No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. 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") and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S *of the 1933 Act) except pursuant to an exemption from the registration requirements of the 1933 Act and applicable U.S. state securities laws, and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States.*

Information has been incorporated by reference in this short form 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 BioSyntech, Inc. at its head office located at 475 Armand-Frappier Boulevard, Laval, Québec, H7V 4B3, telephone: 450-686-2437, and are also available electronically at www.sedar.com.*

Rights Offering **SHORT FORM PROSPECTUS** August 31, 2009

biosyntech
THERMOGELS BIOTHÉRAPEUTIQUES INNOVATEURS
ADVANCED BIOTHERAPEUTIC THERMOGELS

BIOSYNTECH, INC.

$3,100,000
Rights to Subscribe for up to 310,000 Units

This short form prospectus qualifies the distribution of rights (the "Rights") to subscribe for an aggregate of up to 310,000 units (the "Units") of BioSyntech, Inc. ("BioSyntech" or the "Corporation") at a price of $10 per Unit (the "Subscription Price") on the terms set forth herein (the "Offering"). Each Unit will consist of $10 principal amount of 12% Subordinated Secured Convertible Debentures, Series 2009-2 (the "Debentures") and 91 common share purchase warrants (the "Warrants"). This short form prospectus also qualifies the distribution of the Units and underlying Debentures and Warrants issuable upon exercise of the Rights.

The Debentures will mature on March 31, 2010 (the "Maturity Date") and will bear interest at an annual rate of 12% payable, not in advance, in cash or common shares in the share capital of the Corporation (the "Shares"), at the option of the Corporation, on March 31, 2010. Each Debenture will be convertible into Shares at the option of the holder at any time prior to the close of business on the date that is five business days prior to the Maturity Date at a conversion price of $0.11 per Share (the "Conversion Price"), subject to adjustments in certain events. The Debentures will be subordinated to the Senior Indebtedness (as defined herein) and will rank *pari passu* with the currently outstanding debentures of the Corporation. As of the date of this short form prospectus, there is outstanding $12,330,000 principal amount of 12% Subordinated Secured Convertible Debentures issued in July 2008 (the "2008 Debentures") and $1,400,000 principal amount of 12% Subordinated Secured Convertible Debentures, Series 2009-1 issued on August 21, 2009 to the Investors (as defined herein) (the "2009-1 Debentures"). In certain circumstances and subject to certain conditions, interest payments and capital reimbursements on the Debentures, the 2009-1 Debentures and the 2008 Debentures may be settled in Shares, which would result in additional dilution to the current holders of Shares. See "Description of Securities Being Offered – Debentures".

Each Warrant will entitle the holder thereof to purchase one Share at a price of $0.14 (the "Exercise Price") until August 19, 2016. In addition, the Warrants may be exercised pursuant to a cashless option with the Corporation issuing a certain number of Shares based on the value of the Warrants at the time of their exercise (the "Cashless Exercise Option"). See "Description of Securities Being Offered – Warrants".

The Corporation will distribute the Rights to the holders of Shares of record (the "Shareholders") on September 16, 2009 (the "Record Date"). Each Shareholder will receive one Right for each Share held on the Record Date (the "Basic Subscription Privilege"). See "Details of the Offering – Basic Subscription Privilege". 340.1340 Rights entitle the holder thereof to purchase one Unit upon payment of the Subscription Price. No fractional Units will be issued pursuant to the Offering. Shareholders who exercise their Rights in full are entitled to subscribe for additional Units, if available, pursuant to an additional subscription privilege described herein (the "Additional Subscription Privilege"). See "Details of the Offering – Additional Subscription Privilege". The aggregate number of Units issuable upon exercise of Rights may exceed 310,000 since Shares may be issued between the date of this short form prospectus and the Record Date, and holders of such Shares will be entitled to receive Rights under the terms of this Offering. This short form prospectus also qualifies the distribution of the Units and underlying Debentures and Warrants issuable upon exercise of such Rights.

The Rights may be exercised commencing on the day after the Record Date and will expire at 4:30 p.m. (Eastern time) on October 14, 2009 (the "Expiry Time"). **Rights not exercised by the Expiry Time will be void and of no value.**

The Rights are fully transferable within the Eligible Jurisdictions (as defined below). A holder of a Right is not by virtue of such Right a Shareholder and does not have any of the rights of a Shareholder.

If a Shareholder elects not to exercise its Rights or elects to sell or transfer those Rights, its current percentage ownership in the Corporation will be diluted as a result of the exercise of the Rights by others and/or the fulfilment of the Stand-by Commitment. See "Details of the Offering – Dilution to Existing Shareholders" and "Risk Factors- Risks Related to the Offering".

Price: $10 per Unit

	Subscription Price	Dealer Manager Fee(1)	Proceeds to the Corporation(2)
Per Unit	$10	$0.655	$9.345
Maximum Offering	$3,100,000	$202,948	$2,897,052

(1) The Corporation has engaged Laurentian Bank Securities Inc. (the "Dealer Manager") to act as dealer manager to organize and participate in the solicitation of the exercise of Rights. The Corporation has agreed to pay the Dealer Manager (i) a cash fee equal to 3% of the gross proceeds raised from the Stand-by Purchasers (as defined below), and (ii) a cash fee equal to 8% of the gross proceeds raised from other Shareholders. The amount of fees indicated above is based on the assumption that all Rights will be exercised pursuant to the Basic Subscription Privilege. See "Plan of Distribution".

(2) Before deducting the expenses of the Offering and the Private Placement (as defined herein), estimated to be approximately $500,000, which will be paid by the Corporation from the proceeds of the Offering.

The Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "BSY". On August 13, 2009, being the last trading day prior to the announcement of the Offering, the closing price for the Shares on the TSX was $0.13. The Rights will be listed on the TSX, subject to the Corporation fulfilling all of the listing requirements of the TSX. In addition, the TSX has conditionally approved the listing on the TSX of the Shares issuable upon the conversion of the Debentures and the Shares issuable upon the exercise of the Warrants distributed under this short form prospectus. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX. **There is no market through which the Debentures and the Warrants may be sold and purchasers may not be able to resell Debentures and Warrants purchased under this short form prospectus. This may affect the pricing of the Debentures and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and Warrants, and the extent of issuer regulation. See "Risk Factors".**

Under stand-by purchase agreements dated August 21, 2009 (the "Stand-by Purchase Agreements"), ProQuest Investments III, L.P. ("ProQuest"), Fonds de Solidarité des travailleurs du Québec (F.T.Q.) ("FSTQ") and Highland Crusader Offshore Partners, L.P. ("Highland" and, together with ProQuest and FSTQ, the "Stand-by Purchasers") have agreed, subject to certain terms and conditions, to exercise in full their respective Rights pursuant to the Basic Subscription Privilege and to purchase, at the Subscription Price, all of the Units not otherwise purchased pursuant to the exercise of Rights under this Offering (the "Stand-by Units") at the Expiry Time, so as to ensure a minimum subscription of 310,000 Units, in accordance with the proportions set forth in their respective Stand-by Purchase Agreements (the "Stand-by Commitment"). The Stand-by Purchase Agreements may be terminated by the Stand-by Purchasers prior to the Expiry Time in certain circumstances. See "Stand-by Commitment" and "Risks Factors – Risks Related to the Offering".

BioSyntech has recently incurred liquidity problems and will require additional financing. Investing in the Units should be regarded as highly speculative and should be considered only by those investors able to withstand a total loss of their investment. Prior to subscribing for Units, potential purchasers should carefully consider certain risk factors. See "Risk Factors".

Computershare Investor Services Inc. (the "Subscription Agent"), at its principal offices in the cities of Montreal and Toronto, is the subscription agent for this Offering. See "Details of the Offering – Subscription Agent".

For Shares held through a securities broker or dealer, bank or trust company or other participant (each a "CDS Participant") in the book-based system administered by CDS Clearing and Depository Services Inc. ("CDS"), a subscriber may subscribe for Units by instructing the CDS Participant holding the subscriber's Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for to such CDS Participant in accordance with the terms of the Offering. A subscriber wishing to subscribe for additional Units pursuant to the Additional Subscription Privilege must forward its request to the CDS Participant that holds the subscriber's Rights prior to the Expiry Time, along with payment for the number of additional Units requested. Any excess funds will be returned by mail or credited to the subscriber's account with its CDS Participant without interest or deduction. CDS Participants may have an earlier deadline for receipt of instructions and payment than the Expiry Time. See "Details of the Rights Offering – Rights Certificate – Shares Held Through CDS".

For Shares held in registered form, a Rights certificate evidencing the number of Rights to which a Shareholder is entitled (a "Rights Certificate") will be mailed with a copy of this short form prospectus in respect of this Offering to each registered Shareholder as of the Record Date. In order to exercise the Rights represented by the Rights Certificate, a holder of Rights must complete and deliver the Rights Certificate to the Subscription Agent in the manner and upon the terms set out in this short form prospectus. See "Details of the Rights Offering – Rights Certificate – Shares Held in Registered Form".

Subscriptions for Units made in connection with this Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted.

The distribution of the Rights as well as the Units and underlying Debentures and Warrants issuable upon the exercise of the Rights (including the Units and underlying Debentures and Warrants issuable upon execution of the Stand-by Commitment) are qualified by this short form prospectus in the provinces of British Columbia, Alberta, Manitoba, Ontario, and Québec (the "Eligible Jurisdictions"). The Rights are not being distributed or offered to holders in the other provinces and territories of Canada, the United States or in any jurisdiction other than the Eligible Jurisdictions (an "Ineligible Jurisdiction") and the Rights may be exercised by or on behalf of a holder of Rights resident in an Ineligible Jurisdiction (an "Ineligible Holder") only to the extent certain conditions described herein are complied with. This short form prospectus is not, and under no circumstances is to be construed as, an offering of any Rights or Shares for sale in any Ineligible Jurisdiction or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to Ineligible Holders. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Subscription Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders. See "Details of the Rights Offering – Shareholders in Ineligible Jurisdictions".

Prospective investors should be aware that the acquisition or disposition of the securities described in this short form prospectus and the expiry of an unexercised Right may have tax consequences in Canada or elsewhere, depending on each particular existing or prospective investor's specific circumstances. Prospective investors should consult their own tax advisors with respect to such tax considerations. See "Certain Canadian Federal Income Tax Considerations."

The head and registered office of the Corporation is located at 475 Armand-Frappier Boulevard, Laval, Québec, H7V 4B3.

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

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FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated herein by reference contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. This forward-looking information is identified by the use of terms and phrases such as "may", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", or "continue", the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases.

Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Corporation's control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, those associated with BioSyntech's capacity to finance its activities, the adequacy, timing, and results of BioSyntech's clinical trials, the regulatory approval process, competition, securing and maintaining corporate alliances, market acceptance of BioSyntech's products, the availability of government and insurance reimbursements for BioSyntech's products, the strength of intellectual property, the success of research and development programs, reliance on subcontractors and key personnel, and other risk factors described under "Risk Factors".

Although the forward-looking information contained in this short form prospectus is based upon what the Corporation believes are reasonable assumptions, investors are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions made in preparing the forward-looking information and the Corporation's objectives include the assumption that BioSyntech will able to finance its activities, that the results of BioSyntech's clinical trials will be adequate and timely, that BioSyntech will get regulatory approval of its products, that BioSyntech will be able to secure and maintain corporate alliances, that BioSyntech's products will be accepted by the market, that government and insurance reimbursements for BioSyntech's products will be available, that BioSyntech will not become involved in a costly litigation to protect its proprietary rights or be prevented from selling its products, that BioSyntech will not be subject to product liability claims and that BioSyntech's research and development programs will be successful.

Consequently, all of the forward-looking information contained in this short form prospectus and the documents incorporated herein by reference are qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments anticipated by the Corporation will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Corporation, its business, financial condition or results of operation. The Corporation does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form 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 Corporation at its head office located at 475 Armand-Frappier Boulevard, Laval, Québec, H7V 4B3, telephone: 450-686-2437, and are also available electronically at www.sedar.com.

The following documents of the Corporation, which have been filed with the various securities commissions or other similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

(a) the annual information form of the Corporation dated June 18, 2009 for the year ended March 31, 2009;

(b) the audited consolidated financial statements of the Corporation for the years ended March 31, 2009 and 2008, together with the notes thereto and the auditors' report thereon;

(c) management's discussion and analysis of financial condition and results of operations of the Corporation for the year ended March 31, 2009;

(d) the unaudited consolidated financial statements of the Corporation for the three-month periods ended June 30, 2009 and 2008, together with the notes thereto;

(e) management's discussion and analysis of financial condition and results of operations of the Corporation for the three-month period ended June 30, 2009;

(f) the management information circular of the Corporation dated August 24, 2009 in connection with the annual meeting of shareholders of the Corporation to be held on September 24, 2009; and

(g) the material change reports of the Corporation dated April 2, 2009, June 19, 2009, June 30, 2009, July 21, 2009, August 17, 2009 and August 24, 2009.

Any documents of the type referred to in the preceding sub-paragraphs and any material change reports (excluding confidential material change reports) and business acquisition report subsequently filed by the Corporation with such securities commissions or regulatory authorities after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated herein by reference, modifies or supersedes that 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 that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose 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. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

The Corporation has not provided, or otherwise authorized any other person to provide, prospective investors with information other than as contained or incorporated by reference in this short form prospectus. If a prospective investor is provided with different or inconsistent information, he or she should not rely on it.

BIOSYNTECH

BioSyntech is a corporation governed by the *Canada Business Corporations Act* that develops advanced biotherapeutic thermogels specifically designed for tissue repair. The head and registered office of the Corporation is located at 475 Boulevard Armand-Frappier, Laval, Québec, H7V 4B3.

The Corporation's authorized share capital consists of an unlimited number of Shares without par value. As of the date of this short form prospectus, 105,441,545 Shares are issued and outstanding. As of the date of this short form prospectus, there is also outstanding $12,330,000 principal amount of 2008 Debentures, $1,400,000 principal amount of 2009-1 Debentures, 31,375,000 common share purchase warrants issued in July 2008 (the "2008 Warrants"), 12,740,000 Warrants and an aggregate of 600,000 common share purchase warrants issued to BioSyntech's lenders.

RECENT DEVELOPMENTS

Streamlined Business Plan

In June 2008, the Board of Directors of Corporation (the "Board of Directors") adopted a streamlined business plan which called for the specific allocation of resources and use of capital. As a result, the Corporation undertook a restructuring of its operations, which was completed in the first quarter following the fiscal year ended March 31, 2009. The Corporation re-organized and optimized its operations to ensure rapid, efficient and effective decision-making and implementation. The re-organization resulted in the suspension of research and development programs and the elimination and or consolidation of more than 30 staff and management positions.

As part of the streamlined business plan adopted by the Board of Directors, the Corporation focused its efforts and capital expenditure on the advancement of BST-CarGel® for cartilage repair. Consequently all other development and research programs have been suspended with the exception of the work conducted in collaboration with the Industrial Research Chair at École Polytechnique de Montréal.

Pivotal Trials for the BST-CarGel®

On February 2, 2009, the Corporation announced that it had achieved a key product development milestone, the completion of enrolment for the Canadian-European pivotal trial of its cartilage repair device BST-CarGel®, by reaching the planned objective of enrolling 80 subjects into the randomized trial. The trial was designed to study the repair capabilities of BST-CarGel® applied following microfracture against the treatment of microfracture alone.

On March 12, 2009, the Corporation announced that it would conduct an interim analysis of the available clinical data from 40 subjects who have completed their 12 month follow-up in the 80 subject trial for BST-CarGel®.

On June 17, 2009, the Corporation announced positive results from an analysis of patients who completed their 12 month follow-up in its BST-CarGel® randomized clinical trial. According to the analyses performed on tissues biopsied from the knees of 22 patients, treatment of cartilage lesions with BST-CarGel® produced statistically significant evidence of improved repair tissue quality. These findings are initial results of a subset component of this interim analysis.

With the events that have taken place since the beginning of the summer of 2009, the Corporation's efforts have been focused on stabilizing its management and replenishing its cash reserves. As a result, the advancement of its BST-CarGel® program has been disrupted, leading the Corporation to revise its estimated timing to reach certain milestones. More specifically, the results for the interim analysis of the available clinical data from 40 subjects enrolled in its Canadian-European pivotal trial are now expected to be available towards the end of calendar year 2009, and the final clinical results of the 80-patient study are now anticipated in the summer of calendar year 2010.

In terms of costs, based on the current status of its BST-CarGel® platform, the Corporation estimates it would require between approximately $8,000,000 to $12,000,000 if it were to maintain its operations until the summer of calendar year 2010 and complete its pivotal trial for the BST-CarGel® for the complete 80 patients without a strategic relationship. Moreover, in order to reach a stage where the BST-CarGel® can be commercialized in Canada and Europe, assuming positive results for its complete pivotal trial in the summer of calendar year 2010 and regulatory approvals by the end of calendar year 2011, the Corporation estimates that it would need, in addition to funds required to sustain its operations until such period, an additional amount of between approximately $1,000,000 to $2,000,000. The foregoing estimates are subject to material risks and uncertainties, as explained under "Risk Factors". The Corporation will only be able to more accurately estimate the time and costs required for a regulatory approval of BST-CarGel® and commercialization once the complete results of its Canadian-European pivotal trial are known, and based on the circumstances that will prevail at that time.

As a result of the foregoing, and taking into account the Debentures maturing on March 31, 2010, the Corporation would require additional funds to continue its operations, complete its pivotal trial for the BST-CarGel® and repay maturing debentures (in the event they are not converted before maturity) if it were to proceed without a strategic relationship. Depending on the advancement of its review of strategic alternatives and its pivotal trial for the BST-CarGel®, the Corporation may need additional financing as soon as the beginning of calendar year 2010. There can be no assurance that any such financing will be available. Any additional financing may be dilutive to holders of Shares or Debentures. See "Risk Factors – Risks relating to BioSyntech".

Going Concern and Creation of Special Committee

The audited consolidated financial statements for the year ended March 31, 2009 and the unaudited consolidated financial statements for the period ended June 30, 2009 have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which assumes that the Corporation will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The use of the going concern basis may not be appropriate because, as at March 31, 2009 and June 30, 2009, there was significant doubt that the Corporation will be able to continue as a going concern without securing additional financial resources.

The Corporation's anticipated level of expenditures for the next three and twelve months exceeds the Corporation's cash and cash equivalents on hand on June 30, 2009. See the last two paragraphs of "Recent Developments – Pivotal Trials for the BST-CarGel®".

On March 30, 2009, the Board of Directors formed a special committee to review the strategic alternatives of the Corporation, including partnering activities with the orthopaedic industry, and to recommend appropriate actions to the Board of Directors (the “Strategic Review Committee”). The members of the Strategic Review Committee are Dr. Joyce Tsang (chair of the Strategic Review Committee), Mr. Jean-Pierre Desmarais and Mr. Rudy Huber. On July 21, 2009, the Corporation announced it had retained the services of financial advisors with respect to the Corporation’s formal review of strategic alternatives including, but not limited to, a commercial partnership involving its cartilage repair device BST-CarGel® or a corporate sale of the Corporation. There can be no assurance that this strategic review will result in any specific transactions and no timetable has been set for its completion.

Management and Board of Directors

A number of changes occurred in BioSyntech’s Management recently. Ms. Jeanne M. Bertonis, MBA, M.Sc., was nominated Chief Executive Officer on August 14, 2009 following the departure of Mr. Michel Lagueux in July 2009. Ms. Bertonis has been a management consultant for the last three years, providing strategic and business advice primarily to venture capital groups and private biomedical companies, with a focus on biomaterials, cardiovascular and orthopaedics industries. She held the positions of Chief Business Officer and Vice President, Corporate Development for Angiotech Pharmaceuticals, Inc. from 2000 to 2006, where she oversaw all of its business and corporate development functions, including mergers and acquisitions, strategic collaborations, and marketing. Prior to joining Angiotech, she held senior business development positions at Guidant Corp. and Genzyme Corp., working across a broad spectrum of industries including devices, drugs, combination therapies, gene therapy, cell therapy and bioactive biomaterials. She has additional experience in business and research positions from other large pharmaceutical and biopharmaceutical companies including Eli Lilly & Company and Biogen, Inc.

In addition, Ms. Antoinette Lizzi was nominated as the Corporation’s new Chief Financial Officer on July 24, 2009 to replace Mr. Louis Lemire who also left in July 2009. Ms. Lizzi, CMA, has experience ranging across a number of industries, including senior finance roles in public biomedical companies. Prior to joining BioSyntech, Ms. Lizzi was Vice-President of Finance and CFO of Gale Force Petroleum Inc. She has also held management positions in companies such as Gambro Inc., Bayer Healthcare Pharmaceutical Inc. and Cryocath Technologies Inc.

A number of changes occurred with respect to the Board of Directors. Mr. Michel Lageux resigned his position of Chairman of the Board, and Mr. André Archimbaud replaced him on August 21, 2009 as a representative of the debentureholder FSTQ and took over as Chairman of the Board. On May 1, 2009, Mr. Winston Black resigned as a director and was replaced by Mr. Nick Losey, as a representative of the debentureholder Highland. Mr. Losey then resigned on June 4, 2009 and has been replaced by Mr. Lee Brown on July 2, 2009. In addition, Ms. Jeanne M. Bertonis, Chief Executive Officer of the Corporation, was nominated as a director on August 21, 2009 to fill a vacancy left by the resignation of Dr. Amine Selmani on January 23, 2009.

Agreement with Polyvalor

In light of the Corporation’s reorientation around its lead BST-CarGel® program and the termination of most of its other R&D programs, the Corporation recently entered into an agreement with Polyvalor Limited Partnership (“Polyvalor”) to, *inter alia*, assign back to Polyvalor certain technologies abandoned by the Corporation and initially licensed from Polyvalor and change the payment schedule for the maximum amount of royalties payable to Polyvalor such that the royalties are now potentially divided into milestones, including a portion thereof which becomes payable upon reaching a transaction where the Corporation would sell or license its BST-CarGel® technology. The maximum amount of royalties of $3,000,000 payable to Polyvalor under its existing technology assignment agreement is not changed and remains capped at $3,000,000.

Financing

On June 23, 2009, following the release on June 17, 2009 of favourable pivotal trials results for its BST-CarGel®, the Strategic Review Committee concluded that it would be appropriate for the Board of Directors to create a financing committee composed of independent directors to conduct a thorough analysis of financial needs and available alternatives and to spearhead the financing activities (the "Financing Committee").

On July 3, 2009, the Financing Committee was formed by the Board of Directors. This committee is comprised of Jean-Pierre Desmarais and Rudy Huber, which are independent directors, free from any interest in the Financing and unrelated to the Investors (as defined below). On July 13, 2009, the Financing Committee decided to retain the Dealer Manager as financial advisor.

From July 13, 2009 to August 13, 2009, the Financing Committee reviewed the financing alternative available to BioSyntech and negotiated with the Stand-by Purchasers and A. M. Pappas Life Science Ventures III, LP and PV III CEO Fund, LP (the "Investors") the terms of a financing transaction (the "Financing") pursuant to which:

- the Investors would subscribe, on a private placement basis, to an aggregate of 140,000 units, each comprised of \$10 principal amount of 2009-1 Debentures and 91 Warrants, at a price of \$10 per Unit, representing gross aggregate proceeds of \$1,400,000 to the Corporation (the "Private Placement");

- the term of the 2008 Debentures would be extended from December 31, 2009 to March 31, 2010 (the "Term Extension"); and

- the Corporation would launch this Offering and, subject to certain conditions, the Stand-by Purchasers would commit to the Stand-by Commitment.

On August 14, 2009, the Financing Committee, after having conducted a detailed review and analysis of the Financing with the assistance of counsel and having received advice from its financial advisors, recommended that the Board of Directors approve the Financing and the entering into by the Corporation of a letter agreement (the "Financing Letter") with the Investors pursuant to which the Corporation and the Investors would agree to complete the Financing. The Board of Directors endorsed its conclusions and approved the Financing, and the Corporation and the Investors entered into the Financing Letter. A press release to that effect was issued by the Corporation on the same date.

On August 21, 2009, the Corporation and the Investors completed the Private Placement and the Term Extension contemplated by the Financing Letter. A press release to that effect was issued by the Corporation before the opening of markets on August 24, 2009.

Copies of the subscription agreements entered into with the Investors in respect of the Private Placement are available on SEDAR at www.sedar.com.

DETAILS OF THE OFFERING

Issue of Rights

The Corporation will distribute the Rights to Shareholders of record on September 16, 2009 (the Record Date). Each Shareholder will receive one Right for each Share held on the Record Date.

The distribution of the Rights as well as the Units and underlying Debentures and Warrants issuable upon the exercise of the Rights (including the Units and underlying Debentures and Warrants issuable upon execution of the Stand-by Commitment) are qualified by this short form prospectus in Eligible Jurisdictions (being the provinces of British Columbia, Alberta, Manitoba, Ontario, and Québec). The Rights are not being distributed or offered to holders in the other provinces and territories of Canada, the United States or in any other Ineligible Jurisdiction and the Rights may be exercised by or on behalf of Ineligible Holders only to the extent certain conditions described herein are complied with. This short form prospectus is not, and under no circumstances is to be construed as, an offering of any Rights or Units for sale in any Ineligible Jurisdiction or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to Ineligible Holders. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Subscription Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders. See “Details of the Rights Offering – Shareholders in Ineligible Jurisdictions”.

Expiry Time

The Rights may be exercised commencing on September 17, 2009 (the day after the Record Date) and will expire at the Expiry Time. To subscribe for Units, a completed Rights Certificate must be received by the Subscription Agent by 4:30 p.m. (Eastern time) on October 14, 2009 (the Expiry Time). The Corporation reserves the right to extend the period of the Offering, subject to obtaining any required regulatory approvals, if the Corporation determines that the timely exercise of the Rights may have been prejudiced due to a disruption in postal service. **Rights not exercised by the Expiry Time will be void and of no value**.

Basic Subscription Privilege

Under the Basic Subscription Privilege, 340.1340 Rights entitle the holder thereof to acquire one Unit at the Subscription Price of $10 per Unit. Only subscriptions for whole Units will be accepted. No fractional Units will be issued. For Shares held in registered form, in order to exercise the Rights represented by a Rights Certificate, the holders of Rights must complete and deliver the Rights Certificate to the Subscription Agent in accordance with the terms of this Offering in the manner and upon the terms set out in this short form prospectus and pay the Subscription Price. For Shares held through a CDS Participant, a holder may subscribe for Units by instructing the CDS Participant holding the subscriber’s Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for in accordance with the terms of this Offering to such CDS Participant. Subscriptions for Units made in connection with this Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted.

Additional Subscription Privilege

Shareholders who exercise in full their Rights under the Basic Subscription Privilege are entitled, if available, to exercise the Additional Subscription Privilege at a price equal to the Subscription Price. The Units available for such purpose (the “Remaining Units”) will be those that have not been otherwise subscribed and paid for at the Expiry Time pursuant to the Basic Subscription Privilege.

To exercise the Additional Subscription Privilege, a holder of a Rights Certificate who completes Form 1 on the Rights Certificate for the maximum number of Units that can be subscribed for, given the number of Rights evidenced by such Rights Certificate, must also complete Form 2 on the Rights Certificate and specify the number of additional Units for which the holder would like to subscribe. The completion of Form 2 constitutes a binding commitment to subscribe for the number of additional Units specified. Payment for additional Units, in the same manner as required upon exercise of the Rights under the Basic Subscription Privilege, must accompany Form 2 when it is delivered to the Subscription Agent or a CDS Participant, as applicable. Any excess funds will be returned by mail by the Subscription Agent or credited to the subscriber’s account with its CDS Participant, as applicable, without interest or deduction. Payment for such additional Units must be received by the Subscription Agent prior to the Expiry Time, failing which the subscriber’s entitlement to such additional Units shall terminate. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions to a CDS Participant sufficiently in advance of the Expiry Time to allow the CDS Participant to properly exercise the

Additional Subscription Privilege on its behalf. See “Details of the Offering – How to Complete the Rights Certificate (Registered Shareholders)”.

If there are sufficient Remaining Units to satisfy all additional subscriptions by holders of Rights in the Additional Subscription Privilege, each such holder will be allotted the number of additional Units for which it has indicated it would like to subscribe.

If the aggregate number of Units subscribed for pursuant to the Additional Subscription Privilege exceeds the number of Remaining Units, the number of the Remaining Units allotted to each subscriber in the Additional Subscription Privilege will be the lesser of: (i) the number of Units which that subscriber has subscribed for under the Additional Subscription Privilege, and (ii) the product (disregarding fractions) obtained by multiplying the number of Remaining Units by a fraction, the numerator of which is the number of Rights exercised by that subscriber pursuant to the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights exercised pursuant to the Basic Subscription Privilege by all subscribers pursuant to the Additional Subscription Privilege. If any subscriber in the Additional Subscription Privilege has subscribed for fewer Units than such holder’s *pro rata* allotment of Remaining Units, the excess Remaining Units will be allotted in a similar manner among the subscribers who were allotted fewer Remaining Units than they subscribed for.

Subscription Agent

Pursuant to a rights agency and custodial agreement with the Corporation, Computershare Investor Services Inc. has been appointed the Subscription Agent to perform various services relating to the exercise of Rights, including receiving subscriptions for Units and payment of the Subscription Price from Shareholders and acting as agent for Shareholders in Ineligible Jurisdictions as described under “Details of the Offering – Shareholders in Ineligible Jurisdictions”. The Corporation will pay the fees and expenses of the Subscription Agent. The Subscription Agent will accept subscriptions for Units and payment of the Subscription Price from holders of Rights Certificate only by hand, courier or registered mail at Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by mail at Computershare Investor Services Inc., P.O. Box 7021, 31 Adelaide Street East, Toronto, Ontario, M5C 3H2.

Rights Certificate (Shares Held Through CDS)

For all Shareholders who hold their Shares through a securities broker or dealer, bank or trust company or other CDS Participant in the book-based systems administered by CDS, a Rights Certificate representing the total number of Rights to which all such Shareholders as at the Record Date are entitled will be issued in registered form to, and deposited with, CDS. The Corporation expects that each beneficial Shareholder will receive a confirmation of the number of Rights issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

Neither the Corporation nor the Subscription Agent will have any liability for: (i) the records maintained by CDS or CDS Participants relating to the Rights or the book-entry accounts maintained by them; (ii) maintaining, supervising or reviewing any records relating to the Rights; or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or their CDS Participants.

The ability of a person having an interest in Rights held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Shareholders who hold their Shares through a CDS Participant must arrange purchases or transfers of Rights through their CDS Participant. For Shares held through a CDS Participant, a subscriber may subscribe for

Units by instructing the CDS Participant holding the subscriber's Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for to such CDS Participant in accordance with the terms of the Offering. A subscriber wishing to subscribe for additional Units pursuant to the Additional Subscription Privilege must forward its request to the CDS Participant that holds the subscriber's Rights prior to the Expiry Time, along with payment for the number of additional Units requested. Any excess funds will be returned by mail or credited to the subscriber's account with its CDS Participant without interest or deduction. CDS Participants may have an earlier deadline for receipt of instructions and payment than the Expiry Time.

It is anticipated by the Corporation that each such purchaser of Units or Rights will receive a customer confirmation of issuance or purchase, as applicable, from the CDS Participant through which such Rights are issued or such Units or Rights are purchased in accordance with the practices and policies of such CDS Participant.

Rights Certificate (Shares Held in Registered Form)

For all Shareholders whose Shares are held in registered form, a Rights Certificate representing the total number of Rights to which such Shareholder is entitled as at the Record Date will be mailed with a copy of this short form prospectus. In order to exercise the Rights represented by the Rights Certificate, such holder of Rights must complete and deliver the Rights Certificate in accordance with the instructions set out under "Details of the Offering – How to Complete the Rights Certificate (Registered Shareholders)". Only registered Shareholders of the Corporation will receive Rights Certificates.

Sale or Transfer of Rights

The Rights are fully transferable within the Eligible Jurisdictions. Holders of Rights in registered form may, instead of exercising their Rights to subscribe for Units, sell or transfer their Rights to any person within the Eligible Jurisdictions by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee. See "Details of the Offering – How to Complete the Rights Certificate (Registered Shareholders)." Holders of Rights through CDS Participants who wish to sell or transfer their Rights must do so in the same manner in which they sell or transfer Shares. See "Details of the Offering – Rights Certificate (Shares Held Through CDS)".

Dividing or Combining Rights Certificates

A Rights Certificate may be divided or combined. See "Details of the Offering – How to Complete the Rights Certificate (Registered Shareholders)".

Dilution to Existing Shareholders

If a Shareholder wishes to retain that Shareholder's fully-diluted position in the Shares and assuming that all Rights are exercised, the Shareholder should fully exercise the Rights issued to that Shareholder under this Offering to subscribe for and purchase Units. If a Shareholder does not exercise the Rights issued to that Shareholder, or elects to sell or transfer those Rights, and other holders of Rights exercise any of their Rights, that Shareholder's current fully-diluted position in the Shares will be diluted by the issue of Debentures and Warrants underlying the Units offered under this Offering.

Shareholders in Ineligible Jurisdictions

This Offering is made only in the Eligible Jurisdictions. No subscription under the Basic Subscription Privilege nor under the Additional Subscription Privilege will be accepted from any person, or such person's agent, who appears to be, or who the Corporation has reason to believe is, an Ineligible Holder, except that the

Corporation may accept subscriptions in certain circumstances from persons in such jurisdictions if the Corporation determines that such offering to and subscription by such person or agent is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such person or agent is resident (each an "Approved Eligible Holder").

Rights Certificates will not be issued and forwarded by the Corporation to Ineligible Holders who are not Approved Eligible Holders. Ineligible Holders will be presumed to be resident in the place of their registered address unless the contrary is shown to the satisfaction of the Corporation. Ineligible Holders will be sent this short form prospectus together with a letter advising them that their Rights Certificates will be issued to and held on their behalf by the Subscription Agent. Rights Certificates in respect of Rights issued to Ineligible Holders will be issued to and held by the Subscription Agent as agent for the benefit of Ineligible Holders. The Subscription Agent will hold the Rights until 5:00 p.m. (Eastern time) on October 2, 2009 in order to provide Ineligible Holders an opportunity to claim the Rights Certificate by satisfying the Corporation that the issue of Units and underlying Debentures and Warrants pursuant to the exercise of Rights will not be in violation of the laws of the applicable jurisdiction. Following such date, the Subscription Agent, for the account of registered Ineligible Holders, will, prior to the Expiration Time, attempt to sell the Rights of such registered Ineligible Holders represented by Rights Certificates in the possession of the Subscription Agent on such date or dates and at such price or prices as the Subscription Agent determines in its sole discretion.

Beneficial owners of Shares registered in the name of a resident of an Ineligible Jurisdiction, who are not themselves resident in an Ineligible Jurisdiction, who wish to be recognized as an Approved Eligible Holder and who believe that their Rights Certificates may have been delivered to the Subscription Agent, should contact the Subscription Agent at the earliest opportunity and in any case in advance of 5:00 p.m. (Eastern time) on October 2, 2009 to request to have their Rights Certificates mailed to them.

The Rights have not been qualified for distribution in any Ineligible Jurisdiction and, accordingly, may only be offered, sold, acquired, exercised or transferred in transactions not prohibited by applicable laws in Ineligible Jurisdictions. Notwithstanding the foregoing, persons located in such Ineligible Jurisdictions may be able to exercise the Rights and purchase Units provided that they furnish an investor letter satisfactory to the Corporation on or before October 2, 2009. The form of investor letter will be included in the letter sent to holders in such Ineligible Jurisdictions. A holder of Rights in an Ineligible Jurisdiction holding on behalf of a person resident in an Eligible Jurisdiction may be able to exercise the Rights provided the holder certifies in the investor letter that the beneficial purchaser is resident in an Eligible Jurisdiction and satisfies the Corporation that such subscription is lawful and in compliance with all securities and other applicable laws.

No charge will be made for the sale of Rights by the Subscription Agent except for a proportionate share of any brokerage commissions incurred by the Subscription Agent and the costs incurred by the Subscription Agent in connection with the sale of the Rights. Registered Ineligible Holders will not be entitled to instruct the Subscription Agent in respect of the price or the time at which the Rights are to be sold. The Subscription Agent will endeavour to effect sales of Rights on the open market and any proceeds received by the Subscription Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a *pro rata* basis among such registered Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the Subscription Agent therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the books of the Corporation. Amounts of less than $10.00 will not be remitted. The Subscription Agent will act in its capacity as agent of the registered Ineligible Holders on a reasonable efforts basis only and the Corporation and the Subscription Agent do not accept responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any registered Ineligible Holder. Neither the Corporation nor the Subscription Agent will be subject to any liability for the failure to sell any Rights of registered Ineligible Holders or as a result of the sale of any Rights at a particular price or on a particular day. **There is a risk that the proceeds received from the sale of Rights will not exceed the costs of or incurred by the Subscription Agent in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be remitted.**

Undeliverable Rights

Rights Certificates returned to the Subscription Agent as undeliverable will not be sold by the Subscription Agent and no proceeds of sale will be credited to such holders.

Debenture and Warrant Certificates

The Debentures and Warrants comprising the Units purchased through the exercise of Rights will be registered in the name of the person to whom such Rights were issued or such person's transferee, if any, as indicated on the appropriate form of the Rights Certificate. Certificates for Debentures and Warrants duly subscribed and paid for will be delivered by first class mail as soon as practicable after the Expiry Time by the Subscription Agent to the subscriber. Such certificates will be delivered to the address appearing in the records of the Corporation with respect to the persons to whom the Rights were issued or to the address of the transferee, if any, as indicated on the appropriate form on the Rights Certificate.

In the case of a subscriber who is a participant in the Additional Subscription Privilege, share certificates combining the Debentures and Warrants subscribed for under the Basic Subscription Privilege and the Additional Subscription Privilege will be sent as soon as practicable after the Expiry Time and the determination of the number of Debentures and Warrants to which each such participant is entitled. In the event that pursuant to the Additional Subscription Privilege the number of Debentures and Warrants delivered to the subscriber is less than the number subscribed for, a cheque representing a refund, without interest or deduction, of the excess portion of the total Subscription Price paid by the subscriber will accompany the delivery of the certificates herein described.

Subject to the exceptions set out under "Details of the Rights Offering – Shareholders in Ineligible Jurisdictions", certificates representing Debentures and Warrants will not be mailed to an address outside of the Eligible Jurisdictions.

How to Complete the Rights Certificate (Registered Shareholders)

Only registered Shareholders of the Corporation will receive Rights Certificates. Beneficial Shareholders of the Corporation will not receive Rights Certificates. However, beneficial Shareholders will be able to exercise their Rights and acquire Units. Should a beneficial Shareholder wish to exercise Rights and purchase Units, the beneficial Shareholder should contact his or her securities dealer for details on how to do so. See "Rights Certificate – Shares Held Through CDS".

Basic Subscription Privilege – Form 1. Form 1 must be completed and signed in order for a holder to exercise some or all of the Rights represented by the Rights Certificate pursuant to the Basic Subscription Privilege. The maximum number of Rights which may be exercised by completing and signing Form 1 is shown immediately above Form 1 on the Rights Certificate. A Shareholder who chooses not to exercise all the Rights evidenced by the Rights Certificate will be deemed to have elected to waive the unexercised balance of such Rights and such unexercised balance of Rights will be void and of no value. Completion of Form 1 constitutes a representation by the Shareholder that he is not a resident of any Ineligible Jurisdiction, or the agent of any such person.

Additional Subscription Privilege – Form 2. Any holder of a Rights Certificate who exercises the Basic Subscription Privilege to subscribe for all the Units that can be subscribed for with the Rights evidenced by such certificate and who wishes to participate in the Additional Subscription Privilege must complete and sign Form 2 on the Rights Certificate. The completed Rights Certificate and payment for all Units subscribed for under the Basic Subscription Privilege and Additional Subscription Privilege should be delivered or mailed so that they are received by the Subscription Agent before the Expiry Time. If mailing, Shareholders should allow for sufficient time to avoid late delivery.

Sale and Transfer of Rights – Form 3. Holders of Rights in registered form may, instead of exercising their Rights to subscribe for Units, sell or transfer their Rights to any person in the Eligible Jurisdictions by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee. To transfer the Rights, a registered Shareholder must complete Form 3 on the Rights Certificate and have the signature guaranteed by a Canadian Schedule I bank, a major trust company in Canada, a member of an applicable Medallion Signature Guarantee Program, including STAMP, SEMP and MSP. Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada. It is not necessary for a transferee to obtain a new Rights Certificate to exercise the Rights, but the signature of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights Certificate for all purposes. If Form 3 is completed, the Corporation and Subscription Agent will treat the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights Certificate for all purposes and will not be affected by notice to the contrary.

Dividing or Combining Rights Certificates − Form 4. A Rights Certificate may be divided or combined by completing Form 4 on the Rights Certificate and surrendering it to the Subscription Agent, in which case no endorsement is necessary. The Subscription Agent will then issue a new Rights Certificate in such denominations (totalling the same number of Rights as evidenced by the Rights Certificate being divided or combined) as are requested by the Rights Certificate holder. Rights Certificates must be surrendered for division or combination in sufficient time prior to the Expiry Time to permit the new Rights Certificates to be issued to and used by the Rights Certificate holder.

Payment of Subscription Price. The Subscription Price, including the Subscription Price for any additional Units elected to be purchased pursuant to the Additional Subscription Privilege, is payable in Canadian dollars, by certified cheque, bank draft or money order payable at par (without deduction for bank service charges or otherwise) to or to the order of “Computershare Investor Services Inc.” (the Subscription Agent). Any excess funds paid in respect of the exercise of an Additional Subscription Privilege will be returned by mail by the Subscription Agent or credited to a subscriber’s account with its CDS Participant, as applicable, without interest or deduction.

Signatures. The signature of the holder of a Rights Certificate must correspond in every particular with the name that appears on the face of the Rights Certificate. Signatures by a trustee, executor, administrator, guardian, attorney or officer of a corporation or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Subscription Agent.

Unexercised Rights. Subject to the ability of a holder of a Rights Certificate to divide or combine a Rights Certificate as discussed above, a holder of a Rights Certificate who in Form 1 of the Rights Certificate exercises some but not all of the Rights evidenced by the Rights Certificate will be deemed to have elected to waive the unexercised balance of such Rights and such unexercised balance of Rights will be void and of no value. Similarly, if a holder of a Rights Certificate surrenders his Rights Certificate but fails to complete Form 1 or Form 2 on the Rights Certificate, or fails to make payment of the Subscription Price as described above in respect of any Units for which he elects to subscribe, such holder will be deemed to have elected to waive the Rights represented by such Rights Certificate (or such portion thereof in respect of which he has failed to make payment) and such Rights will be void and of no value.

Validity and Rejection of Subscriptions. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by the Corporation in its sole discretion, which determination shall be final and binding. All subscriptions are irrevocable. The Corporation reserves the absolute right to reject any subscription if such subscription is not in proper form or if the acceptance thereof or the issuance of Units pursuant thereto could be deemed unlawful. The Corporation also reserves the right to waive any defect with regard to any particular subscription. The Corporation and the Subscription Agent will not be under any duty to give notification of any defect or irregularity in such subscriptions and neither the Corporation nor the Subscription Agent will incur any liability for failure to give such notification.

PLAN OF DISTRIBUTION

Each holder of Shares on the Record Date will receive one Right for each Share held. 340.1340 Rights entitle the holder thereof to purchase one Unit upon payment of the Subscription Price of $10 per Unit. The Subscription Price was established by negotiation between the Corporation and the Stand-by Purchasers. The aggregate number of Units issuable upon exercise of Rights may exceed 310,000 since Shares may be issued between the date of this short form prospectus and the Record Date, and holders of such Shares will be entitled to receive Rights under the terms of this Offering. This short form prospectus also qualifies the distribution of the Units and underlying Debentures and Warrants issuable upon exercise of such Rights.

The Corporation has engaged Laurentian Bank Securities Inc. to act as the Dealer Manager to organize and participate in the solicitation of the exercise of Rights. Pursuant to a dealer manager agreement dated as of August 31, 2009 (the "Dealer Manager Agreement") between the Corporation and the Dealer Manager, the Dealer Manager has agreed to use its best commercial efforts to solicit the exercise of the Rights and to act as the Corporation's financial advisor in connection with the Offering. The Corporation has agreed to pay the Dealer Manager (i) a cash fee equal to 3% of the gross proceeds raised from the Stand-by Purchasers, and (ii) a cash fee equal to 8% of the gross proceeds raised from other Shareholders. The payment of such cash fees by the Corporation to the Dealer Manager is not subject to any minimum number of Units to be subscribed under the Offering. The Dealer Manager also received a cash fee equal to 3% of the gross proceeds raised in the Private Placement. The Dealer Manager may form a group of soliciting dealers. The obligations of the Dealer Manager under the Dealer Manager Agreement may be terminated at the discretion of the Dealer Manager on the basis of its assessment of the financial markets and upon the occurrence of certain stated events.

The outstanding Shares of the Corporation are currently listed and posted for trading on the TSX under the symbol "BSY". The Rights will be listed on the TSX, subject to the Corporation fulfilling all of the listing requirements of the TSX. In addition, the TSX has conditionally approved the listing on the TSX of the Shares issuable upon the conversion of the Debentures and the Shares issuable upon the exercise of the Warrants distributed under this short form prospectus. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX. The Corporation expects that on September 14, 2009, the Rights will commence trading on the TSX under the symbol "BSY.RT" and the Shares will commence trading on an "ex rights" basis, meaning that persons who acquire Shares on or following that date will not be entitled to receive the related Rights. The Corporation also expects that the Rights will remain listed and posted for trading until noon (Eastern time) on the Expiry Time. **There is no market through which the Debentures and the Warrants may be sold and purchasers may not be able to resell Debentures and Warrants purchased under this short form prospectus. This may affect the pricing of the Debentures and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and Warrants, and the extent of issuer regulation. See "Risk Factors".**

The distribution of the Rights as well as the Units and underlying Debentures and Warrants issuable upon the exercise of the Rights (including the Units and underlying Debentures and Warrants issuable upon execution of the Stand-by Commitment) are qualified by this short form prospectus in Eligible Jurisdictions (being the provinces of British Columbia, Alberta, Manitoba, Ontario, and Québec). The Rights are not being distributed or offered to holders in the United States or in any other Ineligible Jurisdiction and the Rights may be exercised by or on behalf of a holder of Ineligible Holders only to the extent certain conditions described herein are complied with. This short form prospectus is not, and under no circumstances is to be construed as, an offering of any Rights or Units for sale in any Ineligible Jurisdiction or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to Ineligible Holders. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Subscription Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders. See “Details of the Rights Offering – Shareholders in Ineligible Jurisdictions”.

The securities offered herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or any State laws and, subject to certain exceptions, may not be offered or sold in the United States.

STAND-BY COMMITMENT

Pursuant to the Stand-by Purchase Agreements, the Stand-by Purchasers have agreed, subject to certain terms and conditions, to exercise in full their respective Rights pursuant to the Basic Subscription Privilege and to purchase, at the Subscription Price, in the aggregate all of the existing Stand-by Units at the Expiry Time, so as to ensure a minimum subscription of 310,000 Units, in accordance with the proportions set forth in their respective Stand-by Purchase Agreements. ProQuest’s, FSTQ’s and Highland’s commitments (including exercise of Basic Subscription Privilege and Stand-by Commitment) are for $1,141,110, $1,141,110 and $817,780, respectively. The actual amount subscribed by the Stand-by Purchasers may be lower depending on the amount of Stand-by Units, if any, at the Expiry Time.

The Stand-by Purchasers will be obligated to tender the subscription funds required under the Stand-by Commitment as soon as practicable after the Subscription Agent has specified the number of Rights that were exercised under the Offering by Shareholders other than the Stand-by Purchasers. In the event that all of the Units are subscribed for in the Offering, the Stand-by Purchasers will exercise in full their respective Rights pursuant to the Basic Subscription Privilege but will not provide the Stand-by Commitment.

No stand-by fees will be paid to the Stand-by Purchasers in consideration of the Stand-by Commitment. The Corporation has agreed to pay reasonable professional fees of the Stand-by Purchasers. The obligations of the Stand-by Purchasers under their respective Stand-by Purchase Agreements may be terminated at their discretion upon the occurrence of certain stated events.

ProQuest and FSTQ are “insiders” and “related parties” of the Corporation pursuant to applicable securities legislation in that they each hold more than 10% of the issued and outstanding Shares. ProQuest currently holds 16,418,999 Shares, $3,000,000 principal amount of 2008 Debentures, $280,000 principal amount of 2009-1 Debentures, 7,500,000 2008 Warrants and 2,548,000 Warrants, representing a non-diluted position of 15.6% and a fully-diluted position of 19.8% in the Shares. FSTQ currently holds 12,081,705 Shares, $3,000,000 principal amount of 2008 Debentures, $280,000 principal amount of 2009-1 Debentures, 7,500,000 2008 Warrants and 2,548,000 Warrants, representing a non-diluted position of 11.5% and a fully-diluted position of 17.9% in the Shares.

On August 21, 2009, the Stand-by Purchasers subscribed to an aggregate of 116,330 Units at the Subscription Price pursuant to the Private Placement. See “Recent Developments – Financing”.

Copies of the Stand-by Purchase Agreements are available on SEDAR at www.sedar.com.

USE OF PROCEEDS

The net proceeds to be received by the Corporation pursuant to the Offering and the Stand-by Commitment, if applicable, after deducting the expenses of the Offering and the fees of the Dealer Manager (assuming that all Rights will be exercised pursuant to the Basic Subscription Privilege), will be approximately $2,400,000, and approximately $3,750,000 when combined with net proceeds of approximately $1,350,000 under the Private Placement (net of the fees payable to the Dealer Manager). The expenses of the Offering and the Private Placement, estimated to be $500,000, will be paid from the proceeds of the Offering and the Private Placement.

The Corporation intends to use the net proceeds from the Private Placement, the Offering and the Stand-by Commitment, if applicable, as follows: (i) approximately $750,000 to complete the formal review of the strategic alternatives of BioSyntech, including a commercial partnership in respect of its cartilage repair device, BST-CarGel® and/or a corporate sale of BioSyntech, (ii) approximately $2,000,000 to pursue the pivotal trial for the BST-CarGel®, and (iii) the remaining portion for general corporate purposes, including working capital. Any additional proceeds received from the exercise of Warrants will be used for general corporate purposes, including working capital.

While the Corporation intends to use the net proceeds as outlined above, the actual use of the net proceeds may vary depending on operating and capital needs, the progress of clinical, research and development programs, the progress of the formal review of strategic alternatives and business and operations circumstances. Pending the use of proceeds outlined, the Corporation intends to invest the net proceeds in investment grade, short-term, interest bearing securities.

Reference is made to the section "Recent Developments – Pivotal Trials for the BST-CarGel®" for a description of the status of development of the Corporation's BST-CarGel®. Based on the current status of its BST-CarGel® platform, the Corporation estimates it would require between approximately $8,000,000 to $12,000,000 if it were to maintain its operations until the summer of calendar year 2010 and complete its pivotal trial for the BST-CarGel® for the complete 80 patients without a strategic relationship. Moreover, in order to reach a stage where the BST-CarGel® can be commercialized in Canada and Europe, assuming positive results for its complete pivotal trial in the summer of calendar year 2010 and regulatory approvals by the end of calendar year 2011, the Corporation estimates that it would need, in addition to funds required to sustain its operations until such period, an additional amount of between approximately $1,000,000 to $2,000,000. The foregoing estimates are subject to material risks and uncertainties, as explained under "Risk Factors". The Corporation will only be able to more accurately estimate the time and costs required for a regulatory approval of BST-CarGel® and commercialization once the complete results of its Canadian-European pivotal trial are known, and based on the circumstances that will prevail at that time.

As a result of the foregoing, and taking into account the Debentures maturing on March 31, 2010, the Corporation would require additional funds to continue its operations, complete its pivotal trial for the BST-CarGel® and repay maturing debentures (in the event they are not converted before maturity) if it were to proceed without a strategic relationship. Depending on the advancement of its review of strategic alternatives and its pivotal trial for the BST-CarGel®, the Corporation may need additional financing as soon as the beginning of calendar year 2010. There can be no assurance that any such financing will be available. Any additional financing may be dilutive to holders of Shares or Debentures. See "Risk Factors – Risks relating to BioSyntech".

DESCRIPTION OF SECURITIES BEING OFFERED

Each Unit will consist of $10 principal amount of Debentures and 91 Warrants.

Debentures

The Debentures will be issued under a debenture indenture dated July 15, 2008 (the "Debenture Indenture") between the Corporation, Bio Syntech Canada Inc. ("BioSyntech Canada") and Computershare Trust Company of Canada (the "Debenture Trustee"), as amended by a supplemental indenture dated August 21, 2009 (the "Supplemental Debenture Indenture") between the Corporation, BioSyntech Canada and the Debenture Trustee. Copies of the Debenture Indenture and Supplemental Debenture Indenture have been filed with the securities regulatory authorities in the Eligible Jurisdictions and are also available electronically at www.sedar.com. The following summary of certain provisions of the Debenture Indenture, as amended, is subject to, and is qualified in its entirety by reference to, the provisions of the Debenture Indenture and the Supplemental Debenture Indenture.

General

The Debentures will be issued under the Debenture Indenture. The debentures authorized for issue under the Debenture Indenture are unlimited. As of the date of this short form prospectus, there is outstanding $12,330,000 principal amount of 2008 Debentures and $1,400,000 principal amount of 2009-1 Debentures. The Corporation may, from time to time, with the consent of the holders of the Debentures as described under "Debentures – Restrictions on Future Financing and Debenture Indenture Covenants" and subject to the limitations described therein, issue additional debentures of the same series or of a different series under the Debenture Indenture, in addition to the Debentures offered hereby and the outstanding 2008 Debentures and 2009-1 Debentures.

The Debentures will be dated as of the date of closing of this Offering and will be issuable only in denominations of $10 and integral multiples thereof. The Debentures will mature on the Maturity Date, being March 31, 2010.

The Debentures will bear interest from and including the date of issue at an annual rate of 12% payable, not in advance, on March 31, 2010.

The Debentures will not be posted for trading on any recognized stock exchange.

The principal amount of the Debentures will be payable in lawful money of Canada or, subject to the conditions set forth in "Debentures – Payment upon Maturity" and subject to applicable regulatory approval, by the issuance of freely-tradable Shares listed on the TSX. See "Debentures – Payment upon Maturity". The interest on the Debentures will be payable in lawful money of Canada or, subject to the conditions set forth in "Debentures – Interest Payment Option" and subject to applicable regulatory approval, in accordance with the Share Interest Payment Election (as defined below). See "Debentures – Interest Payment Option".

The Debentures will be direct obligations of the Corporation and are subordinated to the Senior Indebtedness (as defined below) and will rank *pari passu* with the 2008 Debentures and the 2009-1 Debentures. See "Debentures – Subordination". The Debentures will be guaranteed by all of the operating subsidiaries of the Corporation and secured by hypothecs on all of the present and future assets of the Corporation and the operating subsidiaries of the Corporation. For additional information as to the nature and rank of such security, see "Debentures – Guarantee and Security Interest". The Debenture Indenture restricts the Corporation and its subsidiaries from incurring additional indebtedness or other liabilities or from mortgaging, pledging or charging their properties to secure any indebtedness. See also "Debentures – Restrictions on Future Financing and Debenture Indenture Covenants".

Conversion Privilege

The Debentures are convertible at the holder's option into fully paid, non-assessable and freely tradable Shares at any time prior to the close of business on the date that is five business days prior to the Maturity Date or, if called for redemption, on the business day immediately preceding the date fixed for redemption, at a Conversion Price of $0.11, being a ratio of approximately 91 Shares per $10 principal amount of Debentures. Holders converting their Debentures will receive accrued and unpaid interest thereon up to, but excluding, the date of conversion. Holders converting their Debentures shall become holders of record of Shares of the Corporation on the business day immediately following the conversion date.

The Debenture Indenture also provides that the Conversion Price is subject to adjustment in certain events including: (i) the subdivision or consolidation of the Shares or the issue of Shares to all or substantially all of the holders of Shares by way of a stock dividend (as defined in the Debenture Indenture), (ii) the issue of rights, options or warrants to all or substantially all the holders of Shares entitling them within a period of no longer than 45 days after such date of issue to acquire (A) Shares at less than 95% of the Current Market Price of the Shares (as defined below) or (B) securities convertible into Shares where the conversion price at the date of issue of such convertible securities is less than 95% of the Current Market Price of the Shares, and (iii) the distribution to all or substantially all of the holders of Shares of shares of any other class or of rights, options, or warrants (other than those referred to above) or of evidences of indebtedness or of assets (as defined in the Debenture Indenture). The adjustment provisions of clauses (ii) and (iii) above are subject to any adjustment that may be required by the TSX in order to produce a result that is not prohibited under the rules of the TSX.

"Current Market Price" is defined in the Debenture Indenture to mean, at any date, the volume weighted average trading price per Share for the 20 trading days immediately preceding the third trading day before such date on the principal stock exchange on which the Shares are then listed.

There will be no adjustment of the Conversion Price if the holders of the Debentures are allowed to participate in the event otherwise requiring adjustment as though they had converted their Debentures prior to the applicable record date or effective date, such participation being subject to TSX approval. The Corporation will not be required to make adjustments to the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

Subject to the covenants described under "Debentures – Restrictions on Future Financing and Debenture Indenture Covenants", in the case of a reclassification or a capital reorganization (other than a change resulting from consolidation or subdivision) of the Shares or in the case of any consolidation, amalgamation or merger of the Corporation with or into any other entity, or in the case of a sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution, winding-up of the Corporation or other similar transaction, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction, be entitled to receive the number of Shares, other securities or consideration that such holder would be entitled to receive if, on the effective date thereof, it had been the holder of the number of Shares into which the Debenture was convertible immediately prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction.

The Corporation covenants in the Debenture Indenture that, during the period in which the Debentures are convertible, it will give public notice of certain stated events at least 14 days prior to the record date or the effective date, as the case may be, of such events.

No fractional Shares will be issued on any conversion but in lieu thereof the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Redemption and Purchase

The Debentures may be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days' and not less than 30 days prior written notice at a price equal to 110% of the principal amount thereof (the "Redemption Price") plus accrued and unpaid interest thereon, provided that (i) the Current Market Price of the Shares on the date on which notice of redemption is given is not less than 250% of the Conversion Price, and (ii) a minimum of 5,000,000 Shares of the Corporation have traded on the principal stock exchange on which the Shares are then listed during the 20 trading days taken into account in the determination of the Current Market Price. In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable.

The Corporation or any of its affiliates will have the right to purchase Debentures in the market, by tender, or by private contract, provided however, that if an event of default under the Debenture Indenture has occurred and is continuing, the Corporation or any of its affiliates will not have the right to make such purchase.

Payment upon Maturity

At maturity, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which have matured, together with accrued and unpaid interest thereon. The Corporation may, at its option and subject to the consent of holders of Debentures representing $66^{2/3}$% of the principal amount of Debentures then outstanding, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, elect to satisfy its obligation to pay the principal amount of the Debentures which are due on maturity, by issuing and delivering that number of freely tradable Shares listed on the TSX, as determined below, to the holders of the Debentures. Any accrued and unpaid interest thereon will be paid in cash unless the Corporation also makes the Share Interest Payment Election (as defined below). The number of Shares to be issued will be determined by dividing the aggregate principal amount of the outstanding Debentures which have matured, as the case may be, by 95% of the volume weighted average trading price per Share for the 20 trading days immediately preceding the date that is five trading days prior to the Maturity Date. No fractional Shares will be issued at maturity but in lieu thereof the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Subordination

The payment of the principal (and premium, if any) of, and interest on, the Debentures is subordinated in right of payment, as set forth in the Debenture Indenture, to the prior payment in full of all Senior Indebtedness (as defined below) and will rank *pari passu* with the 2008 Debentures and the 2009-1 Debentures.

"Senior Indebtedness" is defined in the Debenture Indenture as all amounts owed by BioSyntech Canada or the Corporation to (i) the Business Development Bank of Canada under the letter of offer of financing from the Business Development Bank of Canada and its schedule dated November 27, 2006, and accepted by BioSyntech Canada on January 25, 2007, and (ii) La Financière du Québec under the letter of offer of financing from La Financière du Québec dated March 15, 2004 and accepted by BioSyntech Canada and the Corporation on March 17, 2004. As of June 30, 2009, an aggregate of $2,394,676 was owed under the Senior Indebtedness. The Debentures will rank prior to all obligations of the Corporation and BioSyntech Canada other than the Senior Indebtedness. The Corporation may not create or issue any new indebtedness for borrowed money that ranks senior to, or *pari passu* with the Debentures without the consent of the holders of Debentures representing at least $66^{2/3}$% of the principal amount of Debentures then outstanding. See also "Description of Securities Being Offered – Debentures – Restrictions on Future Financing and Debenture Indenture Covenants".

The Debenture Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation or its subsidiaries, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation or its subsidiaries, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation, then those holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Debenture Indenture also provides that the Corporation will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, or (ii) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such event of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full.

Guarantee and Security Interest

The Debentures are guaranteed by all of the operating subsidiaries of the Corporation and are secured by hypothecs on all of the present and future assets of the Corporation and the operating subsidiaries of the Corporation. As of the date of this short form prospectus, BioSyntech Canada is the sole operating subsidiary of the Corporation. The Debentures are secured by a hypothec on all of the present and future assets of BioSyntech Canada, including its intellectual property and owned equipment, as well as its land and building representing its head office located at 475 Boulevard Armand-Frappier, Laval, Québec. Such hypothec ranks immediately after the hypothecs granted by BioSynthech Canada to secure the Senior Indebtedness. The Debentures are also secured by a first ranking hypothec on all of the present and future assets of the Corporation, including the shares of BioSyntech Canada held by the Corporation. The financial results of BioSyntech Canada are included in the consolidated financial results of the Corporation.

Restrictions on Future Financing and Debenture Indenture Covenants

The Debenture Indenture contains covenants that will limit the flexibility of the Corporation or its subsidiaries to undertake certain transactions or proceed with certain actions. In particular, the Corporation agrees in the Debenture Indenture that it and its subsidiaries shall not take any of the following actions without the consent of the holders of Debentures representing at least $66^{2/3}$% of the principal amount of Debentures then outstanding:

(i) amend the articles or by-laws of the Corporation or any of its subsidiaries;

(ii) increase or decrease the number of authorized shares of any category of shares of the Corporation or any of its subsidiaries;

(iii) declare dividends or distributions on, or redeem, any shares in the capital of the Corporation;

(iv) implement extraordinary corporate transactions including, without limitation, the sale or exclusive license of all or a substantial portion of the assets of the Corporation or any of its subsidiaries, or mergers, amalgamations, consolidations, arrangements, other business combinations, recapitalizations or liquidations, to which the Corporation or one of its subsidiaries is a party;

(v) acquire shares or all or substantially all of the assets of any other entity, or enter into strategic alliances, technology licensing arrangements or other corporate partnering relationships;

(vi) issue, create, guarantee or otherwise become liable for more than $100,000 in debt (excluding the issuance of the Debentures to be issued pursuant to this Offering and the issuance of any debt for the sole purpose of repaying the principal amount of all outstanding Debentures at maturity);

(vii) issue equity securities at a price lower than the Conversion Price (including the grant of options, warrants or other securities either directly or indirectly convertible into equity securities, but not including the options remaining ungranted under the Corporation's current option plan) or in the case of subsidiaries of the Corporation, issue any equity securities of such subsidiaries, or securities directly or indirectly convertible into equity securities of such subsidiaries, to any person other than the Corporation or a wholly-owned subsidiary of the Corporation;

(viii) create or establish a pledge, mortgage, lien, hypothec or other security interest in or over the assets of the Corporation or any of its subsidiaries (excluding the hypothec in favour of the Debenture Trustee securing the repayment of the Debentures and the other obligations of the Corporation under the Debenture Indenture);

(ix) approve and cause the dissolution, voluntary bankruptcy or liquidation of the Corporation or any of its subsidiaries;

(x) approve any material change in the Corporation's or its subsidiaries activities;

(xi) enter into contracts with non-arm's length parties; and

(xii) approve any changes to the foregoing.

Change of Control of the Corporation

Upon a Change of Control (as defined below) of the Corporation, each holder of Debentures may require the Corporation to purchase (the "Put Right"), on the date which is 30 days following the giving of notice of the Change of Control as set out below (the "Put Date"), the whole or any part of such holder's Debentures at a price equal to 110% of the principal amount thereof ("Put Price") plus accrued and unpaid interest to the Put Date. Any accrued and unpaid interest thereon will be paid in cash and the Share Interest Payment Election will not apply to such payment. The Debenture Indenture contains notification provisions requiring the following: (i) the Corporation will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the holders of Debentures notice of the Change of Control, the Put Right and the right of the Corporation to redeem untendered Debentures under certain circumstances, and (ii) a holder of Debentures, to exercise the Put Right, must deliver to the Debenture Trustee, not less than five business days prior the Put Date, written notice of the holder's exercise of such right, together with the Debentures with respect to which the right is being exercised, duly endorsed for transfer.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, the Corporation will have the right to redeem all the remaining Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given by the Corporation to the Debenture Trustee prior to the Put Date, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered for purchase.

For the purposes of the Debenture Indenture, "Change of Control" shall mean (i) the liquidation or dissolution of the Corporation, or (ii) a transaction (or series of related transactions) with one or more non-affiliates, pursuant to which such party or parties (and any person acting jointly or in concert with such party or parties) acquire (A) shares in the capital of the Corporation or the surviving entity possessing the voting power to elect a majority of the Board of Directors of the Corporation or the surviving entity (whether by amalgamation, arrangement, consolidation, take-over bid, sale or transfer of the Corporation's capital stock or otherwise); provided, however, that a transaction (or series of related transactions) pursuant to which the then existing holders of the Corporation's equity immediately prior to such transaction (or series of related transactions) continue to own, directly or indirectly, a majority of the outstanding shares in the capital of the Corporation or such other resulting, surviving or combined company resulting from such transaction (or series of related transactions) shall not be deemed to be a Change of Control; or (B) all or substantially all of the Corporation's assets determined on a consolidated basis.

Interest Payment Option

The Corporation may, subject to applicable regulatory approval and provided no Event of Default has occurred, elect to satisfy the interest payable on the Debentures on any Interest Payment Date by issuing freely-tradable Shares listed on the TSX to the holders of Debentures (the "Share Interest Payment Election"). The number of Shares to be issued following a Share Interest Payment Election will be determined by dividing the amount of interest payable on such Interest Payment Date by an amount equal to 95% of the volume weighted average trading price per Share for the five trading days immediately preceding the interest payment date on the principal stock exchange on which the Shares are then traded.

The Debenture Indenture sets forth the procedures to be followed by the Corporation in order to effect the Share Interest Payment Election. If a Share Interest Payment Election is made, the sole right of a Debentureholder in respect of interest will be to receive freely-tradable Shares listed on the TSX in full satisfaction of the interest payable on the Debentures, and the holder of such Debentures will have no further recourse to the Corporation in respect of such interest. The Share Interest Payment Election will not be available for accrued and unpaid interest payable (i) following the exercise of a Put Right upon a Change of Control of the Corporation in accordance with the terms described under "Debentures – Change of Control"; or (ii) upon redemption of the Debentures in accordance with the terms described under "Debentures – Redemption and Purchase".

Events of Default

The Debenture Indenture provides that an "Event of Default" in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) default in the observance or performance of any other covenant or condition of the Debenture Indenture and continuance of such default for a period of 15 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same; or (iv) certain events of bankruptcy, insolvency or reorganization of the Corporation or any of its subsidiaries under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% of the aggregate principal amount of Debentures, declare the principal of and interest on all outstanding Debentures to be immediately due and payable.

In certain cases, the holders of a majority of the aggregate principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

If an Event of Default has occurred and the Corporation has not remedied such default within 15 days from the notice of Event of Default, interest will accrue on the Debenture from the 16th day after the notice of Event of Default at an increased rate of 18.0% per annum instead of 12.0% per annum until such Event of Default has been remedied.

Offers for Debentures

The Debenture Indenture contains provisions to the effect that if an offer is made for the Debentures which is a takeover bid for Debentures within the meaning of the *Securities Act* (Québec) (or the regulations thereunder) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the holders of Debentures as well as holders of any other series of debentures that may be issued under the Debenture Indenture may be modified in accordance with the terms of the Debenture Indenture, subject to prior TSX approval. For that purpose, among others, the Debenture Indenture contains certain provisions which will make binding on all holders of debentures resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of not less than $66^{2/3}$% of the aggregate principal amount of the 2008

Debentures, the 2009-1 Debentures and the Debentures, voting together as a single class, present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than $66^{2/3}$% of the aggregate principal amount of the 2008 Debentures, the 2009-1 Debentures and the Debentures. In certain other cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each particularly affected series.

Warrants

The Warrants will be issued under a warrant indenture dated August 21, 2009 (the "Warrant Indenture") between the Corporation and Computershare Trust Company of Canada (the "Warrant Agent"). A copy of the Warrant Indenture has been filed with the securities regulatory authorities in the Eligible Jurisdictions and is also available electronically at www.sedar.com. The following summary of certain provisions of the Warrant Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the Warrant Indenture.

General

The Warrants will be issued under the Warrant Indenture. As of the date of this short form prospectus, there are 12,740,000 Warrants outstanding under the Warrant Indenture.

Each Warrant will entitle the holder thereof to purchase one Share at the Exercise Price of $0.14 until August 19, 2016. The Warrants will not be posted for trading on any recognized stock exchange. Holders of Warrants do not have any voting or pre-emptive rights or any other rights as shareholders of the Corporation.

Cashless Exercise

Holders of Warrants will have the option to exercise the Warrants without cash consideration and receive a number of Shares equal to: (number of Warrants exercised x 5-day Market Price at time of exercise) less (number of Warrants exercised x Exercise Price) / 5-day Market Price at time of exercise.

"5-day Market Price" is defined in the Warrant Indenture to mean, at any date, the volume weighted average trading price per Share for the five trading days immediately preceding the third trading day before such date on the principal stock exchange on which the Shares are then listed.

Adjustments

The Warrant Indenture contains provisions to the effect that in the event of any subdivision, consolidation, change, reclassification or alteration of the Shares of the Corporation or in the event of the consolidation, amalgamation or merger of the Corporation with another company, a proportionate adjustment or change will be made in the price, the number and kind of securities issuable on the exercise of the Warrants.

The Warrant Indenture also provides that the Exercise Price is subject to adjustment in certain events including: (i) the subdivision or consolidation of the Shares or the issue of Shares to all or substantially all of the holders of Shares by way of a stock dividend (as defined in the Warrant Indenture); (ii) the issue of rights, options or warrants to all or substantially all the holders of Shares entitling them within a period of no longer than 45 days after such date of issue to acquire (A) Shares at less than 95% of the 20-day Market Price of the Shares or (B) securities convertible into Shares where the conversion price at the date of issue of such convertible securities is less than 95% of the 20-day Market Price of the Shares; and (iii) the distribution to all or substantially all of the holders of Shares of shares of any other class or of rights, options, or warrants (other than those referred to above) or of evidences of indebtedness or of assets (as defined in the Warrant Indenture). The adjustment provisions of clauses (ii) and (iii) above are subject to any adjustment that may be required by the TSX in order to produce a result that is not prohibited under the rules of the TSX.

"20-day Market Price" is defined in the Warrant Indenture to mean, at any date, the volume weighted average trading price per Share for the 20 trading days immediately preceding the third trading day before such date on the principal stock exchange on which the Shares are then listed.

No adjustment in the exercise price of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price of the Warrants by at least 1%.

The Corporation covenants in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give public notice of certain stated events at least 14 days prior to the record date or the effective date, as the case may be, of such events.

To the extent that the holder of a Warrant would otherwise be entitled to purchase a fraction of a Share, such right may be exercised only in combination with other rights which, in the aggregate, entitle the holder to purchase a whole number of Shares. No adjustments as to dividends will be made upon any exercise of Warrants.

Amendments

From time to time the Corporation and the Warrant Agent may, without the consent of the holders of the Warrants, amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the interests of the holders of the Warrants. All such modifications shall be subject to prior TSX approval. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by way of "extraordinary resolution" which is defined as a resolution passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than $66^{2/3}$% of the aggregate number of Warrants then outstanding represented at the meeting or rendered by instruments in writing signed by the holders of not less than $66^{2/3}$% of the aggregate number of Warrants then outstanding.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Corporation's consolidated capitalization since June 30, 2009, except for the material changes resulting from the Private Placement and those that will result from this Offering. The following table sets out the Corporation's consolidated capitalization as at June 30, 2009 and the Corporation's consolidated capitalization as at June 30, 2009, as adjusted to give effect to the Private Placement and this Offering. This table should be read in conjunction with the unaudited consolidated financial statements of the Corporation for the three-month periods ended June 30, 2009 and 2008, which are incorporated by reference into and form an integral part of this short form prospectus.

	As at June 30, 2009 $	As at June 30, 2009 (as adjusted to give effect to the Private Placement and the Offering[1]) $
	(unaudited)	(unaudited)
Current debt		
Long-term debt[2]	2,394,676	2,394,676
Secured subordinated convertible debentures[3]	10,253,134	13,227,666
	12,647,810	15,622,342
Shareholders' deficiency		
Share capital	51,424,180	51,424,180
Warrants	1,881,784	2,407,439
Equity portion of convertible debentures	1,770,161	2,019,974
Contributed surplus	6,059,563	6,059,563
Deficit	(69,463,458)	(69,463,458)
Total shareholders' equity	(8,327,770)	(7,552,302)
Total capitalization	4,320,040	8,070,040

Notes:

(1) Assuming net proceeds from the Private Placement and the Offering of $3,750,000. The proceeds of the Private Placement and the Offering have been classified into its component parts of liabilities and equity in accordance with the substance of the contractual arrangement on initial recognition.

(2) Includes current portion of $593,079.

(3) All of which are classified as current.

PRIOR SALES

The following table summarizes the distribution of Shares and securities that are convertible into Shares issued by the Corporation during the 12-month period prior to the date of this short form prospectus:

Date	Type of Security	Price per Security	Number of Securities
March 31, 2009	Shares[1]	$0.1318	5,227,133
May 29, 2009	Shares[2]	$0.075	15,000
June 17, 2009	Shares[2]	$0.075	5,000
June 19, 2009	Shares[3]	$0.20	500,000
June 30, 2009	Shares[1]	$0.2066	3,607,397
August 21, 2009	Units[4]	$10	140,000

Notes:

(1) Shares issued as payment of interest on Debentures.

(2) Shares issued upon exercise of options.

(3) Shares issued upon conversion of Debentures.

(4) Units comprised of $10 principal amount of Debentures and 91 Warrants issued pursuant to the Private Placement.

TRADING PRICE AND VOLUME

The Shares are listed and posted for trading on the TSX under the symbol "BSY". The following table sets out the price range and aggregate volumes of trading of the Shares on the TSX on a monthly basis for the 12 month period prior to the date of this short form prospectus:

Month	High	Low	Volume
August 1 to August 28, 2009	$0.145	$0.120	528,400
July 2009	$0.180	$0.120	1,927,638
June 2009	$0.325	$0.125	4,870,329
May 2009	$0.140	$0.115	779,629
April 2009	$0.145	$0.105	1,240,864
March 2009	$0.160	$0.075	884,459
February 2009	$0.095	$0.080	667,141
January 2009	$0.100	$0.070	778,265
December 2008	$0.100	$0.050	1,519,765
November 2008	$0.150	$0.080	618,684
October 2008	$0.195	$0.005	680,525
September 2008	$0.245	$0.180	519,875
August 2008	$0.270	$0.190	767,519

RISK FACTORS

The acquisition of Units and underlying Debentures and Warrants issuable upon the exercise of the Rights offered under this short form prospectus entails certain risks. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties described below, in addition to all other information contained in or incorporated by reference in this short form prospectus. Additional risks and uncertainties not currently known to the Corporation or that the Corporation currently deems immaterial may also impair the Corporation's business operations. If any such risk actually occurs, the Corporation's business, financial condition, liquidity and operating results could be materially harmed.

Risks relating to BioSyntech

Since the Corporation's inception, it has incurred losses and management expects that the Corporation will incur more losses in the foreseeable future.

As of June 30, 2009, the Corporation's accumulated deficit was $69,463,458. The Corporation had net losses of $12,938,767 and $9,269,131 for the fiscal years ended March 31, 2009 and March 31, 2008, respectively, and a net loss of $2,659,743 for the three month period ended June 30, 2009. These losses represent mainly research and development costs and general and administrative expenses. BioSyntech expects to have substantial additional expenses over the next several years as the process of seeking regulatory approval of its products, including clinical trials, accelerate. The Corporation expects that its expenses will result in additional losses, as the Corporation does not expect to have significant revenues from the sale of products in the near future.

The Corporation's future viability depends, amongst others, on the following factors: (i) obtaining additional funding, (ii) results of its clinical trials, (iii) obtaining regulatory approval for its products, (iv) entering into agreements to develop and commercialize products, (v) developing the capacity to manufacture and market products or entering into agreements with others to do so, (vi) market acceptance of its products, (vii) achieving certain product development milestones, and (viii) availability of government and insurance reimbursements for its products. BioSyntech may not achieve any or all of these goals and is unable to predict whether it will ever achieve significant revenues or profits. Even if the Corporation receives regulatory approval for one or more of its products, the Corporation may not achieve significant commercial success.

The Corporation has recently incurred liquidity problems and will require additional financing.

The Corporation has recently incurred liquidity problems. A going concern uncertainty note is included in note 2 of the unaudited interim consolidated financial statements for the period ended June 30, 2009.

As explained under “Use of Proceeds”, the Corporation’s expenditures for the next twelve months exceed the net proceeds of this Offering and the Private Placement. Accordingly, and taking into account the Debentures maturing on March 31, 2010, since the Corporation does not expect to have significant revenues from the sale of products for the near future, its ability to continue its operations, complete its pivotal trial for the BST-CarGel® and repay maturing Debentures (in the event they are not converted into Shares before maturity) will be dependent upon its ability to enter into a commercial partnership, sale or other transaction as a result of the Corporation’s review of strategic alternatives or raise additional funds through public or private financing. There can be no assurance that any such transaction will be completed or any such financing be available. Any additional financing may be dilutive to holders of Shares, Debentures or securities convertible into Shares. Depending on the advancement of its review of strategic alternatives and its pivotal trial for the BST-CarGel®, the Corporation may need additional financing as soon as the beginning of calendar year 2010.

There can be no assurance that the Corporation’s review of strategic alternatives will result in any specific strategic or financial transactions.

Although the Corporation is reviewing various strategic alternatives, including, but not limited to, a commercial partnership involving its cartilage repair device BST-CarGel® or a corporate sale of the Corporation, there can be no guarantee that any transaction or other alternatives will ultimately be completed and will result in superior value for the securityholders of the Corporation. Moreover, the Corporation may be required to expand significant resources in connection with such review process, which may have a material adverse impact on the availability and capital required to implement the Corporation’s business plan.

The Corporation may not get regulatory approval of its products.

The Corporation announced on June 17, 2009 that histological data revealed significantly positive results based on ICRS 1 and ICRS 2 scoring methods. While these initial results indicate statistically significant evidence of higher quality cartilage in patients treated with BST-CarGel® compared to micro fracture alone, there is no guarantee that this evidence will lead to the market approval of the product in Canada, Europe, the United States or any other country. The clinical trial is still ongoing and final clinical data from the 80 patient study is expected in the summer of calendar year 2010. Furthermore there is no guarantee that the U.S. Food and Drug Administration (the “US FDA”) will accept the findings of the Canadian clinical trial and grant the Corporation IDE status nor is there any guarantee that the US FDA will not impose a clinical study design that could prolong the IDE approval process and demand further testing on animals and/or humans.

There are factors beyond the Corporation’s control that may prevent it from producing safe, useful or commercially viable products.

There are factors beyond the Corporation’s control that may prevent it from producing safe, useful or commercially viable products. Accordingly, BioSyntech may never become profitable. To be profitable, the Corporation must develop, manufacture and market its products, either alone or by collaborating with others. This process could take several years and BioSyntech may never be successful in bringing its product candidates to the market. Additionally, the Corporation’s successes in pre-clinical trials do not ensure that clinical trials will be successful. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent further clinical development or regulatory approvals. The Corporation’s products may: (i) be shown to be ineffective or to cause harmful side effects, (ii) fail to receive regulatory approval on a timely basis or at all, (iii) be hard to manufacture on a large scale, (iv) be uneconomical, (v) not be pursued by the Corporation’s collaborative partners, (vi) not be prescribed by doctors or accepted by patients, or (vii) infringe on proprietary rights of another party.

If the Corporation's present and future arrangements with its collaborators and licensees are unsuccessful, BioSyntech may be unable to continue operations due to substantial additional operating costs.

If the Corporation is unable to reach satisfactory agreements with collaborators or with third parties, it would incur substantial additional costs and would experience substantial delay in commercializing its products. Some of the Corporation's collaborators can terminate their agreements with BioSyntech without cause and on limited notice. The Corporation is unsure whether any of these relationships will continue. The Corporation has limited means of enforcing BioSyntech's collaborators' or licensees' performance or of controlling the resources they devote to the Corporation's programs. If a collaborator fails to perform, the research, development or commercialization program on which he is working will be delayed. If this happens, BioSyntech may have to stop the program entirely.

The Corporation could become involved in a costly litigation to protect its proprietary rights. BioSyntech may also be prevented from selling its products.

The following factors are important to the Corporation's success: (i) receiving patent protection for its product candidates and those of its collaborators, (ii) maintaining its trade secrets, (iii) not infringing on the proprietary rights of others, and (iv) preventing others from infringing its proprietary rights.

BioSyntech can protect its proprietary rights from unauthorized use by third parties only if these rights are covered by valid and enforceable patents or are effectively maintained as trade secrets. The Corporation tries to protect its proprietary position by filing United States, Canadian, and foreign patent applications related to its proprietary technology, inventions and improvements that are important to the development of its business. The laws of certain foreign countries, however, may not protect the Corporation's intellectual property rights to the same extent as the laws of the United States and Canada.

The patent position of biopharmaceutical companies involves complex legal and factual questions. Enforceability of patents cannot be projected with certainty. Patents, if issued, may be challenged, invalidated or circumvented. Any patents that the Corporation owns or licenses to others may provide no protection against competitors. BioSyntech's pending and future patent applications may not result in patents being issued. If patents are issued, they may not provide the Corporation with proprietary protection or competitive advantages against competitors with similar technology. In addition, others may also independently develop similar technologies or duplicate any technology that BioSyntech has developed.

The Corporation also relies on trade secrets, know-how and technology, which BioSyntech tries to protect by entering into confidentiality agreements with parties that have access to it, including the Corporation's corporate partners, collaborators, employees and consultants. These parties may breach the agreement and disclose BioSyntech's confidential information or the Corporation's competitors might learn of the information in some other way.

Protecting the Corporation's proprietary rights involves a significant level of resources. BioSyntech's results of operations may be materially affected if the Corporation is involved in a costly litigation in the process of protecting its proprietary rights. BioSyntech may also be prevented from selling its products if such litigation ensues.

The Corporation may be subject to product liability claims.

The testing and marketing of bio-therapeutic and medical products, even after regulatory approval, have an inherent risk of product liability. Although the Corporation anticipates it will obtain product liability insurance coverage for a limited amount at the time that its operations warrant it, BioSyntech is unsure as to whether such coverage will be available upon reasonable terms. The Corporation's profitability will be affected by a successful product liability claim in excess of any insurance coverage that may be in effect at that time.

The Corporation's success depends to a significant extent upon the performance of its executive officers and Board of Directors.

The Corporation is dependent upon the personal efforts, performance and commitment of its senior officers and directors, who are responsible for the future development of BioSyntech's business. Shareholders will be relying upon the business judgment, expertise and integrity of the Corporation's senior officers and directors. The Corporation's Chief Executive Officer and Chief Financial Officer have recently joined the Corporation on August 14, 2009 and July 24, 2009 respectively, and consequently, have limited historical knowledge of the operations and business practices of the Corporation. To the extent that the services of any senior officers or directors would be unavailable for any reason, a disruption to BioSyntech's operations could result. The Corporation's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that BioSyntech will be successful in attracting and retaining such personnel.

The Corporation operates in an increasingly competitive environment.

The Corporation operates in an increasingly competitive environment. Competitors are expected to enter into market sectors competing with BioSyntech. Some of these competitors may have greater resources than those of the Corporation. BioSyntech's competitors may develop and market new products or services that render the Corporation's products and services less easy to market or less competitive.

Risks relating to the Offering

Dilutive Effect

An aggregate of 86,432,477 Shares could be issued upon conversion of the Debentures and 2009-1 Debentures and exercise of Warrants issued under the Private Placement and to be issued under the Rights Offering and in payment of interest on the 2008 Debentures for the extended term and on such Debentures and 2009-1 Debentures (assuming the payment of interest is made in Shares and the market price of the Shares remains at the current level), resulting in a potential dilution of 42.41% when taking into account the issued and outstanding Shares and the Shares issuable upon conversion of the 2008 Debentures or exercise of outstanding Warrants or in payment of interest on the 2008 Debentures (based on the above-mentioned assumptions) and 81.97% when taking into account only the issued and outstanding Shares immediately prior to completion of the Private Placement and the Term Extension.

Trading Market for Rights

Although the Corporation expects that the Rights will be listed on the TSX, the Corporation cannot provide any assurance that an active or any trading market in the Rights will develop or that Rights can be sold on the TSX at any time.

Lack of Market for Debentures and Warrants

There is currently no market through which the Debentures or the Warrants may be sold and purchasers may not be able to resell the Debentures and the Warrants purchased under this short form prospectus. The Debentures and the Warrants will not be listed in the TSX or on any other exchange. This may affect the pricing of the Debentures and the Warrants in the secondary market, transparency and availability of trading prices, the liquidity of the Debentures and the Warrants and the extent of issuer regulation. There can be no assurance that an active trading market will develop for the Debentures or the Warrants after the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

Trading Market for Shares

The Shares are listed and posted for trading on the TSX under the symbol "BSY". The Rights will be listed on the TSX, subject to the Corporation fulfilling all of the listing requirements of the TSX. In addition, the TSX has conditionally approved the listing on the TSX of the Shares issuable upon the conversion of the Debentures and the Shares issuable upon the exercise of the Warrants distributed under this short form prospectus. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX. Although the Corporation is not aware of any de-listing review initiated by the TSX, given the Corporation's current financial situation, there can be no assurance that the Corporation will be in compliance at all times will all of the TSX listing requirements and will be able to maintain listing of the Shares on the TSX.

Subordination

The Debentures will be subordinate to all Senior Indebtedness described under "Description of Securities Being Offered – Debentures – Subordination" and will rank *pari passu* with the 2008 Debentures and the 2009-1 Debentures.

Redemption Prior to Maturity

Subject to the conditions set forth under "Description of Securities Being Offered – Debentures – Redemption and Purchase", the Debentures may be redeemed, at the option of the Corporation, prior to the Maturity Date at any time and from time to time, at the redemption prices set forth in this short form prospectus, together with any accrued and unpaid interest. Holders of Debentures should assume that this redemption option will be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interest of the Corporation to redeem the Debentures.

Inability of Corporation to Purchase Debentures

The Corporation may be required to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control. However, it is possible that following a Change of Control, the Corporation will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. See "Description of Securities Being Offered –Debentures – Change of Control of the Corporation".

Conversion Right Following Certain Transactions

In the event of certain transactions, pursuant to the terms of the Debenture Indenture, each Debenture will become exchangeable for securities, cash or property receivable by a holder of Shares in the kind and amount of securities, cash or property into which the Debenture was exchangeable immediately prior to the transaction, provided that the consent of the holders of Debentures will be required to implement any transaction described under "Description of Securities Being Offered – Debentures – Restrictions on Future Financing and Debenture Indenture Covenants". This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future.

Fluctuations in Share Price

The market price of the Shares may fluctuate due to a variety of factors relative to the Corporation's business, including reports of new information, changes in the Corporation's financial situation, the sale of Shares in the market, failure by the Corporation to achieve financial results in line with market expectations, and announcements by the Corporation or any of its competitors concerning products. In addition, the stock markets have experienced extreme price fluctuations that have at times been unrelated to the performance of particular companies. These broad market fluctuations may adversely affect the trading price of the Shares. There can be no assurance that the market price of the Shares will not continue to experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's financial performance or prospects.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, the following is a general summary of the principal Canadian federal income tax considerations generally applicable to Shareholders of the Corporation who acquire the Rights pursuant to this Offering in their capacity as shareholders of the Corporation and, who, at all relevant times, for the purposes of the *Income Tax Act* (Canada) (the "Tax Act"), are resident in Canada, hold, or will hold, the Rights, the Debentures and Warrants acquired on exercise of the Rights and any Shares issuable upon the conversion of the Debentures or upon the exercise of the Warrants as capital property, deal at arm's length with the Corporation and are not affiliated with the Corporation (the "Holders").

