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. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States except pursuant to an exemption therefrom. See "Plan of Distribution".

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 ART Advanced Research Technologies Inc. at 2300 Alfred-Nobel Boulevard, Saint-Laurent, Québec, H4S 2A4 (telephone 514-832-0777) and are also available electronically at www.sedar.com. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of ART Advanced Research Technologies Inc. at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.*

Short Form Prospectus

New Issue November 13, 2007

ART ADVANCED RESEARCH TECHNOLOGIES INC.

$1,677,408 (Minimum Offering)

$5,000,000 (Maximum Offering)

A Minimum of 10,483,806 Common Shares and a Maximum of 31,250,000 Common Shares

At a price of $0.16 per Common Share

This short form prospectus qualifies a new offering (the "Offering") of a minimum of 10,483,806 common shares and a maximum of 31,250,000 common shares (collectively, the "Common Shares") at a price of $0.16 per Common Share by ART Advanced Research Technologies Inc. ("ART" or the "Company"), which has its head and registered office at 2300 Alfred-Nobel Boulevard, Saint-Laurent, Québec, H4S 2A4. The Company's phone number is (514) 832-0777 and its facsimile number is (514) 832-0778. ART's website is located at www.art.ca.

The price of the Common Shares was determined by negotiation between ART, on the one hand, and Desjardins Securities Inc., Demers Conseil Inc. and Salman Partners Inc. (collectively, the "Underwriters"), on the other hand. The Company's common shares are listed on the Toronto Stock Exchange (the "TSX") under the stock symbol "ARA". On November 13, 2007, the closing price of the common shares of the Company on the TSX was $0.15. The TSX has conditionally approved the listing of the Common Shares to be distributed under this short form prospectus. Listing is subject to the Company fulfilling all of the listing requirements of the TSX on or before December 13, 2007.

An investment in the Common Shares is subject to certain risks which should be considered by prospective purchasers. See "*Risk Factors*".

Price: $0.16 per Common Share

	Price to the Public	Underwriters' Fee[1]	Net Proceeds to ART [2]
Per Underwritten Share and Agency Share	$0.16	$0.01034	$0.14966
Total Minimum Offering [3]	$1,677,408	$108,402	$1,569,006
Total Maximum Offering [3] [4]	$5,000,000	$299,989	$4,700,011

Notes:

(1) The Underwriters will be paid a fee equal to $0.01034 per Underwritten Share (as defined below), Agency Share (as defined below) and any common share of the Company issued pursuant to the exercise of the Over-Allotment Option (as defined below). See "*Plan of Distribution*".

(2) Before deducting the expenses of the Offering, estimated at $500,000, which, together with the Underwriters' fee, will be paid by the Company.

(3) The Company has granted the Underwriters an option to cover over-allotments, if any, and for market stabilization purposes (the "Over-Allotment Option"), exercisable in full or in part at any time up to 30 days following the Closing Date (as defined below) entitling them to purchase up to a maximum of 4,351,875 additional common shares of the Company (the "Additional Shares"), at the same price as the Common Shares sold under the Offering. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to ART will be a minimum of $2,373,708, $153,400 and $2,220,308 and a maximum of $5,696,300, $344,987 and $5,351,313, respectively. This short form prospectus qualifies the distribution of the Over-Allotment Option and also the Additional Shares issuable upon the exercise of the Over-Allotment Option. See "*Plan of Distribution*".

(4) Includes, in addition to the Underwritten Shares and Agency Shares, up to 2,237,500 Common Shares that the company expects to sell concurrently and directly to certain directors and executive officers of the Company on the Closing Date at a price of $0.16 per Common Share, which Common Shares are also qualified by this short form prospectus. See "*Plan of Distribution*".

Underwriters' Position	Maximum size	Exercise period	Exercise price
Over-Allotment Option	4,351,875	Within 30 days of closing of the Offering	$0.16

The Underwriters, (i) as principals, conditionally offer 10,483,806 common shares (the "Underwritten Shares") and, (ii) as agents, conditionally offer a maximum of 18,528,694 additional common shares (the "Agency Shares") on a best efforts basis, subject to prior sale, if, as and when issued, sold and delivered by the Company to, and accepted by, the Underwriters in accordance with the terms and conditions contained in the Underwriting and Agency Agreement referred to under *"Plan of Distribution"* and subject to the approval of certain legal matters on behalf of the Company by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

In connection with this Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the common shares of the Company in accordance with applicable market stabilization rules. See "*Plan of Distribution"*.

Subscriptions for the Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on November 27, 2007 or on such other date as ART and the Underwriters may agree, but in any event not later than December 11, 2007 (the "Closing Date"), and that one or more certificates representing the Common Shares will be available for delivery on the Closing Date.

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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 Company at 2300 Alfred-Nobel Boulevard, Saint-Laurent, Québec, H4S 2A4 (telephone 514-832-0777) or by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of the Company at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.

The following documents of the Company, which have been filed with 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 Company dated March 31, 2007, for the financial year ended December 31, 2006;

(b) the Company's Audited Comparative Annual Financial Statements, together with the notes thereto and the auditors' report thereon, for the financial year ended December 31, 2006;

(c) Management's Discussion and Analysis of Results of Operations and Financial Condition for the financial year ended December 31, 2006;

(d) the Company's Comparative Interim Financial Statements, together with the notes thereto, for the second quarter ended June 30, 2007;

(e) Management's Discussion and Analysis of Results of Operations and Financial Condition for the second quarter ended June 30, 2007; and

(f) the Management Proxy Circular of the Company dated April 23, 2007 prepared in connection with the annual meeting of shareholders held on May 25, 2007.

Any documents of the type referred to above as well as any business acquisition reports and material change reports (excluding confidential material change reports) filed by the Company with securities commissions

or similar authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein 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 shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of 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 in its unmodified or superseded form to constitute a part of this short form prospectus.

FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated herein by reference contain statements that are forward-looking in nature. Statements preceded by the words "believe", "expect", "anticipate", "aim", "target", "plan", "intend", "continue", "estimate", "may", "will", "should" and similar expressions are forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to known and unknown risks and uncertainties such as, but not limited to, capital requirements, the availability of financing, uncertainties involved in clinical testing and obtaining necessary regulatory approvals, acceptance of ART's products by the pharmaceutical and medical sectors, reliance on third parties to manufacture or market its products, competition from companies in these sectors, impact of general economic conditions, general conditions in the pharmaceutical and medical sectors, changes in the regulatory environment in the jurisdictions in which ART does business, stock market volatility and other factors referenced herein under "*Risk Factors*" and in ART's public filings with the securities regulatory authorities. Therefore, ART's actual results may be materially different from those expressed or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements. The statements are made as of the date hereof and, where applicable, supersede any corresponding forward-looking statements contained in any previous public filings and investors are cautioned not to rely on any such forward-looking statements contained in previous public filings. ART does not undertake to update such forward-looking statements to reflect new or subsequent information, events, circumstances or developments, unless otherwise required by applicable securities laws.

CURRENCY AND EXCHANGE RATE INFORMATION

All dollar amounts set forth in this short form prospectus are in Canadian dollars, except for certain financial information provided in U.S. dollars where indicated.

As at November 13, 2007, the exchange rate between the Canadian dollar and the U.S. dollar, based on the noon spot rate reported by the Bank of Canada, was CA $1.00 = U.S. $1.037.

The disclosure in this short form prospectus does not give effect to the Over-Allotment Option, except where otherwise indicated.

