A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of Alberta, British Columbia, Ontario and Québec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This preliminary short form prospectus is a base shelf prospectus. This short form prospectus has been filed under legislation in Alberta, British Columbia, Ontario and Québec that permits certain information about these securities to be determined after the short form prospectus has become final and that permits the omission of that information from this prospectus. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained.

This short form prospectus constitutes a public offering of these securities in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state of the United States of America and may not be offered or sold within the United States of America or its territories or possessions unless pursuant to an exception therefrom. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities within the United States of America. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Medicago Inc. at 1020 Route de l'Église, suite 600, Québec City, Québec, Canada G1V 3V9 (telephone (418) 658-9393), and are also available electronically at www.sedar.com. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of Medicago Inc. at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue June 25, 2010

MEDICAGO INC.

Cdn$35,000,000 of

Preferred Shares
Common Shares
Warrants
Units
Subscription Receipts

Under this preliminary short form base shelf prospectus (the "**Prospectus**"), Medicago Inc. ("**Medicago**" or the "**Company**") may offer, from time to time, preferred shares (the "**Preferred Shares**") or common shares (the "**Common Shares**") in the share capital of the Company or units (the "**Units**") or subscription receipts (the "**Subscription Receipts**") of the Company (all of the foregoing, collectively, the "**Securities**") in one or more offerings, of up to $35,000,000 aggregate offering price of Securities during the 25-month period that this Prospectus, including any amendments thereto, remains valid. The Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the sale and set forth in an accompanying prospectus supplement.

General

The specific terms of the Securities in respect of which this Prospectus is being delivered, will be set forth in a shelf prospectus supplement (a "**Prospectus Supplement**") and may include, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price and any other specific terms, (ii) in the case of Units, the designation, number and terms of the Common Shares and common share purchase warrants (the "**Warrants**") comprising the Units and (iii) in the case of Subscription Receipts, the number of Subscription Receipts offered, the issue price, the terms and procedures for the exchange of the Subscription Receipts and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters set forth in this Prospectus.

All information permitted under securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus except in cases where an exemption from such delivery requirements have been obtained. Each Prospectus Supplement will be incorporated by reference into the Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement relates. This Prospectus and any applicable Prospectus Supplement should be read carefully before investing in Securities. This Prospectus may not be used to offer any of the Securities unless accompanied by a Prospectus Supplement.

The Company is a biotechnology company focused on the development, production and commercialization of protein-based biopharmaceutical products using its unique and proprietary manufacturing systems developed from its expertise in the genetic engineering of plants. The principal place of business and head office of the Company is located at 1020 route de l'Église, Suite 600, Québec, Québec, G1V 3V9.

The Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "MDG". On June 24, 2010, the last trading day of the Common Shares on the TSX before the date hereof, the closing price per share of the Common Shares on the TSX was $0.44. Unless otherwise specified in an applicable Prospectus Supplement, the Preferred Shares, the Warrants, the Units and the Subscription Receipts will not be listed on any securities or stock exchange or on any automated dealer quotation system.

Equity Line of Credit

Of this $35,000,000 of Securities being offered, up to $10,000,000 of Common Shares may be issued to YA Global Master SPV Ltd. (the "**Subscriber**") pursuant to a Standby Equity Distribution Agreement entered into between the Company and the Subscriber and dated May 13, 2010 (the "**SEDA**").

The subscription commitment made by the Subscriber pursuant to the SEDA is commonly referred to as an equity line of credit or an equity line. See "Plan of Distribution".

Pursuant to a decision issued by the *Autorité des marchés Financiers* (the "**AMF**"), as principal regulator, dated June 22, 2010, (the "**Regulatory Relief**"), the Company and the Subscriber were granted the following exemptions, subject to certain conditions, with regards to the Prospectus:

(a) that the following prospectus disclosure requirements under the applicable securities legislation do not fully apply to the Company in connection with the distribution of Common Shares as part of the SEDA (the "**Distribution**"):

  (i) the statement in the Prospectus Supplement respecting statutory rights of withdrawal and rescission in the form prescribed by item 20 of Form 44-101F1 of *Regulation 44-101 respecting Short Form Prospectus Distributions*; and

  (ii) the statements required by subsections 5.5(2) and (3) of *Regulation 44-102 respecting Shelf Distributions*;

(b) that the prohibition from acting as a dealer unless the person is registered as such does not apply to the Subscriber and Yorkville Advisors, LLC (the "**Manager of the Subscriber**") in connection with the Distribution; and

(c) that the requirement that a dealer send a copy of the Prospectus to a subscriber or purchaser in the context of a distribution does not apply to the Subscriber, the Manager of the Subscriber or the dealer(s) through whom the Subscriber sells the Common Shares and that, as a result, rights of withdrawal or rights of rescission, price revision or damages for non-delivery of the Prospectus do not apply in connection with the Distribution.

Equity Offerings

The Company may offer and sell Securities to or through underwriters or dealers, directly to one or more purchasers pursuant to applicable statutory exemptions, or through agents designated from time to time at amounts and prices and other terms determined by the Company. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of Securities and will set forth the plan of distribution for such Securities, including the proceeds to the Company and any fees, discounts, concessions or other compensation payable to the underwriters, dealers or agents, and any other material terms of the plan of distribution. See "Plan of Distribution".

In connection with any underwritten offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution".

Investing in the Securities of the Company involves risks, including those that are described in the "Risk Factors" section beginning on page 16 of this Prospectus. The Company has applied to list the Common Shares distributed under this Prospectus including the Common Shares underlying the Preferred Shares, Units, Warrants and Subscription Receipts, if any. However, unless specified in the applicable Prospectus Supplement, there is no market through which the Preferred Shares, Units, Warrants and Subscriptions Receipts may be sold and purchasers may not be able to resell the Preferred Shares, Units, Warrants and Subscription Receipts purchased under this Prospectus and the Prospectus Supplement. This may affect the pricing of the Preferred Shares, Units, Warrants and Subscription Receipts in the secondary market, the transparency and availability of trading prices and the liquidity of the Preferred Shares, Units, Warrants and Subscription Receipts and the extent of Company's regulation. See "Risk Factors".

No underwriter, other than the Subscriber in the circumstances described above and which has informed the Company it is an "underwriter" within the meaning of the U.S. Securities Act of 1933, as amended, to the purposes of the SEDA, has been involved in the preparation of this Prospectus or performed any review of the content of this Prospectus.

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GENERAL MATTERS

Purchasers of Securities should rely only on the information contained or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. The Company has not authorized anyone to provide purchasers with different or additional information. If anyone provides purchasers with different or additional information, purchasers should not rely on it. The Company is not making an offer to sell or seeking an offer to buy these Securities in any jurisdiction where the offer or sale is not permitted. Purchasers should assume that the information contained in this Prospectus or any applicable Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus or any applicable Prospectus Supplement or of any sale of the Securities. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

"Medicago" and "Proficia" are trademarks of the Company. This Prospectus also includes references to trade names and trademarks of other companies, which trade names and trademarks are the properties of their respective owners.

The corporate website of the Company is www.medicago.com. The information on the Company's website is not intended to be included or incorporated by reference into this Prospectus and prospective buyers should not rely on such information when deciding whether or not to invest in the Common Shares.

Statistical information and other data relating to the pharmaceutical and biotechnology industry included in this Prospectus are derived from recognized industry reports published by industry analysts, industry associations and/or independent consulting and data compilation organizations. Market data and industry forecasts used throughout this Prospectus were obtained from various publicly available sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of the information from such sources are not guaranteed and have not been independently verified.

In this Prospectus, unless otherwise noted, all dollar amounts are expressed in Canadian dollars. References to "$US" are to United States dollars.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in all Provinces of Canada are specifically incorporated by reference in this Prospectus:

(i) the annual information form of the Company dated March 24, 2010 for the year ended December 31, 2009 (the "**AIF"**);

(ii) the audited consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2009 and 2008, together with the auditor's report thereon;

(iii) the Company's management discussion and analysis on financial condition and operating results of the Company dated March 23, 2010 for the year ended December 31, 2009;

(iv) the management proxy circular dated April 12, 2010 relating to the annual meeting of the shareholders of the Company held on May 13, 2010;

(v) the interim unaudited consolidated financial statements and the notes thereto for the three-month period ended March 31, 2010 and 2009;

(vi) the Company's management discussion and analysis on financial position and operating results of the Company dated May 13, 2010 for the three-month period ended March 31, 2010; and

(vii) the material change report dated May 19, 2010 with respect to the graduation of the Common Shares to the TSX and the execution of the SEDA.

Any documents of the Company of the type referred to above and any material change reports (excluding any confidential material change reports) filed by the Company with a securities commission or similar regulatory authority in Canada on or after the date of this Prospectus and prior to the termination of this offering and shall be deemed to be incorporated by reference into this Prospectus.

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company at 1020 route de l'Église, Suite 600, Québec, Québec, G1V 3V9 (telephone (418) 658-9393) and are also available electronically at www.sedar.com.

Upon a new renewal annual information form and the related annual financial statements and management's discussion and analysis of financial condition and results of operations being filed by Medicago with the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and the information circular filed prior to the commencement of the Company's financial year in which the new renewal annual information form was filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offerings of the Common Shares hereunder.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Only the modifying or superseding statement shall be deemed to constitute a part of this Prospectus.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Medicago, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Prospectus, such statements use such words as "anticipates", "believes", "continue", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "projects", "should" or "will" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Prospectus. **Forward-looking statements include, among others, statements with respect to research and development of new technologies, proprietary rights, skilled staff and future financings.** Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risk Factors". Although the forward-looking statements contained in this Prospectus are based upon what management of Medicago believes are reasonable assumptions, Medicago can not assure purchasers that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by purchasers. These forward-looking statements are made as of the date of this Prospectus.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Prospectus. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) positive results of pre-clinic and clinic tests; (ii) regulatory approvals; (iii) general business and economic conditions; (iv) the Company's ability to successfully develop new products; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) the Company's ability to protect patents and proprietary rights; and (x) the Company's ability to manufacture its products and to meet demand.

