agreement and supersede all prior agreements between those parties with respect to their respective rights and obligations in respect of the transactions contemplated under this Agreement.
- (9) The terms and provisions of this Agreement will be binding upon and enure to the benefit of the Corporation and the Agents and their respective successors and assigns; provided that, except as otherwise provided in this Agreement, this Agreement will not be assignable by any party without the written consent of the others and any purported assignment without that consent will be invalid and of no force and effort.
- (10) Upon the request of the Administrative Agent acting on its own behalf and on behalf of the other Agents, the Corporation will include a reference to the Agents and their role in any press release or other public communication issued by the Corporation relating to the Offering. If the Offering is successfully completed, and provided the Administrative Agent will be permitted to publish on its own behalf and on behalf of the other Agents, at its own expense, such advertisements or announcements relating to the services provided hereunder in such newspaper or other publications as the Administrative Agent considers appropriate.
- (11) *Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise.* The parties hereto have required that this Agreement and all documents and notices resulting here from be drawn in the English language.

If this letter accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this letter where indicated and returning them to us.

Yours very truly,

BLOOM BURTON & CO.

By: *Signed Jolyon Burton*

Jolyon Burton

DESJARDINS SECURITIES INC.

By: *Signed François Carrier*

François Carrier

PARADIGM CAPITAL INC.

By: *Signed Ian Joseph*

Ian Joseph

Accepted and agreed to by the undersigned as of the date of this letter first written above.

MEDICAGO INC.

Signed Pierre Labbé

By: Pierre Labbé

Title: Vice-President and Chief Financial
Officer

EXHIBIT “1”
FORM OF AGENTS’ CERTIFICATE

In connection with the offer and sale of units (the “**Offered Shares**”) of Medicago Inc. (the “**Corporation**”) by certain U.S. broker-dealers (each, a “**U.S. Affiliate**”) to one or more “institutional accredited investors”, in accordance with the Agency Agreement dated as of March 28, 2011, among the Corporation and the agents referred to therein (the “**Agency Agreement**”), the undersigned U.S. Affiliate does hereby certify as to itself that:

- (a) the U.S. Affiliate is a duly registered broker-dealer under Section 15 of the United States Securities Exchange Act of 1934, as amended, and is a member of, and in good standing with, the Financial Industry Regulatory Authority, Inc. on the date hereof, and all offers and sales of Offered Shares in the United States have been and will be effected by the U.S. Affiliate[s] only in states in which the U.S. Affiliate[s] are registered or exempt from registration as a broker-dealer and otherwise in accordance with all U.S. broker-dealer requirements;
- (b) no form of general solicitation or general advertising (as those terms are used in Regulation D under the United States Securities Act of 1933, as amended (the “**Securities Act**”)) was used in connection with the offer and sale of the Offered Shares;
- (c) we have not used and will not use in connection with any offer or sale of the Offered Shares in the United States any written material;
- (d) immediately prior to approaching offerees, we had reasonable grounds to believe and did believe that each offeree was an “institutional accredited investor” with the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D (an “**Institutional Accredited Investor**”) and, on the date hereof, we continue to believe that each purchaser of the Offered Shares is an Institutional Accredited Investor; and
- (e) all offers and sales of the Offered Shares in the United States have been conducted by us in accordance with the Agency Agreement.

Capitalized terms used but not defined in this certificate have the meanings given to them in the Agency Agreement.

Dated: _____

[U.S. Broker-Dealer Affiliate]

Per: _____
Name:
Title: