# BIOSYNTECH, INC.

## MATERIAL CHANGE REPORT

**Pursuant to:** Part 7 of National Instrument 51-102.

**Item 1.** **Reporting Issuer:**

The name of the reporting issuer is BioSyntech, Inc. Its principal office is located at 475 Armand-Frappier Blvd, Laval, Quebec H7V 4B3, and its telephone number is (450) 686-2437.

**Item 2.** **Date of Material Change:** February 24, 2006.

**Item 3.** **Press release:**

A press release was issued in Montreal, Quebec on February 26, 2006 with respect to the material change.

**Item 4.** **Summary of Material Change:**

BioSyntech announces its results for its 3rd quarter ended December 31, 2005.

**Item 5.** **Full Description of Material Change:**

The full description is disclosed in the enclosed press release.

**Item 6.** **Reliance on: Section 75(3) of the *Securities Act* (Ontario) and Section 73(1) of the *Securities Act* (Quebec)**

Not applicable.

**Item 7.** **Omitted Information:**

No information has been omitted in respect of the material change.

**Item 8.** **Senior Officers:**

Further information with respect to the material change described in this material change report may be obtained from:

Claude LeDuc
President & CEO
**Biosyntech, Inc.**
at (450) 686-2437

**Item 9.** **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

**DATED** at Montreal, Quebec, this 24th day of February, 2006.

**BIOSYNTECH, INC.**

Per: *(signed: "Claude LeDuc")*
Claude LeDuc, President & CEO

biosyntech

THERMOGELS BIOTHERAPEUTIQUES INNOVATEURS
ADVANCED BIOTHERAPEUTIC THERMOGELS

**PRESS RELEASE**

# BIOSYNTECH REPORTS ITS THIRD QUARTER RESULTS

**LAVAL, Québec, Canada — February 24, 2006 —** BioSyntech, Inc. ("BioSyntech" or "the Company") (TSX-V: BSY) today reported its results for its third quarter and nine-month period ended December 31, 2005.

**Highlights and subsequent events:**

- Start of clinical trials on BST-CarGel® following Health Canada's approval to begin pivotal clinical trial (equivalent to Phase III trial).
- Study published in widely acknowledged and most highly regarded clinical orthopaedic journal, The Journal of Bone and Joint Surgery (JBJS, American Volume), that shows superior cartilage repair with BST-CarGel®.
- Closing of previously-disclosed $1.2 million financing with Kuhnil Pharma Co. Ltd.

BioSyntech posted revenues of $34,742 for the third quarter compared to $124,043 for the same period last year. Research and development expenses amounted to $1,070,557 compared to $593,275 last year. The net loss for the third quarter was $1,918,135 ($0.04 per share) compared to $1,379,991 ($0.04 per share) for the same period last year. The increase in the net loss was mainly due to the hiring of new employees related to clinical development activities and to higher clinical research expenses incurred for the Company's BST-CarGel® product.

The Company reported revenues of $43,344 for the nine-month period ended December 31, 2005, compared to $159,913 the previous year. Research and development expenses totalled $2,413,777, up from $1,278,118 a year earlier. The net loss stood at $4,920,138 ($0.12 per share) compared to $3,758,631 ($0.10 per share) a year ago.

At December 31, 2005, cash and cash equivalents totalled $3,847,581 compared to $900,780 at March 31, 2005. The increase in cash and cash equivalents reflects the proceeds ($6 million) of the financing with NPIL less the liquidities used for the Company's operations during the period. On February 9, 2006, the Company announced the closing of a $1.2 million financing with Kuhnil Pharma Co. Ltd. On February 16, 2006 the Company announced that it had negotiated the extension until February 15, 2009 of the $2,500,000 loan obtained in 2002 from the Business Development Bank of Canada, on the same terms and conditions. All outstanding interest due on the initial loan, which had been capitalized since disbursement, amounting approximately to $1,073,000, was paid.

"We are continuing to make good progress on all fronts, namely with our BST-CarGel trial, the negotiation of strategic partnerships and our continuous efforts to finance our activities," stated Claude LeDuc, President and Chief Executive Officer of BioSyntech. "Moreover, the publication of BST-CarGel's study in The Journal of Bone and Joint Surgery is a strong validation of our technolgy's credibility within the scientific community. While we acknowledge the fact that the road to regulatory approval and commercialization has been longer than expected, we strongly believe in the technology and its market potential. That being said, we are committed to bring our innovative products to the market safely, rapidly and efficiently."

**Product Development**

BST-CarGel®

BioSyntech is proceeding with its pivotal clinical trials (equivalent to phase III) on BST-CarGel® and has started the process of enrolling patients. The current step, which should last about eight months consists in

enrolling a maximum of 80 patients. Sites involved in this trial are located in Winnipeg, Halifax, Calgary, Montreal and Toronto. The Company will add sites according to enrolment rates.

The BST-CarGel® trial is a randomized, comparative study of the treatment of focal cartilage lesions located on the medial femoral condyle in 80 subjects from 18 to 50 years of age. Treatment with BST-CarGel® applied to a microfractured cartilage lesion varying from 4 to 10 square centimeters will be compared to microfracture alone applied to similar lesions. Subjects will be randomized between the BST-CarGel® group and the microfracture group, and further stratified to their lesion type, either characterized as acute (i.e. traumatic) or chronic (i.e. degenerative).

Following surgery, all subjects will follow the same 12 week physiotherapy regimen, which utilizes assisted passive motion and common strengthening exercises, and calls for a 6 week period of non-weightbearing.

The primary endpoint for this trial will be cartilage repair at 12 months, defined as a composite of the quantity and quality of the repair tissue measured through validated, advanced magnetic resonance imaging (MRI). Other major endpoints at 12 months include knee-related pain, stiffness and function, as well as overall quality of life assessed through subject-filled questionnaires. The Company will announce developments as they occur.

BST-DermOn™

As part of its preparation to file the investigating testing authorization (ITA) submission for BST-DermOn™ with Health Canada, the Company will meet with FDA regulators in the next few weeks. This meeting will enable BioSyntech to optimize its clinical studies in view of obtaining regulatory approval in the U.S. The Company expects to file the ITA with Health Canada during this quarter.

BST-InPod™

The Company expects to file the investigating testing authorization (ITA) submission for BST-InPod™ with Health Canada during the next quarter.

**About BioSyntech**
BioSyntech is a biotechnology company specializing in the discovery, development and manufacturing of innovative cost-effective and physician-friendly biotherapeutic thermogels for regenerative medicine and therapeutic delivery. BioSyntech's Quality Management System is registered to ISO 9001:2000 standard. For additional information, visit www.biosyntech.com.

**Forward Looking Statements**

This press release contains forward-looking statements and information which are subject to material risks and uncertainties. Such statements are not historical facts and are based on the current expectations of management. You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause actual results, future circumstances, or events to differ materially from those projected in the forward-looking information. These risks include, but are not limited to, those associated with our capacity to finance our activities, the potential dilutive effects of any financing, the adequacy, timing, and results or our clinical trials, the regulatory approval process, competition, securing and maintaining corporate alliances, market acceptance of the Company's products, the availability of government and insurance reimbursements for the Company's products, the strength of intellectual property, the success of research and development programs, reliance on subcontractors and key personnel, and other risks and uncertainties detailed from time-to-time in our filings with the Canadian securities commissions.

Readers should not place undue reliance on the forward-looking information, given that (i) our actual results could differ materially from a conclusion, forecast or projection in the forward-looking information, and (ii) certain material factors or assumptions which were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information, could prove to be inaccurate. Additional information about (i) the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information, and (ii) the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information, is

contained in the Company's annual report and other documents filed from time to time with the Canadian securities commissions which are available at www.sedar.com.

Any statements that are contained in this analysis that are not statements of historical facts may be deemed to be forward looking statements made pursuant to the safe harbour provisions of the Private Securities Litigation Reformation Act of 1995. Without limiting the foregoing, the words "believe", "anticipates", "plans", "estimates", intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward looking statements.

These statements speak only as of the date they are made, and we assume no obligation to revise such statements as a result of any event, circumstance or otherwise, except in accordance with law.

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NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENT OF THIS RELEASE. THE TSX VENTURE EXCHANGE DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

**Contact:**

**BioSyntech, Inc.**
Claude LeDuc
President and CEO
(450) 686-2437, ext. 233

**The Equicom Group Inc.**
François Kalos
(514) 844-6054
fkalos@equicomgroup.com