Purchasers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement.

THE COMPANY

Business of the Company

Medicago is a biotechnology company focused on developing highly effective and affordable vaccines based on proprietary manufacturing technologies and Virus-Like Particles (VLPs). Medicago's strategy is to focus its initial efforts on the clinical development of pandemic and seasonal influenza VLP vaccine candidates.

Medicago's VLP manufacturing technology is based on a transient expression system which produces recombinant vaccine antigens in non-transgenic plants. This technology has, in the opinion of Medicago, the potential to offer speed and cost advantages over competitive technologies. It can deliver a vaccine for testing in less than a month after the identification and reception of genetic sequences from a pandemic strain. This production time frame has the potential to allow vaccination of the population before the first wave of a pandemic strikes and to supply large volumes of vaccine antigens to the world market.

Medicago operates a 14,000-square-foot production facility located in the "Parc Technologique du Québec Métropolitain" in Québec City, Québec. This facility includes a Biosafety level 2 greenhouse and an extraction and purification unit and is cGMP compliant. In January 2010, Medicago completed the expansion of its current cGMP manufacturing facility. The expansion has provided additional space to produce Phase II clinical grade material. The facility expansion includes the addition of approximately 2,500 sq. ft., of expanded purification and production capacity to support increased cGMP production. Medicago expects to produce the preclinical and clinical lots required for the development of its influenza vaccines from its existing facility. The Company plans to invest up to $1 million in 2009 and in the first quarter of 2010 to expand its manufacturing facility in order to optimize manufacturing activities and provide additional space to produce clinical-grade material for Phase II human clinical trials. The 2009 expansion includes the rent of approximately 7,000 sq.ft., to increase storage capacity and to expand purification production capacity to support increased cGMP production. Medicago's current facility is 10,000 sq. ft. of Biosafety Level 2 greenhouse spaces for plant growth, as well as 3,000 sq. ft. of cGMP manufacturing sites for plant manipulation, product recovery and purification.

Medicago is currently developing pandemic and seasonal influenza vaccine candidates. Its pandemic H5N1 influenza VLP vaccine successfully completed a Phase I human clinical trial in December, 2009. Medicago is currently preparing a regulatory file which is expected to be submitted to Health Canada in the following months. If granted approval, the Company will initiate a Phase II clinical trial and results should be available in the fourth quarter of 2010.

Key Developments

Selected to Negotiate Final Terms with the Defense Advanced Research Projects Agency for Significant Funding Award

On June 23, 2010, the Company announced that The Defense Advanced Research Projects Agency (DARPA), Broad Agency Announcement (BAA), Defense Sciences Research & Technology has determined that Medicago USA Inc.'s (a wholly owned subsidiary of the Company) proposal to provide scalable manufacturing of plant-expressed VLP vaccines in the United States is selectable for funding. Medicago USA and DARPA have commenced negotiations of the final terms and conditions required to receive this funding award. Medicago USA submitted its proposal in March 2010, in response to solicitation No. DARPA-BAA-09-31 for the development of a large, cost-effective and rapid scale-up of Medicago's innovative technology to deliver cGMP-grade vaccine material.

Memorandum of Understanding with PT BIO FARMA for the Development of Vaccines in the Republic of Indonesia

In June 2010, the Company entered into a memorandum of understanding with PT BIO FARMA (PERSERO) to identify and develop select vaccine targets of mutual interest with the final goal being to establish a partnership to build a Medicago plant-based manufacturing facility in the Republic of Indonesia. Initially Medicago and BIO FARMA will collaborate in design and conduct a proof of concept evaluation on Medicago's plant-based VLP technology for a selected vaccine target. BIO FARMA, a state owned enterprise in Indonesia, produces vaccines and sera to support the Expanded Program on Immunization in Indonesia and in other countries. BIO FARMA is also

one of the few vaccine manufacturers in the world pre-qualified by World Health Organization and that is supplying the global market.

Memorandum of Understanding with Nitt Partners for Commercial Development of Influenza Vaccines in Japan

In March 2010, the Company entered into a memorandum of understanding with Niigata TLO/NBRP/KUTLO-NITT to discuss and negotiate an agreement to commercialize Medicago's pandemic and seasonal influenza VLP-based vaccines in Japan and other territories. For several years, NITT Partners has been the government-approved technology transfer/licensing organization to license in state-of-the-art technologies. Under the terms of the Memorandum of Understanding, the parties will evaluate and select an optimal deal structure with the objective of formalizing a definitive agreement.

TSX Graduation

On May 13, 2010, the Company announced that it had received the final approval from the TSX to graduate from the TSX Venture Exchange and list its Common Shares on the TSX. The Common Shares commenced trading on the TSX on May 14, 2010 under the symbol "MDG".

H5N1 Pandemic Influenza Vaccine

In the first quarter of 2010, the Company started to work on the regulatory dossier for a phase II clinical trial to be submitted to Health Canada in the following months. If granted approval, the Company expects to initiate a phase II clinical trial in the second half of 2010 and results would be available in the fourth quarter of 2010. Subsequent to quarter end, Medicago received its final phase I report for its H5N1 influenza vaccine. The phase I study enrolled 48 healthy volunteers between the ages 18 to 60 who received two doses of either Medicago's vaccine at doses of 5, 10 or 20 micrograms (mcg) or a placebo. The vaccine was found to be safe, well tolerated and also induced a solid immune response at all three dose levels. There were no serious adverse reactions or allergic reactions during the study. In addition, data for all biochemical, hematological and urinalysis assays were collected before and after each vaccination. The final results confirmed that the H5 VLP was well tolerated and safe and no statistical difference between the placebo group and the vaccine groups was seen for the above-mentioned analysis.

Seasonal and H1N1 Vaccines

In 2010, the Company will proceed with preclinical studies with its H1N1 pandemic vaccine candidate and expects to submit a clinical trial application (CTA) in the fourth quarter of 2010 to initiate a clinical trial. The strategy is to take advantage of the development work that will be completed for its H1N1 pandemic vaccine candidate to bolster its safety database and apply it to potentially shorten the path of approval for its seasonal vaccine candidate. Interim clinical data from the H1N1 trial, including measurements of safety and tolerability, are expected to be available by early 2011. With these data in hand and if granted approval by relevant regulatory authorities, Medicago could potentially commence a phase 2 clinical study with its seasonal vaccine candidate in 2011.

CONSOLIDATED CAPITALIZATION

The following table summarizes the Company's material change in the Company's share and loan capital, on a consolidated basis, since March 31, 2010, the date of the last interim financial statements of the Company:

Description	**Outstanding as at March 31, 2010 (Unaudited)**	**Outstanding as at June 24, 2010 (Unaudited)**
Common Shares	118,215,190	118,234,189
Warrants	57,120,696	57,120,696
Stock Options	7,455,612	7,369,945
Unit Options-Shares	1,127,000	1,127,000
Unit Options-Warrants	563,500	563,500
Total (fully diluted)	184,481,998	184,415,330

DESCRIPTION OF SHARE CAPITAL

Medicago's authorized share capital consists of an unlimited number of Common Shares and Preferred Shares, issuable in series, all without par value. As of the date hereof, a total of 118,234,189 Common Shares and no Preferred Shares are issued and outstanding.

Common Shares

The Common Shares rank junior to the Preferred Shares with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or winding-up of the Company. The holders of Common Shares are entitled to receive dividends out of the assets of the Company legally available therefore at such times and in such amounts as the Board of Directors of the Company may determine. The holders of Common Shares are entitled to receive notice of any shareholders' meeting of the Company and to attend and vote thereat on all matters to be voted on by the shareholders of the Company, except at a meeting where only the holders of shares of a different class are entitled to vote separately. At each such meeting, the holders of Common Shares are entitled to one vote for each share held. Upon the liquidation, dissolution or winding-up of the Company, the holders of Common Shares are entitled to participate equally in the remaining property and assets of the Company available for distribution.

Preferred Shares

The Preferred Shares are issuable from time to time in one or more series as determined by the Board of Directors of the Company. The Preferred Shares are non-voting and rank senior to the Common Shares with respect to the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company.

DESCRIPTION OF UNITS

The Company may issue Units comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included security. The unit agreement, if any, under which a Unit is issued may provide that the securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

The particular terms and provisions of Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Units.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following description of the terms of Subscription Receipts sets forth certain general terms and provisions of Subscription Receipts in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Subscription Receipts.

Subscription Receipts may be offered separately or in combination with one or more other Securities. The Subscription Receipts will be issued under a subscription receipt agreement. A copy of the subscription receipt agreement will be filed by the Company with the applicable securities commission or similar regulatory authorities after it has been entered into by Medicago and will be available electronically at www.sedar.com. Pursuant to the subscription receipt agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against the Company, following the issuance of the underlying Common Share or other securities to such purchasers upon the surrender or deemed surrender of the Subscription Receipts, to receive the amount paid for the Subscription Receipts in the event that this Prospectus and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days from the closing date of the offering of Subscription Receipts.

The description of general terms and provisions of Subscription Receipts described in any Prospectus Supplement will include, where applicable:

- the number of Subscription Receipts offered;
- the price at which the Subscription Receipts will be offered;
- if other than Canadian dollars, the currency or currency unit in which the Subscription Receipts are denominated;
- the procedures for the exchange of the Subscription Receipts into Common Shares or other securities;
- the number of Common Shares or other securities that may be obtained upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- the terms applicable to the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- the material tax consequences of owning the Subscription Receipts; and
- any other material terms, conditions and rights (or limitations on such rights) of the Subscription Receipts.

The Company reserves the right to set forth in a Prospectus Supplement specific terms of the Subscription Receipts that are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Subscription Receipts described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Subscription Receipts.

DESCRIPTION OF WARRANTS

The following description, together with the additional information the Company may include in any applicable Prospectus Supplements, summarizes the material terms and provisions of the Warrants comprised in the Units that the Company may offer under this Prospectus in one or more series. While the terms the Company has summarized below will apply generally to any Warrants that it may offer under this Prospectus, the Company will describe the particular terms of any series of Warrants that it may offer in more detail in the applicable Prospectus Supplement. The terms of any Warrants offered under a Prospectus Supplement may differ from the terms described below.

General

Warrants will be issued under and governed by the terms of one or more warrant indentures (each a "**Warrant Indenture**") between the Company and a warrant trustee (the "**Warrant Trustee**") that the Company will name in the relevant Prospectus Supplement. Each Warrant Trustee will be a financial institution organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee.

This summary of some of the provisions of the Warrants is not complete. The statements made in this Prospectus relating to any Warrant Indenture and Warrants to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Warrant Indenture. Prospective investors should refer to the Warrant Indenture relating to the specific Warrants being offered for the complete terms of the Warrants. A copy of any Warrant Indenture relating to an offering of Warrants will be filed by the Company with the applicable securities regulatory authorities in Canada after the Company has entered into it.

The applicable Prospectus Supplement relating to any Warrants offered by the Company will describe the particular terms of those Warrants and include specific terms relating to the offering.

The particular terms of each issue of Warrants will be described in the applicable Prospectus Supplement. This description will include, where applicable:

- the designation and aggregate number of Warrants;
- the price at which the Warrants will be offered;

- the date on which the right to exercise the Warrants will commence and the date on which the right will expire;
- the number of Common Shares that may be purchased upon exercise of each Warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each Warrant;
- the designation and terms of any Securities with which the Warrants will be offered, if any and the number of Warrant that will be offered with each Security;
- the date or dates, if any, on or after which the Warrants and the other Securities with which the Warrants will be offered will be transferable separately;
- whether the Warrants will be subject to redemption and, if so, the terms of such redemption provisions;
- whether the Company will issue the Warrants as global securities and, if so, the identity of the depositary of the global securities;
- whether the Warrants will be listed on any exchange;
- material United States and Canadian federal income tax consequences of owning the Warrants; and
- any other material terms or conditions of the Warrants.

PRIOR SALES

Public Offering of Subscription Receipts

On November 27, 2009, Medicago completed a bought deal financing of 16,100,000 subscription receipts at a price of $0.72 per subscription receipt for total gross proceeds of $11,592,000. This offering was made pursuant to a short form prospectus dated November 19, 2009 and filed in the provinces of Québec, Ontario, Alberta, Saskatchewan and British Columbia. The offering was conducted through a syndicate of underwriters led by Paradigm Capital Inc., as lead underwriter, together with Bloom Burton & Co. and Dundee Securities Corporation. Each Subscription Receipt entitled the holder thereof to receive one unit of Medicago, without any additional consideration, upon the earlier of: (i) the date on which PMP refuses to exercise the Preemptive Right (as defined hereinafter); (ii) the date on which PMP subscribed to units of Medicago pursuant to its Preemptive Right (as defined hereinafter); or (iii) December 15, 2009. Each unit consisted of one Common Share and one half of one Common Share purchase warrant, each whole warrant being exercisable at a price of $1.00 until 5:00 p.m. on November 26, 2010. On December 14, 2009, the subscription receipts have been converted into units. PMP has elected not to exercise its Preemptive Right (as defined hereinafter).

Exercise of Warrants

The following table details the warrants exercised by their respective holders each month for the last 12-month period.

	Warrants issued on March 14, 2008 having an exercise price of $0.25 per warrant		**Warrants issued on August 29, 2008 having an exercise price of $0.30 per warrant**		**Warrants issued on December 14, 2009 having an exercise price of $1.00 per warrant**	
	Number of warrants	**Total Subscription Price ($)**	**Number of warrants**	**Total Subscription Price ($)**	**Number of warrants**	**Total Subscription Price ($)**
June 2009	11,500	2,875.00	115,000	34,500.00	-	-
July 2009	464,250	116,062.50	1,325,750	397,725.00	-	-
August 2009	716,000	179,000.00	4,064,250	1,219,275.00	-	-
September 2009	427,500	106,875.00	-	-	-	-
October 2009	145,000	36,250.00	-	-	-	-
November 2009	410,000	102,500	-	-	-	-
December 2009	655,000	163,750	-	-	-	-
January 2010	112,500	28,125	-	-	-	-
February 2010	454,250	113,562.50	-	-	-	-

March 2010	2,876,750	719,187.50	-	-	-	-
April 2010	-	-	-	-	-	-
May 2010	-	-	-	-	-	-
June 2010 (up until June 24, 2010)	-	-	-	-	-	-
TOTAL	6,272,750	1,568,187.50	5,505,000	1,651,500	-	-

USE OF PROCEEDS

Unless otherwise specified in a Prospectus Supplement, the net proceeds received by the Company from the sale of the Securities will be used for working capital and general corporate purposes including, but not limited to, pursuing its research and development initiatives for its plant manufactured Influenza VIP vaccines and continue its research program for its seasonal influenza vaccine. A Prospectus Supplement will contain specific information about the use of proceeds from the sale of the Common Shares under that Prospectus Supplement.

More detailed information regarding the use of proceeds from the sale of securities will be described in any applicable Prospectus Supplement. Pending the application of the net proceeds, the Company intends to invest the net proceeds in investment-grade, interest-bearing securities, the primary objectives of which are liquidity and capital preservation.

The Company will not receive any proceeds from the resale of Common Shares that the Subscriber may purchase from the Company pursuant to the SEDA described below. All net proceeds from the resale of any such Common Shares will go to the Subscriber.

STANDBY EQUITY DISTRIBUTION AGREEMENT

In accordance with the terms of the SEDA, Medicago will have the right, from time to time during a period of up to 36 months from the date of the SEDA (the "**Commitment Period**"), to issue and sell to the Subscriber, and the Subscriber undertakes to acquire from Medicago, Common Shares for a maximum aggregate consideration of $10,000,000 (the "**Commitment Amount**") upon exercise by Medicago of a draw down (each, a "**Draw Down**").

Medicago will be entitled to give, at any time during the Commitment Period, a draw down notice (each, a "**Draw Down Notice**") notifying the Subscriber of its intention to make a Draw Down in accordance with the SEDA as well as informing it of the amount of the Draw Down (the "**Investment Amount**").

The purchase price of the Common Shares will be (i) 95% of the relevant daily volume-weighted average price per Common Shares on the TSX for the applicable day (the "**Average Daily Price**") if such Average Daily Price is equal to or greater than $0.20; (ii) 92.5% of the relevant Average Daily Price of the Common Shares if such Average Daily Price is equal or greater than $0.15 but less than $0.20; and (iii) 90% of the relevant Average Daily Price of the Common Shares if such Average Daily Price is equal to or greater than $0.10 but less than $0.15 (collectively, the "**Purchase Price**").

On the Trading Day (meaning any day on which the TSX is open for business) following the submission of the Draw Down Notice, will begin a period of ten consecutive Trading Days (the "**Draw Down Pricing Period**") during which the Subscriber will purchase, on each Trading Day, a number of Common Shares determined by dividing the numerator (10% of the Investment Amount) by the denominator (the Purchase Price on the relevant Trading Day) (each, a "**Daily Share Amount**").

The gross proceeds received by the Company in connection with the issuance of the Common Shares to the Subscriber with respect to each Draw Down will be settled on the 11th Trading Day after the commencement of the relevant Draw Down Pricing Period (the "**Settlement Date**").

The maximum amount of a Draw Down will be the lesser of $500,000 or the remaining portion of the Commitment Amount.

The Subscriber will not be required to purchase any Common Shares for a price lower than $0.10, provided that if the Subscriber decides, in its sole discretion, to purchase any Common Shares at a price below $0.10, the Average Daily Price for such Common Shares will be deemed to be $0.10.

The Company will not issue a Draw Down Notice during any period of time in which PMP has the right to receive notice or the right to purchase Common Shares or any other securities of the Company pursuant to the terms of the Preemptive Right Agreement (as defined below).

The aggregate number of Common Shares issued and sold by the Company in connection with each Draw Down will be equal to the aggregate of all of the Daily Share Amount during the Draw Down Pricing Period plus the number of Common Shares issued to PMP, if it elects to exercise its Preemptive Right, to enable it to maintain its Proportionate Entitlement.

If the Subscriber, within 40 days of a Settlement Date resells any of the Common Shares acquired by it pursuant to a Draw Down, the Company will recognize such transactions as being in the course of or incidental to a distribution and will recognize the first purchasers thereof (the "**First Purchasers**") as having purchased pursuant to such distribution.