BUSINESS OF THE COMPANY

ART is committed to be a market leader in the development and commercialization of optical molecular imaging systems for the medical and pharmaceutical sectors, with the goal of bringing to market quality products and solutions that will accelerate the delivery of better therapies and cures. ART has developed products in medical imaging, medical diagnostics, disease research and drug discovery. The Optix® optical molecular imaging device is designed for monitoring physiological changes in living systems at the preclinical study phases of new drugs. The SoftScan® optical medical imaging device is designed to improve the diagnosis and treatment of breast cancer. Based on the same technology platform as Optix®, it uses time resolved imaging (also known as "time domain") technology to detect, diagnose and characterize breast cancer. ART is commercializing SoftScan® in a global strategic alliance with GE Healthcare. Finally, the Fenestra® line of molecular imaging contrast agents provide image enhancement for a wide range of preclinical micro CT applications allowing scientists to see greater detail in their imaging studies, with potential extension into other major imaging modalities. The distribution of the Fenestra® imaging contrast agents is made through GE Healthcare Bio-Sciences KK in Japan and is sold directly by the Company in the rest of the world.

Since inception, the Company has devoted most of its efforts to the research and development of innovative technologies, primarily in the field of optical imaging. Today, ART possesses a powerful and unique multiproduct technology platform, a strong intellectual property portfolio, strategic relationships with leading organizations, a set of valuable core competencies and a strong management team to build on its technology leadership position. In December 2006, ART was granted Canadian regulatory approval for the commercialization of its SoftScan® optical breast imaging device, as an adjunct diagnostic tool to mammography. In February 2007, ART received the CE certificate that entitles it to affix the CE marking on the SoftScan® device, making the product approved for sale throughout the European market. Concurrently, the Company has engaged discussions with the U.S. Food and Drug Administration (the "FDA") with the objective of filing a Pre-Medical Approval application to obtain market clearance to commercialize its SoftScan® device in the United States. ART has evolved from a primarily technology-driven company to a market-focused organization as it now commercializes the Optix® optical molecular imaging system, the SoftScan® medical imaging system and the Fenestra® imaging contrast agents.

RECENT DEVELOPMENTS

ART is granted a key patent for imaging of breast physiology

On October 31, 2007, ART announced that the United States Patent and Trademark Office had issued to ART patent number 7,286,869 entitled "Choice of wavelengths for multi-wavelength optical imaging". The use of this method within an optical medical imaging device allows significant improvement in the recovery of precise images of the physiological components. These components are used to provide indications for diagnosis and treatment monitoring of cancer in the Softscan® device. The invention provides an objective method for choosing the wavelengths for a multi-wavelength TPSF or CW-based optical system. The patent also allows for the optimization of other parameters of the system other than wavelengths and can be applied to optical absorption spectroscopy in general.

ART secures a letter of purchase intent from Sunnybrook Health Sciences Centre for a SoftScan® breast imaging device

On October 25, 2007, ART announced that Sunnybrook Health Sciences Centre ("Sunnybrook") in Toronto, Ontario has signed a letter of purchase intent acknowledging the hospital's significant interest in the SoftScan® breast imaging device. In this letter of purchase intent, Sunnybrook has indicated its intention to move ahead with negotiations that could lead to the purchase of a SoftScan® device by the end of the first quarter of 2008. Sunnybrook is the second health facility in Canada to initiate a formal purchasing process for the SoftScan® breast imaging system since ART received regulatory approval from Health Canada for the commercialization of SoftScan® in December 2006.

New senior-level executive officer appointed with mandate to implement direct commercialisation strategy for the Optix® imaging system in North America and Europe

In the third quarter of 2007, ART announced that Mr. Dino DiCamillo has joined the Company as an executive officer and Vice President, Global Sales & Marketing, Preclinical Imaging. With over 20 years of top-level sales, marketing, and customer support experience behind him, Mr. DiCamillo will be leading the overall worldwide preclinical sales and marketing efforts for ART. His primary responsibility will be to develop a strong results-oriented sales team and grow the market share for ART's preclinical products, including by building direct distribution channels for the Optix® optical imaging system in North America and Europe. Following a short transition during which ART assumed responsibility for distributing the Optix® optical imaging system directly in North America, the Company is now moving, under Mr. DiCamillo's leadership, to expand its direct distribution channels for its Optix® system to include Europe as well. In light of this transition, the distribution agreement with GE Healthcare for the distribution of the Optix® system is no longer in effect. However, the Company is still in discussions with GE Healthcare for the distribution of the Optix® system in Asia, and more specifically in Japan where ART's Fenestra® contrast agent product is already distributed by GE Healthcare Bio-Sciences KK.

ART and the National Research Council of Canada Institute for Biological Sciences to jointly develop commercial applications for the Optix® imaging system

In the third quarter of 2007, ART announced that a collaboration agreement has been signed with the National Research Council of Canada's Institute for Biological Sciences for the development of client-oriented diagnostic applications using the Company's proprietary time domain technology, in the emerging discipline of molecular imaging.

Initiation of a prepurchase and evaluation process for a SoftScan® optical breast imaging system

In the third quarter of 2007, ART announced the initiation of a prepurchase and evaluation process for a SoftScan® optical breast imaging system at the Ville Marie medical and Women's Health Center ("Ville Marie") in Montréal, Québec. Ville Marie thus intends to introduce SoftScan® into its future first-line multi-imaging breast cancer detection and treatment monitoring process, after an evaluation by its staff of the on-site capabilities of SoftScan® and its seamless integration into the patients' workflow.

Clinical research with Stanford University

In the third quarter of 2007, ART announced an agreement to develop and conduct clinical research with the Stanford Breast imaging Section of Stanford University to evaluate the effectiveness of the SoftScan® optical breast imaging system in treatment monitoring and diagnosis of breast cancer.

Launch of new version of the Optix® imaging system

In the second quarter of 2007, ART announced the commercial launch of a new version of its *in vivo* optical molecular imaging system, called Optix® *MX2*, offering new functionalities to make the product more competitive in the preclinical market. A webcast demonstration of the new system and its applications attracted well over 60 current and potential customers.

SoftScan® pilot study shows positive preliminary results for monitoring the treatment of breast cancer

In the second quarter of 2007, ART presented preliminary results from a pilot study being conducted at Sunnybrook Health Sciences Centre in Toronto, indicating that the SoftScan® optical imaging device will potentially be effective at showing earlier evidence of a therapeutic response to breast cancer treatment.

Private placement

On March 19, 2007, ART closed a private placement for a first portion of $4,569,285, issuing 10,879,242 common shares. In connection with this private placement, the Company issued three-year warrants to purchase 2,175,841 common shares at an exercise price of $0.52 per share. This private placement was made without any financial intermediary. The closing of an additional portion of $982,025 was subject to shareholder approval in

accordance with the rules of the TSX, which was obtained at the annual meeting of shareholders of ART held on May 25, 2007. However, the Company did not close the second portion of the private placement given the decrease in its share price since the closing of the first portion.

USE OF PROCEEDS

The net proceeds of this Offering to be received by the Company are estimated to be $4,200,011 if the maximum Offering is completed ($4,851,313 if the maximum Offering is completed and if the Over-Allotment Option is exercised in full), after deduction of the Underwriters' fee and the estimated expenses of the Offering payable by the Company.

ART intends to use the net proceeds as follows: approximately 60% for the commercialization, sale and distribution of the Company's products, including the Optix® and SoftScan® systems, and approximately 40% for the development of new products and applications, with the balance to be used for working capital and general corporate purposes.

The amounts actually expended for the purposes described above and the timing of such expenditures may vary significantly depending on, among other things, the results achieved by the Company in respect of the commercialization of its products, the progress of the Company's research and development programs, regulatory filings, technological advances relating to its products, the terms of any collaborative arrangements or licensing agreements and the status of competitive products.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at November 12, 2007, there were 63,290,592 common shares, 6,341,982 series 1 preferred shares and 2,000,000 series 2 preferred shares issued and outstanding.

Common Shares

The holders of common shares are entitled to one vote at meetings of the shareholders of the Company and, subject to the prior rights of the holders of preferred shares of the Company, to receive dividends, if, as, and when declared by the board of directors of the Company. Holders of common shares will participate rateably in any distribution of the assets of the Company upon its liquidation, dissolution or winding up, subject to the rights of preferred shareholders. The common shares carry no pre-emptive rights, conversion rights, redemption provisions or sinking fund provisions.

