WaterPark Place
20 Bay Street, Suite 1500
Toronto, Ontario M5J 2N8
Canada

May 30, 2011

NOTICE TO READER

Re: Medicago Inc. – MD&A for the Three-Month Period Ended March 31, 2011.

To whom it may concern,

Please note that at the time of the May 27, 2011 filing of the Management's Discussion and Analysis for the 1st Quarter ended March 31, 2011 on behalf of Medicago Inc., the Interim Financial Statements/Report was inadvertently filed to represent the Management's Discussion and Analysis.

The Management's Discussion and Analysis for the period ended March 31, 2011 has now been filed under SEDAR project number 1751385, submission number 2.

This error was a result of a clerical error committed by CNW Group, and is not in any way the fault of the issuer.

(signed) Patricia Pauta

CNW Group
Regulatory Filing Department
1-800-825-6133

THREE-MONTH PERIOD ENDED MARCH 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

The following is a discussion and analysis of the consolidated financial condition and results of operations of Medicago Inc, ("Medicago" or the "Company") for the three-month period ended March 31, 2011. This discussion and analysis should be read in conjunction with the information contained in the unaudited consolidated financial statements and related notes for the three-months period ended March 31, 2011 and the financial statements appearing in the 2010 annual report of the Company, which are prepared in accordance with generally accepted accounting principles in Canada ("GAAP"). The 2010 Annual Report of Medicago, the Annual Information Form and additional information regarding the Company are available on SEDAR at www.sedar.com.

All amounts included in this report are expressed in Canadian dollars unless otherwise stated.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that all publicly accountable enterprises must adopt IFRS in place of Canadian generally accepted accounting principles ("GAAP") beginning on January 1, 2011 (for entities with a calendar year-end). As such, our unaudited interim consolidated financial statements as at March 31, 2011 and for the three months then ended have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. Additionally, our unaudited consolidated statement of financial position as at January 1, 2010 and our comparative unaudited consolidated financial statements for 2010 have been adjusted to reflect our adoption of IFRS on a retrospective basis, effective on January 1, 2010 (the "Transition Date"). Consequently, all comparative financial information presented in this MD&A reflects the consistent, retrospective application of IFRS.

IFRS differ in certain respects from Canadian GAAP. A complete description of our conversion to IFRS, including reconciliations of previously reported Canadian GAAP information, is provided in note 17 to our unaudited interim consolidated financial statements as at March 31, 2011 and for the three-month periods ended March 31, 2011 and 2010, which note is incorporated by reference herein.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This document contains forward-looking information and statements which constitute "forward-looking information" under Canadian securities law and which may be material regarding, among other things, the Company's beliefs, plans, objectives, estimates, intentions and expectations. Forward-looking information and statements are typically identified by words such as "anticipate", "believe", "expect", "estimate", "forecast", "goal", "intend", "plan", "will", "may", "should", "could" and similar expressions. Specific forward-looking information in this document includes, but is not limited to, statements with respect to the Company's future operating and financial results, its research and development activities, its capital expenditure plans and the ability to execute on its future operating, investing and financing strategies.

These forward-looking information and statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us. The information contained herein is dated as of May 26, 2011, date of the approval by the Board of the MD&A and the Consolidated Financial Statements.

COMPANY OVERVIEW

Medicago is committed to providing highly effective and competitive vaccines based on proprietary Virus-Like Particles (VLPs) and manufacturing technologies. Medicago is developing VLP vaccines to protect against pandemic and seasonal influenza, using a transient expression system which produces recombinant vaccine antigens in the cells of non-transgenic plants. This technology has potential to offer advantages of speed and cost over competitive technologies. It promises to deliver a vaccine for testing rapidly after the identification and reception of genetic sequences from a pandemic strain. This production time frame has the potential to allow vaccination of the population before the first wave of a pandemic strikes and to supply large volumes of vaccine antigens to the world market.

KEY DEVELOPMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011

CORPORATE

MEDICAGO SELECTED TO COLLABORATE WITH IDRI ON A MULTIMILLION DOLLAR GRANT AWARDED TO IDRI FROM THE US DEPARTMENT OF DEFENSE

Medicago Inc. was selected to collaborate with the Infectious Disease Research Institute (IDRI) on a multimillion-dollar grant awarded to IDRI by the U.S. Department of Defense's Defense Advanced Research Projects Agency (DARPA) for the proposed development of a single-dose H5N1 influenza vaccine which could be rapidly and widely administered in the case of an avian pandemic flu outbreak.

This important grant from DARPA is for a phase I clinical trial with an intradermal H5 vaccine in combination with IDRI's GLA adjuvant. The one-year project combines Medicago's plant-made H5 virus-like particle vaccine with IDRI's vaccine adjuvant technology, as well as a microneedle delivery device. These three technologies could enhance protection, reduce the amount of product required, and simplify vaccine distribution and administration.

MEDICAGO RECEIVES SECOND MILESTONE PAYMENT OF $3.8 MILLION FROM THE U.S. DEPARTMENT OF DEFENSE

Medicago USA Inc., a wholly owned subsidiary of Medicago Inc., has received the second milestone payment of $3.8-million (U.S.) from the Defence Advanced Research Projects Agency (‘DARPA’). This is part of the $21-million (U.S.) DARPA grant awarded to Medicago to demonstrate the scalable manufacturing of its plant-expressed virus-like particle vaccines in the United States under a technology investment agreement. Medicago has received $10.7-million (U.S.) to date under this agreement.

In August, 2010, Medicago received a $21-million (U.S.) grant from DARPA to develop a 90,000-square-foot cGMP facility in Research Triangle Park, North Carolina, which is currently under construction. This state of-the-art facility will be a large, cost-effective and scaled-up facility for Medicago's VLP plant-based vaccine technology for the delivery of cGMP-grade vaccine. Medicago intends to demonstrate its capacity to produce 10 million doses per month of influenza vaccines with the potential for further expansion in the future. This DARPA project is part of the Blue Angel influenza vaccine rapid response demonstration project which seeks to identify new ways to produce large amounts of high-quality vaccine grade protein in less than three months in response to emerging and novel biologic threats.

The Company has met all milestones to date and its U.S. vaccine facility is projected to be operational during the second half of 2011.

UPDATE ON PARTNERSHIP OPPORTUNITIES

Medicago is pursuing its strategy of partnership with countries and pharmaceutical companies looking at investing in faster and economical technologies to produce pandemic and seasonal flu vaccines. With an agreement in now place in North America (DARPA) Medicago is now focusing its efforts in Europe and Asia. Our strategy in these regions is to enter into memorandum of understanding to explore possible deal structure before committing any resources or rights. We will favour partnerships with significant short term revenue potential in order to support the development of our technology and products and increase shareholder value.

PRODUCTS IN DEVELOPMENT

H5N1 PANDEMIC INFLUENZA VLP VACCINE

Medicago reports positive phase II interim results

Medicago Inc. has released positive interim results from a phase II human clinical trial with its H5N1 avian influenza VLP vaccine candidate (H5N1 vaccine). The vaccine was found to be safe, well tolerated and also induced a solid immune response.

The study enrolled 135 healthy volunteers who were immunized with Medicago's vaccine at three dosage levels to determine the optimal dose. No serious adverse events were reported during the trial and the vaccine was found to be safe and well tolerated at all levels. Local site reactions were mild and comparable between the H5N1 vaccine groups. In those vaccinated in the 18-to-49-age group at the 20-microgram dosage level, 82 per cent of immunized subjects developed an immune response against the H5N1 virus after the second immunization, 65 per cent of subjects had a four-fold increase in HI titers from baseline and 65 per cent of subjects had seroprotective antibody titers. All subjects tested negative for antibodies to the H5N1 A/Indonesia strain before vaccination and no response was observed among individuals who received a placebo. These data show that Medicago's H5N1 vaccine induces a robust hemagglutination inhibition (HAI) antibody response against the H5N1 vaccine strain. The H5N1 vaccine also induced the production of antibodies that react with multiple strains of H5N1 avian influenza indicating the potential for cross-protection of Medicago's vaccines. As planned in the initial design, adverse event monitoring will continue for six months after administration of the second dose of vaccine.