Each First Purchaser will be entitled to certain statutory rights pursuant to applicable securities legislation in the event there is a misrepresentation in the Prospectus as at the date of the Prospectus which rights will include: (i) a right of action for damages in respect of the purchase of the Common Shares exercisable against the Company, every director of the Company, the auditors of the Company and every other person who signed the Prospectus in accordance with the rights of action set forth in applicable securities laws as if the First Purchasers had purchased the Common Shares directly from the Company; and (ii) a right of action for rescission against the Company.

The Subscriber has the right to send a letter to each First Purchaser or its broker advising of its status as First Purchaser and advising it that, as such, the First Purchaser has certain statutory rights as set forth in the final prospectus and directing the First Purchaser or its broker to the SEDAR website where it may obtain a copy of the Prospectus.

During the term of the SEDA, the Subscriber covenants that none of the Subscriber, its affiliates, associates, partners or insiders will hold a net "short position" in Common Shares. The Subscriber may sell Shares to hedge its obligations to purchase Common Shares provided that its trading activities with respect to the Common Shares are in compliance with the applicable securities laws, the Regulatory Relief and the rules of the TSX. From the time of delivery of a Draw Down Notice, the Subscriber, its affiliates, associates, partners or insiders will not engage in any trading of the Common Shares until the Draw Down has been announced by a press release.

The Subscriber will not, directly or indirectly, together with any of its affiliates, associates, partners or insiders, own at any time, directly or indirectly, Common Shares representing more than 9.9% of all issued and outstanding Common Shares.

In effecting any resales of the Common Shares, the Subscriber will not engage in any sales, marketing or solicitation activities of the type undertaken by underwriters in the context of a public offering. More specifically, the Subscriber will not (i) advertise or otherwise hold itself out as a dealer; (ii) purchase or sell securities as principal from or to customers; (iii) carry a dealer inventory in securities; (iv) quote a market in securities; (v) extend or arrange for the extension of credit in connection with securities transactions; (vi) run a book of repurchase and reverse repurchase agreements; (vii) use a carrying broker for securities transactions; (viii) lend securities for customers; (ix) guarantee contract performance or indemnify the Company for any loss or liability from the failure of the transaction to be successfully consummated; (x) participate in a selling group; or (xi) during a Draw Down Pricing Period, together with any affiliate, associate and subsidiaries, sell Common Shares for gross proceeds in aggregate exceeding the Investment Amount.

The Subscriber will not solicit offers to purchase Common Shares and will complete all sales of Common Shares through a dealer unaffiliated with it and Medicago and appropriately registered under applicable securities laws.

The Subscriber may terminate the SEDA upon the occurrence of certain events, including but not limited to (i) any order to cease or suspend trading in the Common Shares having been made by a regulatory authority with respect to the Company's Common Shares, (ii) the Common Shares having been delisted from the TSX or any other exchange on which the shares are then listed, (iii) an event resulting in a material adverse effect on the Company which has not been cured, and (iv) the Company having filed for protection from creditors under any applicable law.

In addition to the rights of the Subscriber to terminate the SEDA, the obligation of the Subscriber to accept a Draw Down request, and to purchase the Common Shares to the extent of such Draw Down request is subject to the satisfaction of a number of certain conditions, including, but not limited to (i) each of the representations and warranties contained in the SEDA is true and correct as if made as of the applicable Settlement Date, (ii) trading in

the Common Shares not having been suspended by regulatory authorities, (iii) no material adverse effect having occurred with respect to the Company, or (iv) all applicable regulatory approvals having been obtained.

The SEDA also contains provisions customary for agreements of its sort, including the following provisions:

(a) the Company has agreed to maintain its status as a reporting issuer in good standing and to ensure that its Common Shares remain listed on the TSX or another stock exchange or over-the-counter market acceptable to the Subscriber during the Commitment Period and for a period of at least six months thereafter;

(b) the Company has agreed not to effect any merger or consolidation of the Company with or into, or transfer all of substantially all of the assets of the Company to, another entity without the consent of the Subscriber, not to be unreasonably withheld; and

(c) the Company has agreed to obtain all necessary approvals and consents in connection with the Offering, including all necessary regulatory approvals.

The Company has paid to the Subscriber on May 13, 2010, being the date the Company and the Subscriber entered into the SEDA, an amount of $30,000 in cash, for the fees and expenses incurred by the Subscriber with respect to the drafting and execution of the SEDA. A commitment fee of $75,000 will also be paid to the Subscriber through the issuance of Common Shares. The amount of shares to be issued was determined by dividing such commitment fee of $75,000 by the volume weighted average price of the Common Shares on the five trading days immediately preceding May 13, 2010, being the date of execution of the SEDA. The Company may file a Prospectus Supplement with respect to the issuance of such Common Shares.

In addition, in consideration for its role as adviser of the Company in connection with the SEDA, Bloom Burton & Co. will receive, on the Settlement Date of each Draw Down, an amount in cash representing 2.5% of the amount of such Draw Down and, concurrently with the filing of the final prospectus, a number of broker warrants entitling their holder to acquire 200,000 Common Shares at an exercise price of $0.50 per share for a term of one year following their date of issuance.

PLAN OF DISTRIBUTION

General

The Company may sell its Securities to or through underwriters, dealers, placement agents or other intermediaries and the Company may also sell its securities directly to purchasers or through agents in negotiated transactions, block trades, equity lines of credit or a combination of these methods, subject to obtaining any applicable exemption from registration requirements. The Securities offered pursuant to any Prospectus Supplement may be sold from time to time in one or more transactions at: (i) a fixed price or prices, which may be changed from time to time; (ii) market prices prevailing at the time of sale; (iii) prices related to such prevailing market prices; or (iv) other negotiated prices. The Company may only offer and sell the Securities pursuant to a Prospectus Supplement during the 25-month period that this Prospectus, including any amendments hereto, remains effective. The Prospectus Supplement for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the type of Security being offered, the name or names of any underwriters, dealers or agents, the purchase price of such Securities, the proceeds to the Company from such sale, any underwriting commissions or discounts and other items constituting underwriters' compensation and any discounts or concessions allowed or re-allowed or paid to dealers. Only underwriters so named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered thereby.

In connection with the sale of Securities, underwriters may receive compensation from the Company or from purchasers of Securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters, dealers, placement agents or other intermediaries that participate in the distribution of Securities may be deemed to be underwriters and any discounts or commissions received by them from the Company and any profit on the resale of securities by them may be deemed to be underwriting discounts and commissions under applicable securities legislation.

If so indicated in the applicable Prospectus Supplement, the Company may authorize dealers or other persons acting as its agents to solicit offers by certain institutions to purchase the Securities directly from the Company pursuant to contracts providing for payment and delivery on a future date. These contracts will be subject only to the conditions

set forth in the applicable Prospectus Supplement, which will also set forth the commission payable for solicitation of these contracts.

Any offering of Preferred Shares, Warrants, Units or Subscription Receipts will be a new issue of Securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Preferred Shares, Warrants, Units or Subscription Receipts will not be listed on any securities exchange. **Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Preferred Shares, Warrants, Units or Subscription Receipts may be sold and purchasers may not be able to resell Preferred Shares, Warrants, Units or Subscription Receipts purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Preferred Shares, Warrants, Units or Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.** Certain dealers may make a market in the Preferred Shares, Warrants, Units or Subscription Receipts.

Equity Line of Credit

The commitment made by the Subscriber under the SEDA is commonly referred to as an equity line of credit or an equity line. The following is an overview describing the operating mechanics of an equity line of credit. This overview does not purport to be complete and is subject to and qualified in its entirety by the more specific description set forth in this Prospectus and by the terms of the SEDA.

An equity line of credit is an agreement between a public company and a purchaser under which the purchaser commits to purchasing a specified maximum dollar amount of securities. The company has the right, but not the obligation, to sell the securities that are the subject of the equity line to the purchaser in a series of draw-downs over a specified period of time. The company has the sole ability to determine the dollar amounts of securities to sell, subject to maximum dollar amounts for each draw down and the aggregate maximum dollar amount for the entire equity line. The aggregate value, subject to adjustments, of shares the purchaser must purchase is determined by the dollar amount specified in any applicable draw down.

During a draw-down, the company can sell securities to the purchaser up to a specified dollar amount. When the company gives the purchaser notice that the company intends to make a draw-down under the equity line, the purchaser is obligated to purchase the dollar amount of securities from the company at a predetermined percentage discount from the volume weighted average price of the company's securities over a period of trading days.

Under an equity line, a purchaser, following receipt of a draw down notice, may seek to finance the purchase of securities that are the subject of the draw down notice, directly or indirectly, through the sale of the same or equivalent securities of the company in the secondary market. Specifically, the purchaser may seek to sell the securities or equivalent securities it owns, or engage in similar hedging strategies, in order to reduce the economic risk associated with the purchase of the securities of the company under the draw down, and profit from the discount to market. Consequently, the purchaser may be considered to be acting as an "underwriter" as that term is defined under applicable securities laws and a draw down under an equity line of credit may be considered to be an indirect distribution of securities of the company by the company to purchasers of the securities from the purchaser with the purchaser acting as the underwriter of the distribution.

Resale by Subscriber of Common Shares issued under the SEDA

On May 13, 2010, the Company entered into the SEDA with the Subscriber, pursuant to which the Subscriber is committed to purchase up to $10,000,000 of Common Shares. See "Standby Equity Distribution Agreement". Following completion of a Draw Down Pricing Period, the Company will file a Prospectus Supplement covering the issuance to the Subscriber and the resale by the Subscriber of such Common Shares. The Subscriber may sell any or all of these Common Shares on the TSX or any other stock exchange, market or trading facility on which the Common Shares are traded or in private transactions in accordance with applicable securities laws. These sales may be at fixed or negotiated prices.

