



**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT INFORMATION CIRCULAR
FOR THE SPECIAL MEETING OF SHAREHOLDERS OF
MEDICAGO INC.**

to be held on

December 15, 2011

at

**ALT Hotel, Québec City
1200, avenue Germain des Prés
Québec, Québec G1V 3M7**

November 11, 2011



NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders (the “**Meeting**”) of Medicago Inc. (the “**Corporation**”) will be held at ALT Hotel Québec City, 1200, avenue Germain des Prés, Québec, Québec G1V 3M7 at **10:30 a.m. (Québec City Time), on December 15, 2011**, for the purposes of :

1. examining and, if deemed appropriate, to pass a resolution approving and authorizing the issuance by the Corporation, on a private placement basis, of 17,200,000 common shares of the Corporation at a price of CAD\$0.65 per common share for a consideration of CAD\$11,180,000, to Philip Morris Investments B.V. (the full text of such resolution is set out in Schedule A of the accompanying Management Information Circular); and
2. transacting such other business as may properly be brought before the Meeting.

Québec City, Province of Québec, November 11, 2011

By order of the Board of Directors

(s) Andrew J. Sheldon
Andrew J. Sheldon,
President and Chief Executive Officer

IMPORTANT

Shareholders may exercise their rights by attending the Meeting or by completing a form of proxy. If you are unable to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and return it in the envelope provided for that purpose. Proxies, to be valid, must be deposited at the office of the registrar and transfer agent of the Corporation, Computershare Investor Services Inc., 1500 University, Suite 700, Montréal, Province of Québec, H3A 3S8, no later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the Meeting. **Your common shares will be voted in accordance with your instructions as indicated on the form of proxy or, if no instructions are given on the form of proxy, the proxyholder will vote “IN FAVOUR” of the matter indicated in item 1 hereinabove.**

MEDICAGO INC.

SPECIAL MEETING OF SHAREHOLDERS

DECEMBER 15, 2011

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies for use at the special meeting of shareholders of Medicago Inc. (the “**Corporation**” or “**Medicago**”) to be held on December 15, 2011, at the time and place and for the purposes stated in the accompanying notice of meeting (the “**Notice of Meeting**”) and at any adjournment thereof (the “**Meeting**”). Unless otherwise indicated, the information contained in this Circular is given as of November 11, 2011.

SOLICITATION OF PROXIES

The enclosed proxy is being solicited by the management of the Corporation and the expenses of this solicitation will be borne by the Corporation. The solicitation will be conducted primarily by mail but proxies may also be solicited personally by officers, employees or agents of the Corporation, but without additional compensation. The Corporation shall, upon request, reimburse brokers and other persons holding common shares on their behalf or on behalf of nominees, for reasonable costs incurred in sending the proxy documents to shareholders.

CAUTIONARY STATEMENTS WITH RESPECT TO FORWARD LOOKING STATEMENTS

Certain statements in this Circular 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 Circular, 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 Circular. 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. Although the forward-looking statements contained in this Circular are based upon what management of Medicago believes are reasonable assumptions, Medicago can not assure investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this Circular.

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 Circular. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) the satisfaction of the conditions to consummate the Private Placement (as such term is defined hereinafter); (ii) the process for obtaining regulatory and other approvals; (iii) the anticipated effects of the Private Placement and other statements that are not historical facts; (iv) general business and economic conditions; (v) the Corporation’s ability to successfully develop new products; (vi) positive results of pre-clinical and clinical tests; (vii) the availability of financing on reasonable terms; (viii) the Corporation’s ability to attract and retain skilled staff; (ix) market competition; (x) the products and technology offered by the Corporation’s competitors; (xi) the Corporation’s ability to protect patents and proprietary rights; and (xii) the Corporation’s ability to manufacture its products and to meet regulatory requirements and market demand.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward looking statements include, among others, statements with respect to research and development of new technologies, proprietary rights, skilled staff and future financings.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this Circular are expressly qualified by this cautionary statement.

APPOINTMENT OF PROXYHOLDERS

The persons named as proxyholders in the enclosed form of proxy are directors or officers of the Corporation. Each shareholder is entitled to appoint a person, who need not be a shareholder, other than the persons designated in the enclosed form of proxy, to represent him at the Meeting. Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, depositing the instrument of proxy with the Registrar and Transfer Agent of the Corporation, Computershare Investor Services Inc., located at 1500 University, Suite 700, Montréal, Province of Québec, H3A 3S8, at any time, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting.

REVOCAION OF PROXIES

A shareholder giving a proxy may revoke it by instrument in writing signed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a legal person, by instrument in writing signed by a duly authorized officer, given to the Secretary of the Corporation at 1020, Route de l'Église, Suite 600, Québec, Province of Québec, G1V 3V9, no later than the close of business on the last business day preceding the day of the Meeting or any adjournment thereof, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

EXERCISE OF VOTING RIGHTS BY PROXIES

The persons named as proxies will vote or withhold from voting the common shares in respect of which they are appointed or vote for or against any particular question, in accordance with the instructions of the shareholder appointing them. **In the absence of such instructions, the shares will be voted IN FAVOUR of item 1 of the attached Notice of Meeting.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and to other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any amendments or other matters not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such amendments or matters in accordance with their best judgment.

Unless otherwise indicated, the resolutions submitted to a vote at the Meeting must be passed by a majority of the votes cast by the holders of common shares present at the Meeting in person or by proxy and voting in respect of all resolutions to be voted on by the shareholders of the Corporation.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those common shares will not be registered in the shareholder's name on the records of the Corporation. Such common shares will likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the nominee of CDS Clearing and Depository Services Inc., which acts as depository for many Canadian brokerage firms). Common shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting common shares for the broker's

clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge or to call their toll free telephone number to vote their shares or access their web site www.proxyvotecanada.com to deliver voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote common shares directly at the Meeting. The proxy must be returned to Broadridge in advance of the Meeting in order to have their shares voted at such meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting the common shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of such meeting.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year, or any associate or affiliate of any such director or officer, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular. Furthermore except as disclosed in this Circular, no insider of the Corporation, or any associate or affiliate of any insider has or had a material interest, direct or indirect, in any transaction since the beginning of the Corporation's last financial year or in any proposed transaction to be entered into by the Corporation.

VOTING SECURITIES AND PRINCIPAL HOLDERS

As at the date hereof, 229,410,302 common shares of the Corporation are issued and outstanding, being the only class of voting securities of the Corporation. Each holder of common shares is entitled to one vote for each common share registered in his or her name at the close of business on November 10, 2011 being the date fixed by the board of directors (the "**Board of Directors**") for the purpose of determining registered shareholders entitled to receive the accompanying Notice of Meeting and vote at the Meeting.

To the knowledge of the management of the Corporation, as at the date hereof, except for Philip Morris Investments B.V. (“**PM Investments**”) which holds directly 81,408,800 common shares of the Corporation representing approximately 35.5% of all issued and outstanding common shares of the Corporation, no person owns or exercises control or direction over more than 10% of the issued and outstanding common shares of the Corporation.

BUSINESS TO BE TRANSACTED AT THE MEETING

Approval of the Private Placement

At the Meeting, shareholders will be asked to examine and, if deemed appropriate, to pass a resolution in the form attached as Schedule A to this Circular (the “**Private Placement Resolution**”), approving and authorizing the issuance by the Corporation, on a private placement basis, of a total of 17,200,000 common shares of the Corporation at a price of CAD\$0.65 per common share, for a consideration of CAD\$11,180,000, to PM Investments, a wholly-owned indirect subsidiary of Philip Morris International Inc. (“**PMI**”).

Background to the Private Placement

Representatives of PMI initially met with representatives of the Corporation at a biotechnology conference in the spring of 2007. Being interested in the technologies of the Corporation, Philip Morris Products S.A. (“**PM Products**”) entered into a research services agreement with the Corporation in December 2007 to develop a product outside of the Corporation’s core development pipeline.

Following this first collaboration, the Corporation entered into a non-exclusive licensing agreement with PM Products on February 6, 2008 for the development and commercialization of the Corporation’s proprietary plant based technology. Under the terms of this agreement, Medicago granted 2,000,000 common share purchase warrants to the predecessor of PM Investments. Each such common share purchase warrant entitled its holder the right to acquire one common share of Medicago for a period of three years following the execution of the agreement, at an exercise price of CAD\$0.23, during the first year, increased by 10% for each of the following two years. The warrants were exercised by PM Investments on February 7, 2011 in accordance with their terms.

On October 21, 2008 Medicago entered into a Representation Right and Preemptive Right Agreement (the “**Preemptive Right Agreement**”) with PM Investments, a copy of which is available on SEDAR at www.sedar.com. Under the Preemptive Right Agreement, Medicago cannot issue common shares without offering to PM Investments or to its affiliates the right to subscribe to a number of common shares (the “**Preemptive Right**”) which would preserve a participation by PM Investments of (i) 40.6% of all the issued and outstanding common shares of Medicago assuming the exercise of all outstanding warrants and options of Medicago except for the warrants held by PM Investments; and (ii) a number of common share purchase warrants such that, if exercised, PM Investments will have a controlling interest of 58.3% in Medicago calculated on a fully diluted basis.

The foregoing Preemptive Right was granted in connection with the investment and collaboration transaction completed with PM Investments on November 10, 2008 whereby, *inter alia*, PM Investments acquired 45,000,000 units of the Corporation at a price of CAD\$0.355 per unit for proceeds to Medicago of CAD\$15,975,000. Each unit issued as part of such private placement consisted of one common share in the share capital of Medicago and one-half common share purchase warrant of Medicago. Each whole warrant entitled PM Investments to purchase one common share for a period of 24 months following the closing date of the offering at a price equal to: (i) CAD\$0.375 for the first year following the date of the issuance of the warrants; and (ii) CAD\$0.405 for the second year following the date of the issuance of the warrants. The warrants were not exercised by PM Investments and expired on October 20, 2010 in accordance with their terms.

On September 27, 2011, the Corporation completed a private placement offering of 38,462,600 common shares at a price of CAD\$0.65 per common share for gross proceeds of CAD\$25 million (the “**September 2011 Financing**”). Further to completion of this private placement, PM Investments exercised its Preemptive Right and entered into a subscription agreement with the Corporation (the “**Subscription Agreement**”), a copy of which is available on SEDAR at www.sedar.com, to complete a private placement of CAD\$22.5 million through the issuance of an aggregate of 34,550,000 common shares of Medicago in two tranches (the “**Private Placement**”). The first tranche

of the Private Placement was completed on October 27, 2011 by the issuance of 17,350,000 common shares of the Corporation to PM Investments for gross proceeds of CAD\$11,277,500 (the “**First Tranche**”). The Corporation wishes to complete the second tranche of the Private Placement by the issuance of 17,200,000 common shares of the Corporation (the “**Second Tranche Shares**”) to PM Investments for gross proceeds of CAD\$11,180,000 (the “**Second Tranche**”), subject to the approval of the disinterested shareholders of the Corporation at the Meeting.

The Corporation obtained, on October 13, 2011, the conditional listing approval from the Toronto Stock Exchange (the “**TSX**”) in connection with the Private Placement subject to the Corporation shareholders approval of the Second Tranche. Under the rules and policies of the TSX, disinterested shareholder approval is required for transactions involving the issuance of securities by an issuer to an insider in which the number of shares issuable amounts to more than 10% of the issuer’s market capitalization. The number of common shares that PM Investments has agreed to purchase as part of the Private Placement is 34,550,000, representing 19.9% of the 173,537,702 issued and outstanding common shares of Medicago as of the date immediately preceding the closing of the September 2011 Financing. The issuance of the Second Tranche Shares exceeds the maximum dilution threshold for an issuance to insiders of 10% under TSX policies by 9.9% and is therefore subject to disinterested shareholder approval at the Meeting. The closing of the Second Tranche will also be subject to the satisfaction of all necessary regulatory approvals as well as to the satisfaction of customary closing conditions provided for in the Subscription Agreement.

All common shares issued and to be issued to PM Investments as part of the Private Placement will be subject to a four month hold period.

Prior to the closing of the First Tranche, PM Investments held 64,058,800 common shares of the Corporation representing 30.2% of the outstanding common shares of the Corporation, and therefore was a “related party” of Medicago under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions (Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* in Québec) (“**MI 61-101**”). The Private Placement is a “related party transaction” under MI 61-101 but it is exempt from formal valuation and minority approval requirements under MI 61-101 because the value of the common shares issued to PM Investments under the Private Placement does not exceed 25% of the market capitalization of Medicago and the transaction is a distribution of securities of Medicago for cash consideration.

Taking into account the closing of the First Tranche, PM Investments holds, as of the date hereof 81,408,800 common shares of the Corporation representing 35.5% of the outstanding common shares of the Corporation. After the closing of the Second Tranche, it is expected that PM Investments will hold 98,608,800 common shares of the Corporation representing approximately 40% of the then outstanding common shares of the Corporation.

PMI is the leading international tobacco company, with seven of the world’s top 15 international brands, including Marlboro, the number one cigarette brand worldwide. PMI’s products are sold in approximately 180 countries. In 2010, the company held an estimated 16% share of the total international cigarette market outside of the U.S., or 27.6% excluding the People’s Republic of China and the U.S. For more information, see www.pmi.com. The information contained in this website is not included by reference in this Circular.

Use of Proceeds

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

Shareholders’ Approval

The Private Placement Resolution must be approved by the disinterested holders of a majority of the common shares of the Corporation represented in person or by proxy and voted at the Meeting other than the 81,408,800 common shares held by PM Investments, which will abstain from voting its common shares at the Meeting with respect to the approval of the Second Tranche. In the event that the Private Placement Resolution is not approved by the

shareholders of the Corporation at the Meeting, the Corporation will not proceed with the Second Tranche and will not issue the Second Tranche Shares to PM Investments.