Based on these results, a committee selected the optimal dose of 20-microgram to proceed with part B of the phase II H5N1 vaccine clinical trial. In the second part of the study, 120 healthy adults received an injection of either the H5N1 vaccine at the optimal dose or a placebo. Final results are currently expected before the end of the second quarter of 2011.

SEASONAL AND H1N1 VACCINES

Medicago commences U.S. phase I clinical testing of its H1N1/Seasonal

Medicago Inc. has received Food and Drug Administration clearance for its phase I H1N1 influenza VLP vaccine candidate clinical trial in the United States. The Company initiated this trial on March 21, 2011. This phase I trial will lead into Medicago's U.S. phase IIa trial for its seasonal trivalent vaccine with the recommended H1N1, H3N2 and B influenza strains which the company plans to begin later in 2011.

The phase 1, randomized, double-blind, multicentre, active- and placebo-controlled dose-ranging study evaluates the safety, tolerability and immunogenicity of a single non-adjuvanted dose of the H1N1 vaccine in 100 healthy adults 18 to 49 years of age. The subjects will be randomized to receive one of the following: an injection of the placebo, Medicago's H1N1 vaccine; or an H1N1 vaccine from a licensed trivalent vaccine. The primary safety and immunogenicity results are expected before the end of the second quarter. These data will support the development of the Company's seasonal influenza VLP vaccine in the United States.

OTHER PRODUCTS

Medicago announces research collaboration for the development of a non-influenza vaccine candidate with a top 10 global pharmaceutical company

Following the end of the first quarter, Medicago Inc. has entered into a research collaboration agreement for the development of a non-influenza vaccine candidate with a top 10 global pharmaceutical company.

Under the terms of the research collaboration, Medicago will apply its transient expression system to develop a vaccine candidate for a non-disclosed target. Medicago is eligible to receive payments on achievement of specified milestones stipulated in the contract.

EVENT AFTER REPORTING DATE

On April 5, 2011 the Company closed an offering of 34,117,600 units (each, a “Unit”) at a price of $0.51 per Unit, representing gross proceeds of $17,399,976 (the “Offering”). Philip Morris Investments BV, an insider of the company, participated in the Offering and acquired 17,058,800 units.

Each Unit is comprised of one common share (a "Common Share") and one quarter of one common share purchase warrant (each, a "Warrant"). Each full Warrant will have an exercise price of $0.75, exercisable for a period of 24 months following the closing date of the Offering. The Warrants are subject to an accelerated expiry if, at any time after the closing of the offering, the published closing trade price of the Common Shares on the TSX is equal or superior to $1.00 for any 30 consecutive trading days, in which event the Company may give the holders a written notice that the Warrants will expire at 5:00 p.m. (Montréal time) on the 30th day from the receipt of such notice.

Net proceeds from the Offering will be used for continued clinical development of the Company's plant-based manufactured Influenza Virus Like Particles ("VLP") vaccines, to fund the development of additional potential product candidates and for other general corporate and working capital purposes.

SELECTED CONSOLIDATED INFORMATION

	March 31 2011	March 31 2010
	$	$
CONSOLIDATED STATEMENT OF INCOME		
Revenues	-	34,000
Loss for the period		
$	5,051,000	3,742,000
Basic and diluted loss per share	0.04	0.03

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31 2011	December 31 2010
Cash, cash equivalents and short-term investments	6,948,000	8,521,000
Total assets	19,956,000	21,313,000
Total long-term liabilities [(1)]	15,731,000	15,672,000

(1) Total long-term liabilities include long term-debt and current portion

COMPARISON OF THE THREE-MONTH PERIOD ENDED MARCH 31, 2011 AND 2010

CONSOLIDATED STATEMENTS OF INCOME

Revenues

For the three-month period ended March 31, 2011, the Company had no revenues compared to $34,000 for the three-month period ended March 31, 2010. Revenues in 2010 were generated by the successful completion of the proof of concept contract with the United States Army Research, Development and Engineering Command for $34,000.