The Subscriber has informed the Company that it may use any one or more of the following methods when selling Common Shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the Common Shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- broker-dealers may agree with the Subscriber to sell a specified number of such Common Shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Subscriber has agreed that from and after the date of execution of the SEDA until its termination, neither the Subscriber nor any of its trading affiliates will engage in any short sales with respect to the Common Shares, provided that nothing in the SEDA shall prohibit the Subscriber from selling any Common Shares that it does "own", or have the unconditional right to receive, at the time of sale, subject to applicable regulatory requirements. The Subscriber has further agreed that during the duration of the SEDA, it will not grant any option to purchase or acquire any right to dispose or otherwise dispose for value of any Securities or any Securities convertible into or exercisable or exchangeable for, or warrants to purchase, any Securities, or enter into any swap, hedge or other agreement that transfers, in whole or in part, the economic risk of ownership of any Securities, except for the sales permitted by the prior two sentences.

Offering of Securities

The Prospectus Supplement will set forth the terms of the offering of Securities, including:

- the name or the names of any underwriters, dealers or other placement agents, if any;
- the purchase price of, and form of consideration for, the Securities and the proceeds;
- any delayed delivery arrangements;
- any underwriting commission, fees, discounts and other items constituting underwriters' compensation;
- the offering price;
- any discounts or concessions allowed or re-allowed or paid to dealers; and
- any other securities exchanges on which the Securities may be listed, if any.

Only the underwriters named in a Prospectus Supplement are deemed to be underwriters in connection with the Common Shares offered by that Prospectus Supplement.

The Common Shares may be sold, from time to time in one or more transactions at a fixed price or prices that may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market price or at negotiated prices.

Under agreements that may be entered into by Medicago, underwriters or dealers and agents who participate in the distribution of securities may be entitled to indemnification by the Company against certain liabilities, including liabilities under any applicable Canadian provincial securities legislation, or to contribution with respect to payment that such underwriters, dealers or agents may be required to make in that respect.

In connection with an offering, the underwriters, if any, may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time and would be subject to applicable law.

By Underwriters or Dealers

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Unless otherwise set forth in the Prospectus

Supplement relating thereto, the obligations of underwriters to purchase the Securities will be subject to certain conditions, but the underwriters will be obligated to purchase all of the Securities offered by the Prospectus Supplement if any of such Securities are purchased. The Company may agree to pay the underwriters a fee or commission for various services relating to the offering of any Securities. Any such fee or commission will be paid out of the general corporate funds of the Company.

If dealers are used, and if so specified in the applicable Prospectus Supplement, the Company will sell such Securities to the dealers as principals. The dealers may then resell such Securities to the public at varying prices to be determined by such dealers at the time of resale. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

By Agents

The Securities may also be sold through agents designated by the Company. Any agent involved will be named, and any fees or commissions payable by the Company to such agent will be set forth, in the applicable Prospectus Supplement. Any such fees or commissions will be paid out of the general corporate funds of the Company. Unless otherwise indicated in the Prospectus Supplement, any agent will be acting on a best efforts basis for the period of its appointment.

Direct Sales

Securities may also be sold directly by the Company at such prices and upon such terms as agreed to by the Company and the purchaser including PMP or its affiliates, upon exercise of its Preemptive Right (as defined below) See "Preemptive Right – Philip Morris Participations B.V.". In this case, no underwriters, dealers or agents would be involved in the offering.

Preemptive Right – Philip Morris Participations B.V.

Medicago is party to a Representation Right and Preemptive Right Agreement (the "**Preemptive Right Agreement**"), made as of October 21, 2008 with PMP and available on SEDAR, under which Medicago cannot issue Common Shares without offering to PMP or to its affiliates to subscribe to a number of Common Shares (the "**Preemptive Right**") which would preserve a participation by PMP of (i) 40.6% of all the issued and outstanding Common Shares assuming the exercise of all outstanding warrants and options of Medicago except for the warrants held by PMP; and (ii) a number of Common Share purchase warrants such that, if exercised, PMP will have a controlling interest of 58.3% in Medicago calculated on a fully diluted basis (the "**Proportionate Entitlement**"). Medicago will notify PMP in accordance with the terms of the Preemptive Right Agreement of any offering of Securities to allow PMP to exercise its Preemptive Right in the event that PMP elects to maintain its Proportionate Entitlement.

The securities that may be issued to PMP, if PMP elects to exercise its Preemptive Right, are qualified by the Prospectus.

MARKET FOR SECURITIES

The following table sets forth the reported high and low sales prices in Canadian dollars and the cumulative volume of trading of the Common Shares for the periods indicated below:

Medicago Inc.*			
	Price Ranges		**Trading Volumes**
	High ($)	**Low ($)**	
June 2009	0.37	0.25	6,058,269
July 2009	0.63	0.245	26,825,377
August 2009	0.72	0.40	18,156,300
September 2009	0.82	0.57	16,998,114
October 2009	0.74	0.65	5,327,950
November 2009	0.84	0.65	8,770,960

Medicago Inc.*			
	Price Ranges		Trading Volumes
December 2009	0.86	0.61	13,775,302
January 2010	0.67	0.46	6,905,902
February 2010	0.60	0.42	4,220,043
March 2010	0.62	0.47	5,051,396
April 2010	0.57	0.43	4,616,142
May 2010	0.55	0.37	2,055,519
June 2010 (up until June 24, 2010)	0.45	0.39	2,317,174

*The Common Shares were listed on the TSX Venture Exchange until May 14, 2010, when they commenced trading on the TSX.

RISK FACTORS

There are a number of risks that prospective purchasers should consider before investing in the securities of Medicago, including, but not necessarily limited to, those risks highlighted in this Prospectus and in other documents incorporated by reference herein. An investor should carefully consider the following risk factors in addition to the other information contained in this Prospectus before purchasing Common Shares. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations and cause the price of the Common Shares to decline. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of the Common Shares could decline, and an investor may lose all or part of his or her investment.

Risk Factors related to the Business of Medicago

Additional Financing Requirements and Access to Capital

The Company requires significant additional funds for further research and development, planned clinical trials, regulatory approvals, establishment of pilot scale and commercial manufacturing capabilities and the marketing of its products and product candidates. Medicago has no committed sources of capital. An attempt may be made to raise additional funds for the aforementioned purposes through public or private equity or debt financing, and collaborations with other companies, or financing from other sources may be undertaken. There can be no assurance that additional funding will be available at reasonable terms or at all. Any future equity financing may be dilutive to existing shareholders. If Medicago cannot obtain adequate funding on reasonable terms, it may need to: terminate or delay clinical trials for its product candidates; delay its establishment of sales or marketing capabilities; curtail significant product development programs that are designed to identify new product candidates; and sell or assign rights to its technologies, products or product candidates. The Company's ability to sell or monetize its technologies or products or the terms at which it could do so could be limited by the terms of existing agreements, including the right of first refusal of PMP on the Company's technology platform.

Recent market events and conditions

In 2007, 2008 and into 2009, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions continued and worsened in 2008 and early 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

Stage of Development

Medicago is still in development and still has a short operating history. The Company's product candidates or third-party products will require additional development and investments to move through commercialization and it is not certain that these products will be produced at reasonable cost and quality or be successfully marketed. It is not known whether the Company's investment in such products or product candidates will be recovered through sales or royalties.

Since the Company's more advanced products are in clinical development, the Company still has not fully demonstrated efficacy in humans for any of the Company's produced proteins or received any regulatory market approval. It is not known whether the Company will meet applicable health regulatory standards and obtain the required regulatory approvals for its actual products or product candidates.

Currently, the Company's ability to produce a commercial quantity of its products and product candidates has not been tested and the Company still does not have the manufacturing capacity to produce at such a commercial level. Additional investments will be required to build the manufacturing capacity to meet the market needs and these scale-up operations may change the Company's cost structure that may affect some of its platform benefits or lower capital costs and lower the cost of goods sold.

The Company is still several years away from commercialization and it may encounter unforeseen difficulties or delays in its operations and it is possible that competitors may develop alternative production methods which could reduce the Company's competitive advantages.

Medicago is highly dependant on the success of its lead product, its H5N1 vaccine candidate

Medicago depends heavily on the success of its lead product, its H5N1 vaccine candidate. Medicago has invested a significant portion of its financial resources in the development of this lead product and anticipates that in the near term, its ability to generate significant revenues will depend primarily on the successful development and commercialization of this product. Although Medicago has other technologies and products under development, they are at an earlier stage of development.

History of Operating Losses

As at the present date, the Company has not recorded any revenues from the sale of products or product candidates. The Company has an accumulated deficit, since its inception through December 31, 2009 of $56,395,186. Losses could increase in the near term as the Company continues its product development and, in the case of pharmaceutical proteins, seeks regulatory approval for the sale of its product candidates. Operating losses are expected to be incurred until such time as product sales and royalty payments are sufficient to generate revenues to fund its continuing operations. Quarter-to-quarter fluctuations in revenues, expenses and losses are also expected. Medicago may never achieve profitability. Even if it achieves profitability, it may not be able to maintain profitability on an annual or quarterly basis. Medicago's failure to become and remain profitable would depress the market price of its common shares and could impair its ability to raise capital, expand its business, expand its product pipeline or continue its operations.