Preferred Shares

The preferred shares of the Company may be issued from time to time in one or more series. The board of directors of the Company shall fix before the issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the shares of each series of preferred shares. The holders of series 1 and series 2 preferred shares are not entitled to receive notice of, or to attend or vote at any meetings of the shareholders of the Company provided, however, that they are entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all, or substantially all the property of the Company other than in the ordinary course of business of the Company in accordance with the provisions of the *Canada Business Corporations Act*. The holders of series 1 and series 2 preferred shares are entitled to receive an annual fixed, cumulative and preferential dividend of 7% of the issue price, payable in cash or common shares, at the Company's option. In the event of any distribution of assets of the company upon its liquidation, dissolution or winding up, the holders of series 1 and series 2 preferred shares will be entitled to receive rateably, in preference over the holders of common shares, the reimbursement of the consideration paid for the preferred shares plus any unpaid dividend, but will not be entitled to receive any other amount out of such distribution.

The series 1 preferred shares are convertible at the holders' option at any time into common shares at a fixed conversion price of $1.26 per share (being an effective conversion rate of 0.9036 common share for each series 1 preferred share), while the series 2 preferred shares are convertible at the holders' option at any time into common

shares at a fixed conversion price of $1.08 per share (being an effective conversion rate of 1.0556 common share for each series 2 preferred share). The conversion price of each series may be adjusted in certain circumstances.

CAPITALIZATION

The following table sets forth the capitalization of the Company as at June 30, 2007 prior to and after giving effect to the Offering.

	As at June 30 2007[1]	As at June 30, 2007 after giving effect to the Minimum Offering[2]	As at June 30, 2007 after giving effect to the Maximum Offering[2]
		(in U.S. dollars, except share numbers) (unaudited)	
Shareholders' Equity			
Common shares and share purchase warrants [3]	$ 20,045,974 (63,290,592 shares)	$ 21,785,447 (73,774,398 shares)	$ 25,230,974 (94,540,592 shares)
Preferred shares	$ 7,907,043 (8,341,982 shares)	$ 7,.907,043 (8,341,982 shares)	$ 7,907,043 (8,341,982 shares)
Contributed surplus	$ 3,748,607	$ 3,748,607	$ 3,748,607
Deficit	$ (26,182,123)	$ (27,011,723)	$ (27,011,723)
Accumulated other comprehensive income	$ 2,755,160	$ 2,755,160	$ 2,755,160
Total Capitalization	$ 8,274,661	$ 9,184,534	$ 12,630,061

Notes:

(1) Source: The Company's Interim Comparative Financial Statements for the second quarter ended June 30, 2007.

(2) After deducting the Underwriters' fee and the expenses of the Offering (estimated to be $500,000).

(3) Includes share purchase warrants as set out below:

	As at June 30, 2007
Share purchase warrants	$1,998,512

Subsequent to June 30, 2007, the Company has granted 350,000 stock options to employees, consultants, officers and directors of the Company, with an exercise price of $0.25 per common share.

RISK FACTORS

Prospective investors should carefully consider the following risk factors, in addition to other information contained in this prospectus, before investing in Common Shares.

Uncertainty of Liquidity and Capital Requirements

The Company's future capital requirements will depend on many factors, including progress in the commercialization of the Optix® and SoftScan® systems, the clinical development and trials of the SoftScan® system and the time and expenses associated with filing, prosecuting and enforcing its patent claims as well as with obtaining regulatory approvals for its products in addition to the ones already obtained. In order to meet such capital requirements, the Company may consider collaborative research and development and/or distribution arrangements,

as well as additional public or private financing (including the incurrence of debt and the issuance of additional equity securities) to fund all or part of its particular programs. The Company may have to raise additional financing, as required, through strategic alliance arrangements, the exercise of options and warrants, and the issuance of new share capital, as well as through other financing instruments or opportunities. There can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet its ongoing cash requirements. It is possible that financing may not be available or, if available, will not be on favourable terms. The availability of financing will be affected by the results of the Company's scientific and clinical research, its ability to attain regulatory approvals, the market acceptance of its products, the state of the capital markets generally (with particular reference to biotechnology and medical device companies), the status of strategic alliance agreements and other relevant commercial considerations.