Generally, the Rights, Debentures, Warrants and Shares (acquired on the conversion of the Debentures or on the exercise of Warrants) will be considered to be capital property to a Holder provided the Holder does not hold them in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Debentures and Shares (acquired on the conversion of the Debentures or on the exercise of the Warrants) as capital property may, in certain circumstances, be entitled to have them and other "Canadian securities" (as defined in the Tax Act) be treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder, all proposed amendments thereto publicly released by the Department of Finance prior to the date hereof and counsel's understanding of the current administrative and assessing practices of the Canada Revenue Agency ("CRA") made publicly available prior to the date hereof. Except for the proposed amendments referred to above, this summary does not take into account or anticipate any change in law or CRA administrative or assessing practices whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. No guarantee can be given that either the Tax Act, the regulations thereunder or CRA administrative and assessing practices will not be amended in the future such that comments in this section would no longer will be valid.

This summary does not apply to a Holder that is a "financial institution" for purposes of section 142.2 of the Tax Act, a "specified financial institution" as defined for purposes of the Tax Act or a Holder to which the "functional currency" reporting rules in section 261 of the Tax Act apply, nor does it apply to a taxpayer an interest in which is a tax shelter investment for the purpose of the Tax Act. Such Holders should consult their own tax advisors.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. It does not take into account or consider the laws of any province or territory or of any jurisdiction outside Canada. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations concerning the tax consequences to any particular Holder are made. Holders should consult their own tax advisors regarding the income tax considerations applicable to them having regard to their particular circumstances.

Rights

Receipt of Rights

No amount will be required to be included in computing the income of a Holder as a consequence of acquiring Rights under the Offering on the assumption that the value of the Debentures does note exceed the amount required to be paid to acquire the Debentures. The adjusted cost base or cost of Rights received by a

Holder under the Offering will be nil. If a Holder holds Rights received pursuant to this Offering and purchases Rights otherwise than pursuant to the Offering, the cost of each Right held by a Holder will be the aggregate cost of all of the Rights held by the particular Holder divided by the total number of Rights held by such Holder at that time.

Exercise of Rights

The exercise of Rights will not constitute a disposition of property for purposes of the Tax Act, with the result that no gain or loss will be realized upon the exercise of Rights. The adjusted cost base, if any, of the Right so exercised will be added in computing the cost of the Debentures and Warrants acquired upon the exercise of the Right.

Disposition of Rights

Upon the disposition of a Right by a Holder, other than pursuant to the exercise thereof, the Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are less than) the adjusted cost base of the Right to the Holder. One-half of a capital gain (a “taxable capital gain”) will be included in the Holder’s income, and one-half of a capital loss may be deducted against taxable capital gains in accordance with the detailed rules in the Tax Act in that regard. See “Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses” for the tax treatment of capital gains and capital losses.

Expiry of Rights

Upon the expiry of an unexercised Right, a Holder will realize a capital loss equal to the adjusted cost base, if any, of the Right to the Holder.

Allocation of Subscription Price

In acquiring Units, Holders will be acquiring ownership of the Debentures and Warrants represented by such Units. The Debenture and Warrants comprising a Unit are separate properties and accordingly, Holders will be required to allocate the purchase price paid for each Unit between the Debentures and the Warrants on a reasonable basis in order to determine their respective costs for purposes of the Tax Act.

Debentures

Interest on Debentures

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing income for a taxation year any interest (i) that accrues to the Holder on the Debentures to the end of the Holder’s taxation year, or (ii) that is receivable or received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder’s income for a preceding taxation year.

Any other Holder will be required to include as interest in computing income for a taxation year the amount of interest received or receivable (depending on the method regularly followed by the Holder in computing income) by the Holder on the Debentures, if any, in the year, including at the Maturity Date, except to the extent that such interest has been included in computing the Holder’s income for a preceding taxation year.

If the Debentures are considered to be issued at a discount from their face value, a Holder may be required to include an additional amount in computing income. Holders should consult their own tax advisors in this respect, as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Any amount paid by BioSyntech as a penalty or bonus because of a repayment before the Maturity Date of all or part of the principal amount of the Debenture (including any such amounts paid on a Change of Control or on a redemption) may be deemed to be received by the Holder as interest on the Debenture and will be required to be included in the Holder's income as described above, to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been payable on the Debenture for periods ending after the payment of such amount.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of $6^{2/3}$% on its aggregate investment income, which includes an amount in respect of interest.

Disposition of Debentures

On an assignment or other transfer of a Debenture (but otherwise than on the conversion thereof into Shares), a Holder will generally also be required to include in income the amount of interest accrued on the Debenture from the date of the last interest payment to the date of such transfer to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year. Any such amount included in the income of a Holder will be excluded from the Holder's proceeds of disposition of the Debenture.

In general, on a disposition or deemed disposition of Debentures (including a payment on maturity, a redemption or purchase for cancellation of Debentures, but otherwise than on the conversion thereof into Shares), the Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (excluding any amounts in respect of interest that are included in computing income for that taxation year), exceed (or are less than) the aggregate of the Holder's adjusted cost base of the Debenture and any reasonable costs of disposition. See "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses" for the tax treatment of capital gains and capital losses.

Exercise of Conversion Privilege

The conversion of a Debenture into Shares by a Holder on the exercise of the conversion privilege, as described under "Description of Securities Being Offered – Debentures – Conversion Privilege", will be deemed by the Tax Act not to be a disposition of the Debenture and, accordingly, such Holder will not generally be considered to have realized a gain or loss on such conversion.

The cost to the Holder of the Shares acquired on such conversion will be equal to the adjusted cost base of the Debenture to such Holder immediately before the conversion. The Holder's adjusted cost base of Shares so acquired will be determined by averaging the cost of such Shares with the adjusted cost base to the Holder of all Shares of the Corporation owned by the Holder immediately prior to such acquisition.

Under the current administrative practice of the CRA, a Holder who upon conversion of a Debenture, receives an amount not in excess of $200 in lieu of a fraction of a share may either treat this amount as proceeds of disposition of a portion of a Debenture thereby realizing a capital gain or capital loss, or alternatively, may reduce the adjusted cost base of the Shares that the Holder receives on the conversion by the amount received.

Warrants

Exercise or Expiry of Warrants

A Holder who exercises Warrants will be deemed not to have disposed of the Warrants and, as such, will not realize a gain or loss upon such exercise. The Holder's cost of Shares acquired by exercising Warrants will be equal to the aggregate of the Holder's adjusted cost base of the Warrants exercised plus the exercise price paid for the Shares. The Holder's adjusted cost base of the Shares so acquired will be determined by averaging the cost of those Shares with the adjusted cost base (determined immediately before the acquisition of the Shares) of all other Shares held as capital property by such Holder at the time of acquisition.

In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder's adjusted cost base of such Warrant. See "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses" for the tax treatment of capital gains and capital losses.

Disposition of Warrants

A Holder who disposes of or is deemed to have disposed of a Warrant (other than a disposition arising on the expiry of a Warrant) will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of the Warrant exceed (or are exceeded by) the aggregate of the adjusted cost base of such Warrant and any reasonable expenses associated with the disposition. See "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses" for the tax treatment of capital gains and capital losses.

Shares

Dividends

Dividends received or deemed to be received on the Shares by a Holder who is an individual other than certain trusts will be included in computing the Holder's income and will generally be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient receives written notice from BioSyntech designating the dividend as an "eligible dividend" (within the meaning of the Tax Act). There may be limitations on the ability of BioSyntech to designate dividends as eligible dividends and, as such, no assurance can be given that dividends paid, if any, by BioSyntech will be designated as eligible dividends. Taxable dividends received by an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

Dividends received or deemed to be received on the Shares by a Holder that is a corporation will be included in the corporation's income and will generally be deductible in computing its taxable income. Certain corporations, including "private corporations" or "subject corporations" (as such terms are defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act, at the rate of $33^{1/3}$% of the dividends received or deemed to be received on the Shares to the extent that such dividends are deductible in computing taxable income.

Disposition of Shares

A Holder who disposes of or is deemed to dispose of Shares (other than to BioSyntech) will generally realize a capital gain (or sustain a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. See "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses" for the tax treatment of capital gains and capital losses.

Taxation of Capital Gains and Capital Losses

Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (the "taxable capital gain"). A Holder must deduct one-half of the amount of any capital loss (the "allowable capital loss") realized in a taxation year against taxable capital gains realized by the Holder in such year, subject to and in accordance with rules contained in the Tax Act. Any allowable capital losses in excess of taxable capital gains for the year of disposition generally may be carried back up to three taxation years or carried forward indefinitely and deducted against taxable capital gains in such other years to the extent and under the circumstances described in the Tax Act.

Any capital loss resulting from the disposition of Shares may, in certain circumstances, be reduced by the amount of dividends previously received or deemed to be received on Shares, to the extent and under the circumstances described in the Tax Act. Holders should consult their own tax advisors in this respect.

Capital gains realized by a Holder who is an individual or trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act), may be liable to pay an additional refundable tax of $6^{2/3}$% on its aggregate investment income, which includes amounts in respect of taxable capital gains.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Corporation, subject to the qualifications and assumptions under the heading “Certain Canadian Federal Income Tax Considerations”, the Rights, Debentures, Warrants and Shares (acquired on the conversion of the Debentures or on the exercise of the Warrants) will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans and registered disability saving plans (“Registered Trust”), provided that, at all relevant times: (i) in the case of the Rights, such Rights are listed on a designated stock exchange (including the TSX) (ii) in the case of the Debentures, the Shares remain listed on a designated stock exchange in Canada (including the TSX), and in the case of a deferred profit sharing plan, that neither the Corporation nor an employer with which the Corporation does not deal at arm’s length has made a contribution to the Registered Trust, (iii) in the case of the Warrants, the Shares issuable on the exercise of the Warrants are listed on a designated stock exchange (including the TSX) and each person who is an annuitant, a beneficiary, an employer or a subscriber under the Registered Trust deals at arm’s length (within the meaning of the Tax Act) with the Corporation, and (iv) in the case of Shares issuable upon the conversion of the Debentures or upon the exercise of the Warrants, such Shares are listed on a designated stock exchange (including the TSX). Notwithstanding that the Debentures, Warrants and Shares may be qualified investments under the Tax Act for a particular trust governed by a tax-free savings account (“TFSA”), the holder of the TFSA will be subject to a penalty tax in respect of Debentures, Warrants and Shares held in the TFSA if such Debentures, Warrants or Shares are “prohibited investments” for the TFSA within the meaning of the Tax Act. The Debentures, Warrants and Shares will generally be “prohibited investments” for the TFSA if the holder of the TFSA does not deal at arm’s length with the trust for the purposes of the Tax Act, or the holder of the TFSA has a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the trust or a corporation, partnership or trust with which the trust does not deal at arm’s length for the purposes of the Tax Act. Holders of a trust governed by a TFSA should consult their own tax advisors in this regard.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by Fasken Martineau DuMoulin LLP on behalf of BioSyntech and by McMillan LLP on behalf of the Dealer Manager. As of August 31, 2009, the partners and associates of these firms beneficially owned, directly or indirectly, less than 1% of the Corporation’s issued and outstanding securities.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are KPMG LLP, Chartered Accountants, 600 de Maisonneuve Boulevard West, Suite 1500, Montreal, Québec H3A 0A3. The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal offices in Montreal and Toronto.

INQUIRIES

Inquiries relating to this Offering should be directed to the Subscription Agent by telephone at (514) 982-7555 or via e-mail at corporateactions@computershare.com.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in certain 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 thereto. In several of the provinces, applicable 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 thereto contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions 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 prospectus of BioSyntech, Inc. (the "**Corporation**") dated August 31, 2009 relating to the offering of rights to subscribe for up to 310,000 units, each Unit consisting of $10 principal amount of 12% subordinated secured convertible debentures and 91 common share purchase warrants. 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 above-mentioned short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at March 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, shareholders' equity (deficiency) and cash flows for each of the years in the two-year period ended March 31, 2009. Our report is dated June 5, 2009.

KPMG LLP
Chartered Accountants

Montréal, Canada
August 31, 2009

CERTIFICATE OF THE CORPORATION

August 31, 2009

This short form prospectus, together with the documents incorporated herein 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 British Columbia, Alberta, Manitoba, Ontario, and Québec.

(*signed*) Jeanne M. Bertonis Chief Executive Officer	(*signed*) Antoinette Lizzi Chief Financial Officer

On behalf of the Board of Directors

(*signed*) Rudy Huber Director	(*signed*) Joyce Tsang Director

CERTIFICATE OF THE DEALER MANAGER

August 31, 2009

To the best of our knowledge, information and belief, 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 British Columbia, Alberta, Manitoba, Ontario, and Québec.

LAURENTIAN BANK SECURITIES INC.

(*signed*) David Hinchey