Regulation of Drug and Product Approval

Potential purchasers should be aware of the risks, problems, delays, expenses and difficulties which the Company may encounter in light of the extensive regulatory environment in which its business is carried on. Numerous statutes and regulations govern the manufacture and sale of human therapeutic products in Canada, the United States and other countries, the intended markets for the Company's products and product candidates. Such legislation and regulation bears upon the approval of manufacturing facilities, testing procedures and controlled research, preclinical and clinical data prior to marketing approval, including adherence to cGMP standards during production and storage, as well as regulation of marketing activities, including advertising and labelling. For example, the conditions of Health Canada on the manufacture of the Company's H5N1 vaccine candidate include compliance with cGMP standards. While the Company believes it is compliant with such cGMP standards, this will have to be

ascertained to Health Canada's satisfaction as part of the regulatory approval process. To the extent additional work is required in this connection, the estimated timing and costs for the development of its products may be adversely impacted.

Many of the products, product candidates and processes that the Company is currently developing require significant development, testing and the investment of significant funds prior to their commercialization. There can be no assurance that any of such products, product candidates or processes will actually be developed to a commercial level.

Before obtaining regulatory clearance for the commercial sale of any of the Company's pharmaceutical product candidates, the Company must demonstrate through preclinical studies and clinical trials that the potential product candidate is safe and efficacious for use in humans for each target indication. The results from preclinical studies and early clinical trials may not be predictive of results that will be obtained in large-scale testing, and there can be no assurance that the Company's clinical trials will demonstrate sufficient safety for an Investigational New Drug Application (the documentation submitted to the Food and Drug Administration (the "**FDA**") to obtain approval to test drug on patients) or subsequent phases or steps in human trials even after preclinical testing and/or human data is submitted. The failure to adequately demonstrate the safety and efficacy of a product candidate under development could delay or prevent regulatory clearance of the potential product candidate and would have a material adverse effect on the Company's success.

Any drug is likely to produce some toxicity or undesirable side effects in animals and in humans when administered as a monotherapy or in combination with other drugs. There can be no assurance that unacceptable toxicity, adverse events or side effects will not occur at any dose level at any time in the course of toxicological studies or of human clinical trials of the Company's potential product candidates as a monotherapy or in combination with other drugs. The appearance of any such unacceptable toxicity, adverse events or side effects in toxicology studies or in clinical trials could cause the Company or regulatory authorities to interrupt, limit, delay or abort the development of any of the Company's product candidates and could ultimately prevent their clearance by Health Canada, the FDA or other regulatory authorities, for any or all targeted indications. There can be no assurance that a phase, component or step of a trial will be successful or safely completed allowing a subsequent phase, step or component of a trial or a trial's design to commence. There is no assurance that Health Canada, the FDA or other regulatory authorities will accept a specific protocol or protocol design regardless of phase, steps or components of a phase. Furthermore, after a trial or phase of a trial has commenced, Health Canada, the FDA or other regulatory authorities could place the trial on clinical hold if Health Canada, the FDA or other regulatory authorities determine a trial or its design may be unsafe or require clarifications regarding protocol design. If the Company is placed on clinical hold, there is no assurance the objections or issues will be overcome or resolved and such trial could be postponed and/or terminated. Even after being cleared by Health Canada, FDA or other regulatory authorities, a product candidate may later be shown to be unsafe or not to have its purported effect, thereby preventing its widespread use or requiring withdrawal from the market. There can be no assurance that any product candidates the Company has developed or will develop will be safe when administered to patients.

The rate of completion of clinical trials in relation to the Company's products will be dependent upon, among other factors, the rate of patient enrolment. Patient enrolment is a function of many factors, including the size of the patient population, the nature of the protocol, competing trials for the same patient population, the proximity of parties to clinical sites, the eligibility criteria for the study and interest of clinical investigators. Delays in planned patient enrolment may result in increased costs, delays or termination of clinical trials, which could have a material adverse effect on the Company's success. In addition, the Company's staff has limited clinical experience and, as a result, will rely on third parties to assist the Company in overseeing and monitoring the clinical trials, which may result in delays in completing clinical trials, or them not being completed at all, if such third parties fail to perform under their agreements with the Company or fail to meet regulatory standards in the performance of their obligations under such agreements. There can be no assurance that the Company will be able to submit a new drug application as scheduled if clinical trials are completed or that any such applications will be reviewed and cleared by Health Canada or FDA in a timely manner or at all.

Also, the statutes, regulations, or policies of Canada, the United States or other countries may change and additional statutes or government regulations or policies may be enacted which could prevent, or impose additional restrictions on the continued marketing of drug products.

Limits and challenges after a regulatory approval

Even if regulatory approval of a product is granted, the approval may be subject to limitations on the uses for which the product may be marketed or to conditions of approval, which could affect the marketability of the product. Moreover, additional work on a product after regulatory approval at a certain development stage may be required to access the next development stage. This additional work could require significant costs and delay the advancement of the product.

In addition, the terms of approval may contain requirements for costly post-market follow-up studies or post-market surveillance to monitor the safety or efficacy of the product, which could reduce revenues, increase expenses or render the approved product not commercially viable. For example, Health Canada or the FDA could require implementation of a risk management program in order to monitor the potential abuse, misuse, diversion, or other risks associated with the utilization of a product. Also, regulatory submission is required to contain adequate data to assess the safety and efficacy of the drug for the claimed indication in all relevant pediatric subpopulations. Regulatory authorities may grant waivers and deferrals requests of this requirement or require various post-approval commitments.

If Medicago eventually receives regulatory approval to market a particular product, it will be subject to extensive ongoing regulatory requirements, including requirements relating to registration, manufacturing, labeling, advertising, promotion, adverse event reporting, packaging, distribution, storage, and record keeping. In addition, the manufacturing facilities for such product will be subject to continual review and periodic inspections by regulatory authorities. If Medicago fails to comply with the regulatory requirements of Health Canada, the FDA and other applicable domestic and foreign regulatory authorities, or if previously unknown problems with any approved commercial products, manufacturers or manufacturing processes are discovered, it could be subject to administrative or judicially imposed sanctions or other setbacks.

Potential inability to achieve projected development goals in the time frames announced and expected

Medicago sets goals for and make public statements regarding its expected timing of meeting the objectives material to its success, such as the commencement and completion of clinical trials, anticipated regulatory approval and product launch dates. The actual timing of these forward looking events can vary dramatically due to factors such as delays or failures in its clinical trials, the need to develop additional data required by regulators as a condition of approval, the uncertainties inherent in the regulatory approval process, delays in achieving manufacturing or marketing arrangements necessary to commercialize its product candidates and failure by its collaborators, marketing and distribution partners, suppliers and other third parties with whom Medicago has contractual arrangements, to fulfill, in whole or in part, their contractual obligations towards it.

Regulation of Genetically Engineered Plants

The Company must comply with regulations of the United States Department of Agriculture (the "**USDA**"), the Canadian Food Inspection Agency (the "**CFIA**") and other regulatory authorities for outdoor releases of genetically engineered organisms as well as other products designed for use on or with agricultural products. The USDA and the CFIA prohibit growing and transporting genetically modified plants except pursuant to an exemption or under special permits. In order to obtain the required permits, the Company will be required to demonstrate that the Company has satisfactory procedures for the growth of its genetically modified plants and for the control of seed stocks, harvested material, processing facilities, and waste material from such plants. There can be no assurance that permits will be granted to the Company in a timely fashion, if at all. In addition, the conditions to the grant of such permits may be time consuming or expensive for the Company to fulfill. Furthermore, changes in regulations or policies of the USDA, the CFIA and other regulatory authorities regarding the growth and movement or field release of genetically modified plant hosts could adversely affect the Company's business by increasing the cost of its products and technologies or decreasing consumer demand for those products and technologies or causing governments to prohibit their sale or use. If the Company fails to comply with such rules or policies, it may be subject to financial loss or be liable for costs incurred as a result of non-compliance. To the knowledge of the Company, no regulatory requirement for the outdoor commercial growth of transgenic plants producing pharmaceutical proteins has been promulgated in Canada, the United States or elsewhere.

Rapid Technological Change

Considering the rapid evolution and the substantial technological change of the industry, there can be no assurance that developments by others will not render the Company's technologies non-competitive or that the Company will

be able to keep pace with technological developments. The Company's competitors may also have developed or may be developing technologies which could become the basis for competitive products and product candidates. Some of these products and product candidates may prove to be more effective and less costly than the products and product candidates developed or that are being developed by the Company.

Dependence on Key Personnel

The Company depends on certain members of its management and scientific staff and the loss of services of one or more of said persons could adversely affect the Company. It is necessary for the Company to continue to implement and improve its management systems and to continue to recruit and train new employees in order to manage its growth effectively. In particular, the Company will need to recruit personnel with experience in cGMP manufacturing, drug development and quality control. While the Company has been able to attract and retain skilled and experienced personnel in the past, no assurance can be given that it will be able to do so in the future.

Competition

Technological competition is intense in the industry in which the Company operates. Competition comes from pharmaceutical companies, biotechnology companies and universities as well as companies that participate in each of the non-pharmaceuticals markets the Company is attempting to address with its products and product candidates. Many of the Company's competitors have substantially more financial and technical resources, more extensive research and development capabilities and greater marketing, distribution, production and human resources than the Company. Moreover, competitors may develop products before the Company develops its own products and product candidates and may obtain regulatory approval for such products and product candidates more rapidly than the Company. Products and product candidates and processes which are more effective than those that the Company intends to develop may be developed by the Company's competitors. Research and development by others may render the Company's technology, products and product candidates or processes non-competitive or obsolete.