Research and development

	March 31, 2011 (3 months)	March 31, 2010 (3 months)	Variation
Research and development expenses			
Canada	3 460 000	2 562 000	898 000
USA	708 000	-	708 000
	4 168 000	2 562 000	1 606 000

Research grant and contributions			
Canada	(333 000)	(382 000)	49 000
USA	(439 000)	-	(439 000)
	(772 000)	(382 000)	(390 000)
Research and development tax credits			
Canada	(497 000)	(165 000)	(332 000)
USA	-	-	-
	(497 000)	(165 000)	(332 000)
Total			
Canada	**2 630 000**	**2 015 000**	**615 000**
USA	**269 000**	**-**	**269 000**
	2 899 000	**2 015 000**	**884 000**

Research and development (R&D) increased by $884,000 to $2,899,000 for the three-month period ended March 31, 2011, compared to 2010, $615,000 occurred in Canada and $269,000 in the US.

R&D expenses increased by $1,606,000 to $4,168,000 for the three-month period ended March 31, 2011 compared to 2010. The increase of $898,000 in Canadian R&D expenses is mainly related to the ongoing Phase II study of its H5N1 pandemic influenza VLP vaccine and the ongoing phase I study for its seasonal vaccine. Wage and salaries were higher ($421,000) for the three-month period ended March 31, 2011, compared to 2010 explained by the hiring at the second-half of 2010 of new employees required for the preparation and the production of clinical materials for the two clinical studies. More laboratory supplies and analysis ($181,000) and a higher level of outsourced contract work ($161,000) were also required to perform these activities. Outsourced contract work increased as the result of the Phase II for the H5N1 pandemic influenza vaccine and Phase I for the seasonal vaccine. US R&D expenses amounted to $708,000 and are related to the DARPA project that started in August 2010.

Research grants and contributions increased by $390,000 for the three-month period ended March 31, 2011 to $772,000 compared to 2010. The increase is mainly explained by the recognition in the Statements of Income of $439,000 under the grant from DARPA in the US.

Research and development tax credits were of $497,000 for the three-month period ended March 31, 2011, $332,000 higher than for the three-month period ended March 31, 2010. As the Company is no longer deemed associated with Philip Morris International for tax purposes, this results in an increase of the tax credit rate at the provincial level from 17.5% to 37.5% on the first $3M of eligible R&D expenses, explaining this increase in 2011.

General and administrative

	March 31, 2011	March 31, 2010	Variation
General and administrative, business development and intellectual property			
Canada	1 067 711	1 190 419	(122 708)
USA	135 266	-	135 266
	1 202 977	1 190 419	12 558
Share-based compensation	199 993	148 168	51 825
Exchange loss	145 224	(6 742)	151 966
	1 548 194	**1 331 845**	**216 349**

General and administrative (G&A) expenses increased by $216,000 to $1,548,000 for the three-month period ended March 31, 2011 compared to 2010. The increase is mainly explained by the increase in share-based compensation for $52,000 and by the exchange loss for $152,000. Share-based compensation increase is related to the issuance of stock-options at the end of 2010 and the exchange loss results from the value increase of the Canadian dollar in comparison with the US dollar (2.7% between January 1st, 2011 and March 31st, 2011).

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment were of $225,000 for the three-month period ended March 31, 2011, $55,000 higher than the three-month period ended March 31, 2010. This increase mainly explained by an increase in amortization of leasehold improvements for $31,000 following the completion of the improvements to our downstream facility at the end of 2010 in Quebec City.

Amortization of intangible assets

Amortization of intangible assets amounted to $30,000 for the three-month period ended March 31, 2011 an increase of $14,000 over 2010 explained by more capitalized costs for patents in 2010.