No Assurance of Successful Development

While the Optix® and SoftScan® systems have entered the commercialization stage, there can be no assurance that the products will be accepted or will continue to be accepted by the pharmaceutical and medical sectors. Moreover, the SoftScan® system has only recently been approved by certain regulatory authorities in the markets targeted by ART for the commercialization of the SoftScan® system (namely Canada and Europe) and, therefore, the commercialization process is just beginning. ART's business entails significant risks, including the costs and time involved in obtaining the required regulatory approvals, its current reliance on a small number of products, the adequacy of its patent protection, the uncertainties involved in clinical testing, the availability of capital to continue development and commercialization of its products, and competition from companies in the pharmaceutical and medical sectors. There can be no assurance that the Company's ongoing preclinical and clinical research activities will provide positive outcomes or that the results of clinical trials will meet the desired clinical endpoints established in the clinical study protocols. Even if the clinical studies are successful, there can be no assurance that the Company will be successful in obtaining the necessary regulatory approvals or, once obtained, in maintaining these approvals. There can also be no assurance that the Company will be successful in marketing and distributing its products, or achieve reimbursement from government or private health authorities.

No Assurance of Successful Manufacturing or Marketing

The Company has limited experience in large-scale manufacturing and in marketing its products. Thus, there can be no assurance that its effort will be successful. To the extent that the Company relies on third parties such as GE Healthcare to manufacture or market its products, and that a portion of the Company's sales are or will be made through such third parties, the commercial success of such products may be outside of its control. ART is distributing the Optix® optical imaging system directly in North America and Europe, as well as the Fenestra® imaging contrast agents in all regions of the world other than Japan. There can be no assurance that ART will be successful in marketing and achieving direct sales of such products. There can be no assurance that ART will be successful in marketing the Optix® system in North America and Europe. There can be no assurance that the pharmaceutical and medical sectors will accept the Company's products.

No Assurance of Successful Commercial Acceptance

Market acceptance of the Company's current and future technologies and products will also depend upon a number of factors beyond its control, including developing and marketing technologies and products providing benefits comparable to or greater than other current technologies. There can be no assurance that the Company's current or future technologies and products will be viable for any commercial applications and, if viable, that potential customers will utilise the Company's technologies.

Dependence on Third Party Relationships

The Company's ability to develop products depends upon its ability to develop relationships with third parties, including leading research institutions, for assistance in the conduct of research efforts, preclinical development and clinical studies. The Company relies on third party suppliers for parts and materials required for its products, which suppliers could cause production disruption if they terminate or change their relationship with the Company. Although the Company believes that its strategic partners, such as GE Healthcare, have an economic motivation to assist with the commercialization of the Company's products, the amount and timing of the resources devoted by such third parties may be affected by factors beyond the Company's control. The Company may suffer

adverse consequences if, in the future, an agreement with a strategic partner is not renewed or effectively renegotiated on terms satisfactory to the Company.

Patents and Proprietary Technology

The Company's success will depend, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the rights of third parties. The Company has filed numerous applications for patents in the United States, Canada and other jurisdictions. There can be no assurance that the Company's existing patent applications will be allowed, that the Company will develop future proprietary products that are patentable, that any issued patents will provide the Company with any competitive advantages or will not be successfully challenged by any third parties, or that the patents of others will not have an adverse effect on the ability of the Company to do business. In addition, there can be no assurance that others will not independently develop similar products, duplicate some or all of the Company's products or, if patents are issued to the Company, design their products so as to circumvent the patent protection held by the Company.