Board approval and Recommendation

Given the Corporation's obligations under the Preemptive Right Agreement, the Board of Directors has unanimously approved the Private Placement and accordingly recommends that shareholders approve the Private Placement Resolution authorizing the issuance of the Second Tranche Shares as a result of the exercise of the Preemptive Right by PM Investments.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the Corporation's knowledge, except as otherwise specified hereinabove and below, no material transaction involving the Corporation has been entered into since the beginning of the most recently completed financial year of the Corporation, or are proposed to be entered into, in which any director or member of management of the Corporation, insider or shareholder holding over 10% of the common shares of the Corporation, or any of their associates or affiliates has had or expects to have a material interest.

On April 5, 2011, the Corporation completed an offering of 34,117,600 units at a price of \$0.51 per unit for gross proceeds of CAD\$17,399,976 on an agency basis, in each of the provinces of British Columbia, Alberta, Ontario and Québec by way of a prospectus supplement to Medicago's base shelf prospectus dated July 7, 2010. PM Investments, which is an insider of Medicago, participated in the offering and acquired 17,058,800 units. Each unit was comprised of one common share and one quarter of one common share purchase warrant. Each full warrant has an exercise price of \$0.75 and is exercisable for a period of 24 months following the closing date of the offering. The warrants are subject to an accelerated expiry if, at any time, the published closing trade price of the common shares of the Corporation on the TSX is equal or superior to \$1.00 for any 30 consecutive trading days, in which event Medicago may give the holders a written notice that the warrants will expire at 5:00 p.m. (Montréal time) on the 30th day following the receipt of such notice.

AUDITORS

PricewaterhouseCoopers LLP are the auditors of the Corporation.

MANAGEMENT CONTRACTS

Management functions of the Corporation are not, to any degree, performed by a person or persons other than the directors or senior officers of the Corporation.

ADDITIONAL INFORMATION

The Corporation has been a reporting issuer under the securities laws of Québec, Ontario, Alberta and British Columbia since 2006 and is therefore required to file its financial statements, its MD&As and its management information circulars with the securities commissions of such provinces. Copies of the Corporation's latest audited financial statements and any interim financial statements filed since the date of the latest audited financial statements as well as MD&As, are available on request from the Secretary of the Corporation or by consulting the SEDAR web site at www.sedar.com. Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

Financial information relating to the Corporation is provided in the Corporation's comparative financial statements and MD&As for the financial year ended December 31, 2010.

APPROVAL OF MANAGEMENT INFORMATION CIRCULAR

The contents and transmission of this Circular have been approved by the Board of Directors of the Corporation.

Québec City, Province of Québec, November 11, 2011.

(s) Andrew J. Sheldon _____
Andrew J. Sheldon
President and Chief Executive Officer

SCHEDULE A

PRIVATE PLACEMENT RESOLUTION

“**WHEREAS** Medicago Inc. (the “**Corporation**”) has completed a private placement of 38,462,600 common shares at a price of CAD\$0.65 per common share for gross proceeds of CAD\$25 million on September 27, 2011;

WHEREAS further to completion of this private placement, Philip Morris Investments B.V. (“**PM Investments**”) exercised its preemptive right under the terms of the representation right and preemptive right agreement entered into with the Corporation on October 21, 2008 (the “**Preemptive Right**”);

WHEREAS, further to the exercise of the Preemptive Right, PM Investments and the Corporation entered into a subscription agreement on October 27, 2011 to complete a private placement of CAD\$22.5 million (the “**Private Placement**”) at a price of CAD\$0.65 per common share through the issuance of an aggregate of 34,550,000 common shares of the Corporation in two tranches;

WHEREAS the first tranche of the Private Placement was completed on October 27, 2011 by the issuance of 17,350,000 common shares of the Corporation to PM Investments for gross proceeds of CAD\$11,277,500;

WHEREAS the Corporation wishes to complete the second tranche of the Private Placement by the issuance of 17,200,000 common shares of the Corporation to PM Investments for gross proceeds of CAD\$11,180,000, as more fully described in the management information circular (the “**Circular**”) of the Corporation dated November 11, 2011 (the “**Second Tranche**”);

WHEREAS following the proposed Second Tranche, PM Investments will hold approximately 40% of the issued and outstanding common shares of the Corporation;

BE IT RESOLVED:

1. **THAT** the Second Tranche, consisting in the issuance by the Corporation of 17,200,000 common shares to PM Investments by way of a private placement, at a price of CAD\$0.65 per common share, the whole as more fully described in the Circular be and is hereby approved and authorized by the shareholders of the Corporation (to the exclusion of PM Investments); and
2. **THAT** any director or officer of the Corporation be and each of them is hereby authorized, for and on behalf of the Corporation, to do such things and to sign, execute and deliver all such documents that such director or officer may, in their discretion, determine to be necessary or useful in order to give full effect to the intent and purpose of this resolution.”