Financial income

Financial income amounted to $3,000 for the three-month period ended March 31, 2011 $31,000 lower compared to the three-month period ended March 31, 2010. This decrease is mainly explained by lower interest income resulting of a decrease in cash and short-term investments.

Financial costs

Financial costs amounted to $352,000 for the three-month period ended March 31, 2011 $75,000 higher compared to the three-month period ended March 31, 2010. This increase is mainly explained by higher interest rate on the long-term debt in 2011 compared to 2010 ($65,000).

Consolidated loss for the three-month period ended March 31, 2011 was $5,051,000, or $0.04 per basic and diluted share compared to a loss of $3,742,000, or $0.03 per basic and diluted share for the three-month period ended March 31, 2010.

CONSOLIDATED BALANCE SHEET

Cash and short-term investments were $6.9 Million as at March 31, 2011 a decrease of $1.6 Million from December 31, 2010.

Total consolidated assets were $20.0 Million as at March 31, 2011, a decrease of $1.3 Million since December 31, 2010. The decrease is mainly explained by the decrease in cash and short-term investments.

Long-term debt is $15.7 Million as at March 31, 2011 comparable to December 31, 2010.

QUARTERLY FINANCIAL DATA

	Quarters ended			
	March 31, 2011	**December 31, 2010**	**September 30, 2010**	**June 30, 2010**
Revenues	-	$75,000	-	-
Total expenses including future income taxes	($5,051,000)	($4,679,000)	($4,139,000)	($3,998,000)
Loss	(5,051,000)	($4,604,000)	($4,139,000)	($3,998,000)
Basic and diluted net loss per share	($0.04)	($0.04)	($0.03)	($0.03)

	March 31, 2010	December 31, 2009[(1)]	September 30, 2009[(1)]	June 30, 2009[(1)]
Revenues	$34,000	-	-	-
Total expenses including future income taxes	($3,777,000)	($3,893,000)	($3,163,000)	($2,794,000)
Loss	($3,743,000)	($3,893,000)	($3,163,000)	($2,794,000)
Basic and diluted net loss per share	($0.03)	($0.04)	($0.03)	($0.03)

(1): 2009 data have not been adjusted to reflect the new standards IFRS. Only 2010 data were adjusted.

Revenues from quarter to quarter may vary significantly. They are non-recurring by nature and are generated by license agreements as well as contract research agreements. It is also important to note that historical patterns of expenses cannot be taken as an indication of future expenses. The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of R&D activities being undertaken at any time and the availability of funding from investors or partners.

The evolution in the stage of development of the Company from research to preclinical and clinical development for its H5N1 Avian Influenza VLP vaccine, the development of the cGMP process and the production of clinical materials for the Phase I in 2009 and Phase II in 2010, the pre-clinical studies for its H1N1/seasonal vaccine and the production of Phase I materials in the fourth quarter of 2010 explain the increase in expenses. Wage and salaries increased in 2009 and 2010 explained by the hiring of new employees in the second half of 2009 and since the beginning of 2010 required by preclinical and clinical work related to the clinical development of both vaccines (H5N1 Avian Influenza VLP vaccine and H1N1/seasonal vaccine). More laboratory supplies and analysis and additional outsourced contract work were also required to perform these activities.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

The Company had cash and short-term investments totaling $6.9 Million as at March 31, 2011, a decrease of $1.6 Million from December 31, 2010. The Company had negative working capital of $2.8 Million as at March 31, 2011 compared to $1.7 Million as at December 31, 2010. As at March 31, 2011, the Company's long-term debt amounted to $15.7 Million. Under the terms of the Bio-Levier loan agreement, the Company needs to maintain its current ratio at 1.3/1 or higher. Deferred grants on research agreements are excluded from the calculation of the current ratio. As at March 31, 2011 this ratio was at 3.1:1 (3.2:1 as December 31, 2010).