In addition, the Company may be required to obtain and maintain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to the Company. If the Company does not obtain such licenses, it could encounter delays in introducing one or more of its products to the market while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. While the Company has entered into certain licenses with respect to the use of patents held by third parties, there can be no assurances that the ownership of such patents will not be challenged. In addition, the Company could incur substantial costs in defending itself in suits brought against the Company on such patents or in suits in which the Company attempts to enforce its own patents against other parties.

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

Competition

Competition in some segments of the markets of the imaging industry may be intense. The Company may have to compete with other companies to develop products aimed at the same target markets of the imaging industry. Although the Company believes that time domain optical imaging offers a competitive edge in terms of the functional information derived from its image, there can be no assurance that this competitive advantage will be maintained. The Company may have to compete with other companies to develop products aimed at the same target markets. Many of these companies may have substantially greater resources than the Company. There can be no assurance that developments by others will not render the Company's products or technologies non-competitive or obsolete or adversely affect the commitment of the Company's commercial partners.

Government Regulation

Securing regulatory approval for the SoftScan® system in several jurisdictions, including market clearance for the SoftScan® system by the FDA in the United States, can be a long and expensive process, which can delay or prevent product development and marketing. The regulatory approval, if obtained, could be for limited applications and may not be obtained at all. Such events could have a material adverse effect on the sales and profitability of the Company.

The actual schedules for the SoftScan® system clinical trials could vary significantly from the Company's forecast due to a number of factors. A key risk factor is patient recruitment rates into these trials, which are subject to the timely initiation of a sufficient number of clinical sites that have both an appropriate patient population and flow available as well as the necessary research capacity. Site initiation activities include identifying qualified sites, achieving the necessary internal approvals at the sites, executing contracts with the sites and providing the

SoftScan® device to the sites. Any delay in the initiation and completion of our clinical trials could cause the price of the common shares of the Company to decline.

The Company sets goals for, and makes public statements regarding, timing of the accomplishment of objectives material to its success, such as the commencement and completion of clinical trials, anticipated regulatory approval dates, time of product launch and sales targets. The actual timing of these events can vary dramatically due to factors such as delay or failures in our clinical trials, uncertainties inherent to the regulatory approval process and delays in achieving product development, manufacturing or marketing milestones necessary to commercialize the Company's products and achieve sales objectives. There can be no assurance that the clinical trials will be completed as planned, that the Company will make regulatory submissions or receive regulatory approvals as planned, that the Company will be able to adhere to its current schedule for the scale-up of manufacturing and launch of any of its products or that the Company will meet its sales objectives. If the Company fails to achieve one or more of these milestones or objectives as planned, the price of its common shares could decline.

Absence of Profitability

To date, the Company has not generated sufficient revenues to offset its research and development costs and accordingly has not generated positive cash flows or made an operating profit. While the Company has benefited to date from the receipt of government grants, there can be no assurance that grants will continue to be available to the Company or, if so, at what level. There can be no assurance that the Company will ever achieve significant revenues or profitable operations.

Product Liability and Insurance

The sale and use of the Company's products entail risk of product liability. Although the Company currently has product liability insurance, which it believes to be adequate, it will require additional product liability insurance for its products. There can be no assurance that the Company will be able to obtain appropriate product liability insurance. An inability to obtain insurance on economically feasible terms or to otherwise protect against potential product liability claims could inhibit or prevent the commercialization of products developed by the Company. The obligation to pay any product liability claim or a recall of a product could have a material adverse effect on the business, financial condition and future prospects of the Company.

Dependence on Key Employees

The Company's ability to develop products depends, to a great extent, on its ability to attract and retain highly qualified scientific and engineering personnel. Competition for such personnel is intense. The Company is highly dependent on the principal members of its management staff as well as its advisors and collaborators, the loss of whose services might impede the achievement of development objectives. The loss of key employees may affect the speed and success of product development.