Negative Public Reaction to Genetically Engineered Technology

Future commercial success of some of the Company's products and product candidates and of the products of some of its partners will depend in part on public acceptance of the use of genetically engineered products and product candidates, including drugs, plants and plant products. Claims that genetically engineered products and product candidates are unsafe for consumption or pose a danger to the environment may influence public attitudes, regardless of their veracity. Negative public reaction to genetically modified organisms and products and product candidates could result in greater government regulation of genetic research and resultant products and product candidates, including stricter labelling requirements, and could cause a decrease in the demand for the Company's products and product candidates, even if such products and product candidates do not result from genetically modified organisms.

Patents and Proprietary Rights

The Company's success depends, in part, on its ability to secure and protect its intellectual property rights and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights owned or licensed by the Company. Applications for patents in Canada, the United States and in other jurisdictions have been filed and the Company is actively pursuing them. The patent positions of pharmaceutical and biotechnology firms, including the Company, are uncertain and involve complex questions of law and fact for which important legal issues remain unresolved. Therefore, it is not clear whether the Company's pending patent applications will result in the issuance of patents or whether the Company will develop additional proprietary products and product candidates which are patentable. Part of the Company's strategy resides on its ability to secure a patent position around the production of a recombinant protein using its Proficia™ technology platform. There is no assurance that the Company will be successful in this approach and failure to secure patent protection may have a material adverse effect upon the Company and its financial condition. Also, the Company may fail in its attempt to commercialize products and product candidates without having to license additional patents, such as patents relating to plant transformation or the use of certain plant specific genetic elements. Moreover, it is not clear whether the patents issued or to be issued to the Company will provide it with any competitive advantages or if any such patents will be the target of challenges by third parties, whether the patents of others will interfere with its ability to market its products and product candidates or whether third parties will circumvent its patents by means of alternate processes. Furthermore, it is possible for others to develop products and product candidates which have the same effect as the Company's products and product candidates or production technologies on an independent basis or to design around technologies patented by the Company.

Patent applications relating to or affecting the Company's business have been filed by a number of pharmaceutical and biotechnology companies and academic institutions. A number of these technologies, applications or patents may conflict with the Company's technologies or patent applications and such conflict could reduce the scope of patent protection which the Company could otherwise obtain or even lead to refusal of its patent applications.

If third parties engage in activities that infringe the Company's proprietary rights, management's focus will be diverted and the Company may incur significant costs in asserting its rights. The Company may not be successful in asserting its proprietary rights, which could result in its patents being held invalid or a court holding that the third party is not infringing the Company's proprietary rights, either or which would harm the Company's competitive position. In addition, there is no assurance that others will not design around the Company's patented technology. Moreover, the Company may have to participate in interference proceedings declared by the U.S. Patent and Trademark Office, European opposition proceedings, or other analogous proceedings in other parts of the world to determine priority of invention and the validity of patent rights granted or applied for, which could result in substantial cost and delay, even if the eventual outcome is favourable to the Company.

There is no assurance that the Company will be able to enter into licensing arrangements on reasonable commercial terms, or develop or obtain alternative technology in respect of patents issued to third parties that incidentally cover its products or production technologies. Any inability to secure licenses or alternative technology could result in delays in the introduction of some of the Company's products or product candidates or even lead to prohibition of the development, manufacture or sale of certain products by the Company. Moreover, the Company could potentially incur substantial legal costs in defending legal actions which allege patent infringement, or by instituting patent infringement suits against others.

It is not possible for the Company to be certain that it is the creator of inventions covered by pending patent applications or that the Company was the first to file patent applications for any such inventions. No assurance can be given that the Company's patents, once issued, would be upheld by a court, or that a competitor's technology or product would be found to infringe on the Company's patents.

In addition, the Company's technology, products and products candidate may include intellectual property of third parties used under license, such as is currently the case with the Company's H5N1 vaccine candidate. The same risks and uncertainties described herein apply to such third parties' intellectual property, and could adversely affect the Company's ability to develop, manufacture or sell products or value its technologies.

Moreover, much of the Company's know-how technology which is not patentable may constitute trade secrets. Therefore, the Company requires its employees, consultants, advisors and collaborators to enter into confidentiality agreements. However, no assurance can be given that such agreements will provide for a meaningful protection of the Company's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure of information.

Potential Product Liability

A risk of product liability claims and related negative publicity is inherent in the development of human therapeutic and other products. Product liability insurance is expensive, its availability is limited, and may not be on terms acceptable to the Company, if at all. The commercialization of the Company's potential products and product candidates could be inhibited or prevented by an inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims. A product liability claim against the Company or the withdrawal of a product or product candidates from the market could have a material adverse effect upon the Company and its financial condition.

Unproven Market

Much of the Company's strategy is based on the belief that the application of its technologies to develop products and product candidates for the markets it is addressing will result in the creation of new, commercially viable products. Notwithstanding the Company's estimated market potential for its products and product candidates, no assurance can be given that these beliefs will prove to be correct owing to, in particular, competition from existing or new products and the yet to be established commercial viability of its products and product candidates.

Market Acceptance

Even if the Company develops safe and effective products and obtains the necessary regulatory approvals, the process will take years, and by the time this occurs, because of the competitive and dynamic nature of the drug development industry, there is a risk that at such time, any such product:

- will not be economical to market, reimbursable by third party payers, or marketable at prices that will allow the Company to achieve profitability;
- will not be successfully marketed or achieve market acceptance;
- will not be preferable to existing or newly developed products marketed by third parties; or,
- will infringe proprietary rights held by third parties now or in the future that would preclude Medicago from marketing any such product.

The degree of market acceptance of products developed by Medicago, if any, will depend on a number of factors, including the establishment and demonstration in the medical community of the clinical efficacy and safety of the Company's products and their potential advantage over alternative treatment methods. There is no assurance that physicians, patients or the medical community in general will accept and utilize any products that may be developed by the Company.

In addition, by the time the Company's products, if any, are ready to be commercialized, what the Company believes to be the market for these products may have changed. Any estimates referenced herein of the number of patients who have received or might have been candidates to use a specific product may not accurately reflect the true market or market prices for such products or the extent to which such products, if successfully developed, will actually be used by patients.

The Company's failure to successfully introduce and market its products that are under development would have a material adverse effect on its business, financial condition and results of operations.

Sales, Marketing and Distribution Capabilities

The Company currently has no sales, marketing or distribution capability. The Company intends to rely primarily on its partners to market its product candidates, if and when approved; however, there can be no assurance that such partners or collaborators have effective marketing, sales and distribution capabilities.

If the Company or its partners are unable to establish or maintain relationships with partners with sales, marketing or distribution capabilities and the Company or its partners are required to market any of the Company's products directly, the Company or its partners will have to develop a marketing and sales force with technical expertise and with supporting distribution capabilities. There can be no assurance that the Company or its partners will be able to establish or maintain such relationships with third parties or develop in-house marketing, sales and distribution capabilities.

Commercial Manufacturing

The Company has no experience manufacturing commercial quantities of products and does not currently have the resources to commercially manufacture any products that the Company may develop. Accordingly, if the Company becomes successful in developing any product with commercial potential, the Company would either be required to develop the facilities to manufacture independently or secure a contract manufacturer or enter into another arrangement with third parties to manufacture such products. If the Company is unable to develop such capabilities or enter into any such arrangement on favourable terms, the Company may be unable to compete effectively in the marketplace. If the Company is unable to manufacture or contract for a sufficient supply of product on acceptable terms, or if the Company encounters delays or difficulties in its relationships with manufacturers or collaborators, its preclinical, clinical testing and/or product sales could be delayed, thereby delaying the submission of products for regulatory approval and/or market introduction and subsequent sales of such products.

Dependence on Collaborative Partners

The Company's strategy is to enter into various arrangements for clinical testing, and eventual manufacturing, marketing and commercialization of its products and product candidates. The Company also expects to enter into collaborations for the potential development and commercialization of its products and product candidates with other firms, pursuant to which the Company may receive additional funding, including milestone payments. The

Company also intends to enter into additional corporate partnership agreements to develop and commercialize products and product candidates based upon its core technology. However, the conclusion of any such agreements may be delayed or limited by the terms of other existing agreements to which the Company is a party, including the right of first refusal under the existing agreements with PMP on the Company's technology platform. There can be no assurance that the Company will be able to establish such additional collaborations on favourable terms, if at all, or that its current or future collaborative arrangements will be successful.

Should any collaborative partner fail to successfully develop or commercialize any product or product candidate to which it has rights, or any of the partners' products or product candidates to which the Company has rights, its business may be adversely affected. In addition, while the Company believes that its actual and eventual collaborative partners will have sufficient economic motivation to continue their funding, there can be no assurance that any of these collaborations will be continued or will result in successfully commercialized products or product candidates. Failure of a collaborative partner to continue funding any particular program could delay or halt the development or commercialization of any products or product candidates arising out of such program. In addition, there can be no assurance that the collaborative partners will not pursue alternative technologies or develop alternative products or product candidates either on their own or in collaboration with others, including the Company's competitors.

Hazardous Materials: Environmental Matters

The Company's discovery and development processes involve the controlled use of hazardous and radioactive materials. The Company is subject to federal, provincial and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could exceed its financial capabilities. The Company is not specifically insured with respect to this liability. Although the Company believes that it is in compliance with applicable environmental laws and regulations in all material respects and currently does not expect to make material capital expenditures for environmental control facilities in the near-term, there can be no assurance that the Company will not be required to incur significant costs to comply with environmental laws and regulations in the future, or that current or future environmental laws or regulations will not have a material adverse affect on its operations, business or assets.