The Company’s primary capital needs are the funds required to support its scientific research and development activities including preclinical and clinical trials, capital expenditures for the US facility and working capital. Medicago expects expenses to increase in 2011 as the Company will continue to advance its programs. Management believes that existing capital resources combined with proceeds of the Offering closed on April 5th, 2011, the DARPA grant and the Equity line of credit of $10,000,000 (see note 9 of the financial statements) in place are adequate to fund our planned activities at least for the next twelve months.

Since its inception, the Company has financed its cash requirements primarily through issuances of securities, research and development tax credits, government funding, cost recoveries, license agreement, contract research agreements, long-term debt and short-term debt guaranteed by its Research and development tax credits. Management anticipates funding additional capital requirements primarily either through additional issuance of securities or the potential monetization of the Company’s technology and products. (See section *RISK AND UNCERTAINTIES- Additional Financing Requirements and Access to Capital* of the Annual Information Form)

The variation of our liquidity by activities is explained below.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash flows	**Three-month period ended March 31**	
	2011	2010
Operating activities	**(1,511,000)**	(3,224,000)
Financing activities	**838,000**	855,000
Investing activities	**(1,016,000)**	2,443,000
Effect of changes in foreign exchange rates	**88,000**	-
Net change in cash	**(1,601,000)**	74,000

Operating Activities

Cash used in operating activities decreased by $1,713,000 to $1,511,000 for the three-month period ended March 31, 2011 compared to 2010. This decrease is mainly explained by the change in non-cash working capital items for $3,018,000 described in note 14a) of the financial statements. This was partly offset by the increase in loss, net of items not affecting cash and cash equivalents (or burn rate) for $1,180,000 for the three-month period ended March 31, 2011.

Financing Activities

Net cash generated from financing activities were $838,000 for the three-month period ended March 31, 2011 comparable to 2010. In 2011, 2,000,000 warrants to acquire common shares were exercised for proceeds of $540,000 and bank loan on tax credits generated $308,000. In comparison for 2010, 3,443,500 warrants to acquire common shares were exercised for proceeds of $861,000.

Investing Activities

Cash used in investing activities (excluding additions and disposal of short-term investments and security deposit) increased by $250,000 to $903,000 for the three-month period ended March 31, 2011, related mainly to the increase in the additions of intangible assets of $408,000 partly offset by a decrease of $158,000 in additions to property, plant and equipment.

The Company had planned to invest $0.6 Million in property, plant and equipment in 2011 at its Canadian manufacturing activities and $13.3M at its US facility under the DARPA contract. Most of the funding required for the US facility is covered by the DARPA grant.

Use of proceeds of the public offering completed in August 2010

The Company completed a public offering with net proceeds of $6,787,500 in August 2010 and the following table provides information concerning the use of proceeds resulting from this offering.

USE OF PROCEEDS	From August 19, 2010 through March 31, 2011	Per Prospectus
Cost sharing program with DARPA	$2,462,884	$5,500,000
General corporate and working capital purposes	1,287,500	$1,287,500
Total	$3,750,384	$6,787,500

CONTRACTUAL OBLIGATIONS

Other than the changes described hereunder there has been no significant change in the contractual obligations of the Company as described in Medicago's 2010 audited financial statements.

On March 31, 2011, Medicago USA Inc. amended a lease agreement signed on August 10, 2010. Increase in premises amounts to US$ 7,060,000. This lease begins in July 2011 and expires in June 2026 with a renewal option of five years. The increase in minimum lease amounted for each of the next five fiscal years is as follows: US$190,000 in 2011, US$385,000 in 2012, US$397,000 in 2013, US$408,000 in 2014 and US$421,000 in 2015. Following the execution of the lease amendment, the Company increased its letter of credit in favour of the lessor from US$337,500 to US$ 696,000.

Under this lease amendment the Company committed to pay US$8.4 Million for equipment to be installed in its US facility. Such amount shall be payable by Medicago in five monthly equal instalments of US$1.674 Million, commencing in April 2011.