Income Tax Matters

The Company has determined that it was eligible for investment tax credits on expenditures incurred on scientific research and experimental development. There is a risk that the governmental agency could conclude that: (i) some or all of the expenditures were not incurred on scientific research and experimental development activities, and (ii) the rate applicable to such credit is different from the rate claimed by the Company, and, therefore the governmental agency could reduce or disallow claims for such credits, including refundable credits.

Growth Management

Rapid growth in any area of the Company's business could place a significant strain on its managerial, operational and technical resources. The Company expects operating expenses and staffing levels to increase in the future. To manage its growth, the Company must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Company will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, add resources on a cost-effective basis or properly manage the Company's expansion could have a material adverse effect on its business and results of operations.

Risk Factors related to the Offering

Immediate Dilution

Purchasers who purchase Securities under this Prospectus and any Prospectus Supplement may pay more for their Securities than the amounts paid by existing shareholders or securityholders of the Company for their Securities. As a result, such purchasers in any offering made under this Prospectus and any Prospectus Supplement may incur immediate and substantial dilution. Also, convertible securities have been issued by the Company at a lower price than the present market value of the Common Shares, consequently, purchasers who purchase Securities under this Prospectus and any Prospectus Supplement may incur substantial dilution in the near future. Furthermore, should

PMP elects to exercise its Preemptive Right, purchasers in the offering made under this Prospectus may incur an additional dilution as a result of the Securities to be issued to PMP to maintain its Proportionate Entitlement.

Negative Effect on Market Price of Issuances under this Prospectus

Subject to market conditions and the Company's capital needs, the Company may again seek to use any remaining availability under this Prospectus by making an offering of Securities covered for sale under this Prospectus. In addition, the Company may amend this Prospectus or file a new prospectus to increase its potential access to capital. The addition of these Securities into the market will be dilutive to existing shareholders and may have an adverse effect on the price of the Common Shares.

Negative Effect on Market Price of Issuances under the Equity Line of Credit

On May 13, 2010, the Company entered into the SEDA with the Subscriber, pursuant to which the Subscriber has irrevocably committed to purchase up to $10,000,000 of Common Shares, at the Company's sole discretion, provided that in no event may the Company sell more than the lower of (i) in any 12 month period, 10% of the aggregate number of Common Shares outstanding calculated at the beginning of such period, and (ii) 19.9% of the Company's issued and outstanding Common Shares at the date of the SEDA. Until May 13, 2013, the Company has the right, but not the obligation, to sell Common Shares to the Subscriber. From time to time during the term of the SEDA, and at the Company's sole discretion, the Company may present the Subscriber with draw down notices requiring the Subscriber to purchase the Company's Common Shares. The per share purchase price for these shares will equal the Average Daily Price of the Common Shares on each date during the Draw Down Pricing Period on which shares are purchased, less a discount ranging from 5% to 10%, based on the Average Daily Price of the Common Shares. As a result, the existing common shareholders will experience immediate dilution upon the purchase of any of the Common Shares by the Subscriber under this agreement. The sale of Common Shares under this equity line will be dilutive to existing shareholders and may have an adverse effect on the price of the Common Shares.

The Subscriber may resell some, if not all, of the shares issued to them under the SEDA and such sales could cause the market price of the Common Shares to decline significantly with advances under the SEDA. To the extent of any such decline, any subsequent advances would require the Company to issue a greater number of Common Shares to the Subscriber in exchange of each dollar of the advance. Under these circumstances, existing shareholders of the Company would experience greater dilution.

Short Sales by Third Parties

Any downward pressure on the price of the Common Shares caused by the sale of Common Shares issued under the SEDA could encourage short sales by third parties. In a short sale, a prospective seller borrows Common Shares from a shareholder or broker and sells the borrowed Common Shares. The prospective seller hopes that the share price will decline, at which time the seller can purchase Common Shares at a lower price for delivery back to the lender. The seller profits when the share price declines because it is purchasing Common Shares at a price lower than the sale price of the borrowed Common Shares. Such sales could place downward pressure on the price of the Common Shares by increasing the number of Common Shares being sold, which could further contribute to any decline of the common share price.

Uncertainty of the Number of Common Shares Issue in a Draw Down

The actual number of Common Shares that the Company will issue in any particular Draw Down or in total under the SEDA is uncertain. Subject to certain limitations in the SEDA, the Company has the discretion to give a Draw Down Notice at any time throughout the term of the SEDA. The Company has not determined the amount of proceeds the Company will seek to draw down under the facility. Also, the number of Common Shares that the Company must issue after giving a Draw Down Notice will fluctuate based on the market price of the Common Shares during the Draw Down Pricing Period as described in the facility. The Subscriber will receive more Common Shares if the Common Share price declines.

During each Draw Down Pricing Period, the Subscriber may seek to sell the Common Shares purchased under the Draw Down in order to reduce the economic risk associated with the purchase of the Common Shares that it has agreed to purchase under the terms of the SEDA. These sales during a Draw Down Pricing Period may cause the Average Daily Price to decline, resulting in the sale of an increasing number of Common Shares for the same monetary proceeds as the Draw Down Pricing Period progresses.

Subscriber is a Resident of a Foreign Country

YA Global Master SPV Ltd. is an Exempted Company incorporated in the Cayman Islands with Limited Liability. In addition, YA Global Master SPV Ltd. is not a registered firm in any Canadian jurisdictions for the purpose of applicable securities laws. As a result, it may be difficult for the Company shareholders to initiate a lawsuit against the Subscriber. It may also be difficult for shareholders to enforce foreign judgment in the Cayman Islands or elsewhere or to succeed in a lawsuit based only on violations of applicable securities laws.

Broad discretion of the Company in the use of the net proceeds from this offering

Management of the Company will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve the Company results of operations or enhance the value of the Common Shares. The failure by the management of the Company to apply these funds effectively could result in financial losses that could have a material adverse effect on the Company's business, cause the price of the Common Shares to decline and delay the development of the Company's product candidates. Pending their use, the Company may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Volatility of Share Price

Market prices for securities in general tend to fluctuate. In addition to general securities market conditions, factors such as the announcement (to the public, at science conferences or otherwise) of scientific or technologic innovations, new drugs, products, patents, the obtaining of exclusive rights by the Company or other companies, a change in regulations, publications, quarterly financial results, public concerns, future sales of Common Shares by the Company or current shareholders, the realization of any of the risks described herein and many other factors could have considerable repercussions on the price of Medicago's Common Shares.

Future Sales of Common Shares

The market price of the Common Shares could decline as a result of issuances by the Company or sales by its existing shareholders of Common Shares in the market after an offering made under this Prospectus and any Prospectus Supplement, or the perception that these sales could occur. Sales by shareholders might also make it more difficult for the Company to sell equity securities at a time and price that it deems appropriate. As of the date hereof, without taking into account any Securities that may be issued under this Prospectus and any Prospectus Supplement, Medicago has a total of 118,234,189 Common Shares issued and outstanding. All of the Common Shares that may be offered and issued under this Prospectus and any Prospectus Supplement will be freely tradable without restriction under securities legislations in all provinces of Canada.

Dividends

The Company has paid no cash dividends on any of its Common Shares to date and currently intends to retain its future earnings, if any, to fund the development growth of its businesses. In addition, the terms of any future debt or credit facility may preclude the Company from paying any dividends unless certain consents are obtained and certain conditions are met.

Market for the Securities.

There is currently no market through which the Securities, other than the Common Shares, may be sold and purchasers may not be able to resell the Securities purchased under this Prospectus and unless otherwise specified in a Prospectus Supplement, the Preferred Shares, Warrants, Units and Subscription Receipts will not be listed on any securities or stock exchange or any automated dealer quotation system. This may affect the pricing of the Securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Common Shares, will develop or, if developed, that any such market will be sustained.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to a purchaser who is a non-resident of Canada or to a purchaser who is a resident of Canada of acquiring, owning and disposing of any of Medicago's securities offered thereunder.

LEGAL MATTERS

Certain Canadian legal matters relating to the offering of Securities under this Prospectus will be passed upon by McCarthyTétrault LLP. As of the date hereof, the partners and associates of McCarthy Tétrault LLP beneficially owned, directly and indirectly, in the aggregate, less than 1% of any class of securities issued by Medicago.

AUDITORS, TRANSFER AGENTS AND REGISTRAR

The Company's auditors are PricewaterhouseCoopers LLP, Place de la Cité, Tour Cominar, 2640 Laurier Blvd., Suite 1700, Québec City, Québec G1V 5C2. The auditors are independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables agrees du Québec*.

The Company's registrar and transfer agent is Computershare Trust Company of Canada, at its principal offices in Montréal.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities.

This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form base shelf prospectus of Medicago Inc. (the "**Company**") dated June ●, 2010 (the "**Prospectus**") relating to the offer for sale from time to time of preferred shares, common shares, warrants, units and subscription receipts in one or more series of issuances, with a total offering price of such securities, in the aggregate, of up to $35,000,000. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the Prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and 2008 and the consolidated statements of earnings and comprehensive loss, deficit, accumulated other comprehensive loss and contributed surplus and cash flows for each of the years in the two year period ended December 31, 2009. Our report is dated March 23, 2010.

Chartered Accountants

Quebec City, Quebec, Canada
June ●, 2010

CERTIFICATE OF THE COMPANY

Date: June 25, 2010

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of Alberta, British Columbia, Ontario and Québec.

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

On behalf of the Board of Directors

(Signed) Randal Chase	*(Signed) Louis-Philippe Vézina*
Chairman of the Board of Directors	Director