OUTLOOK FOR THE REMAINING OF 2011

We expect R&D expenses to increase in 2011 compared to 2010 to support the following activities:

- Initiation of U.S. Phase I and results of clinical trial with H1N1 vaccine / seasonal vaccine
- Phase II final results with H5N1 vaccine
- Completion of the construction of the U.S. commercial grade facility
- Initiate U.S. Phase II clinical trial with trivalent seasonal vaccine in the fourth quarter
- Potential contracts (government, pharmaceutical companies)
- Addition of new pipeline candidates (Vaccines, Biosimilar enzymes)

Our expectations are that the cash outflow will not proceed linearly through the year but will be higher in the second half of the year due to cost associated with clinical studies and the performance under the DARPA project.

RELATED PARTY TRANSACTIONS AND OFF-BALANCE SHEET AGREEMENTS

As at March 31, 2011 there were no related party transactions or off-balance sheet agreements.

OUTSTANDING SHARE DATA

As at May 26, 2011, there were 173,039,702 common shares issued and outstanding as well as 8,710,263 stock options

outstanding. Warrants outstanding and Unit options outstanding as at May 26, 2011 represented a total of 28,288,113.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, IAS 34, "Interim Financial Reporting". These are the Company's first interim consolidated financial statements prepared in accordance with IFRS; in consequence the Company explains its choices related to IFRS 1, "First-time Adoption of International Financial Reporting Standards", in note 17 of the financial statements.

The Company has consistently applied the same accounting policies in its opening IFRS consolidated statement of financial position at January 1, 2010 and throughout all periods presented, as if these accounting policies had always been in effect. Note 17 of the financial statements for the quarter ended March 31, 2011 discloses the impact of the transition to IFRS on the Company's reported consolidated equity, consolidated statement of comprehensive loss, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on changeover to IFRS.

The full description of accounting policies and estimates are presented in the relevant section of the Company's financial statements for the quarter ended March 31, 2011.

Estimates, assumptions and judgements are continually evaluated by the Company and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The estimates, assumptions and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. Actual results could differ from these estimates.

FUTURE ACCOUNTING CHANGES

In November 2009, IASB issued IFRS 9 "Financial Instruments: classification and evaluation", a new standard for the classification and measurement of financial assets that will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 has two categories of evaluation: the amortized cost and fair value. All equity instruments are measured at fair value. Debt instruments are valued at amortized cost amortised only if the entity has the objective to collect the contractual cash flows and cash flow is the principal and interest. Otherwise, they are measured at fair value through net income.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

In May 2011, the IASB issued a group of five new standards that address the scope of the reporting entity: IFRS 10, Consolidated financial statements, IFRS 11, Joint arrangements, IFRS 12, Disclosure of interests in other entities, IAS 27, Separate financial statements and IAS 28, Investments in associates.

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27, Consolidated and separate financial statements and SIC-12, Consolidation – special purpose entities. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control focusing on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The renamed IAS 27 continues to be a standard dealing solely with separate financial statements and its guidance is unchanged.

IFRS 11 has changed the definitions of joint arrangements reducing the types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity

accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today.

IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11 replacing the disclosure requirements currently found in IAS 28. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

These new standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of these standards or determined whether it will adopt the standards early.

RISK FACTORS AND UNCERTAINTIES

There has been no significant change in the risk factors and uncertainties facing Medicago as described in the Company's 2010 annual MD&A.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with IFRS in its financial statements. The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls over financial reporting to the issuers. They established the internal control over financial reporting or had it established under their supervision in order to obtain reasonable assurance about the reliability of the financial reporting and to make sure that the financial statements were being prepared accordingly with IFRS.

The Chief Executive Officer and the Chief Financial Officer have evaluated whether there were changes to its ICFR during the quarter ended March 31, 2011 that have materially affected, or that are reasonably likely to materially affect its ICFR. No such changes were identified through their evaluation.

On behalf of management,

(signed)	*(signed)*
Pierre Labbé, CA	Andrew J. Sheldon
Vice-President and Chief Financial Officer	President and Chief Executive Officer

May 26, 2011