Rapid Technological Changes

The biomedical sector is subject to rapid and substantial technological change. There can be no assurance that developments by others will not render the Company's products or technologies non-competitive or that the Company will be able to keep pace with technological developments. Competitors have developed technologies, which could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired effect than products being developed by the Company and may be more effective and less costly than the products developed by the Company.

Management of Growth

The Company expects that if its efforts are successful it will experience rapid growth, which could place a significant strain on its resources. If the Company's management is unable to manage growth effectively, operations could be adversely affected.

Volatility of Share Price

Market prices for securities of technology companies are generally volatile. Factors such as public announcements of technological innovations, new commercial products, patents, the development of proprietary rights by the Company or others, results of clinical trials, regulatory actions, publications, quarterly financial results or public concerns over the safety of technology, future sales of securities by the Company or by its current shareholders and other factors could have a significant effect on the market price of its common shares. In particular, any delay in the initiation and completion of the SoftScan® system clinical trials could cause the price of the common shares of the Company to decline.

Potential Fluctuations in Financial Results and Forecasting

The Company expects revenues and operating results to vary significantly from quarter to quarter. As a result, quarter to quarter comparisons of the Company's revenues and operating results may not be meaningful. In addition, due to the Company's stage of development, the Company cannot predict future revenues or results of operations accurately. It is possible that in one or more future quarters the Company's operating results will fall below the expectations of securities analysts and investors. If this happens, the trading price of the common shares of the Company might be materially and adversely affected.

Foreign Currencies

The Company's operations are in some instances conducted in currencies other than the Canadian dollar (principally in U.S. dollars), and fluctuations in the value of foreign currencies relative to the Canadian dollar could cause the Company to incur currency exchange losses.

Interest Rate Sensitivity

The Company's investment policy allows for investments in high-grade government, banks and corporate securities with varying maturities, usually less than 180 days. The Company does not have a material exposure to interest risks.

Convertible Securities

The holding of a substantial amount of preferred shares or other convertible securities by a limited number of holders may result in a very large conversion at once and could ultimately result in a change of effective control. In the event of a change of control, the current holders of common shares of the Company may not have an effective vote in the election of directors and other corporate matters.

PLAN OF DISTRIBUTION

Pursuant to an underwriting and agency agreement dated November 13, 2007 (the "Underwriting and Agency Agreement") entered into between the Company and the Underwriters, (i) the Company has agreed to issue and sell 10,483,806 Underwritten Shares qualified under this short form prospectus and the Underwriters have agreed to purchase all but not less than all of the Underwritten Shares on the Closing Date, and (ii) the Underwriters have agreed to conditionally offer on a best efforts basis a maximum of 18,528,694 Agency Shares, the whole subject to prior sales, if, as and when issued by the Company and accepted by the Underwriters, in compliance with all necessary legal requirements and subject to the conditions stipulated in the Underwriting and Agency Agreement, at a price of $0.16 per Common Share, payable in cash to the Company against delivery by the Company of one or more certificates representing such Common Shares in accordance with the terms of the Underwriting and Agency Agreement. The offering price of the Common Shares was determined by negotiation between the Company and the Underwriters.

The Underwriting and Agency Agreement provides that the Company will pay to the Underwriters, in consideration for their services in connection with this Offering, an Underwriters' fee equal to $0.01034 per Underwritten Share, Agency Share and Additional Share issued pursuant to the exercise of the Over-Allotment Option.

In addition, the Company expects to sell up to 2,237,500 Common Shares concurrently and directly to certain executive officers and directors of the Company on the Closing Date at a price of $0.16 per Common Share. The distribution of these Common Shares is also qualified by this prospectus. The Underwriters will not receive any fee in connection with the sale of these Common Shares by the Company to its executive officers and directors.

The Company has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time up to 30 days following the Closing Date, entitling them to purchase up to a maximum of 4,351,875 Additional Shares, at the same price as the Common Shares sold under the Offering. The Over-Allotment Option is exercisable for the purpose of covering over-allotments, if any, made by the Underwriters in connection with this Offering and for market stabilization purposes. This short form prospectus qualifies the distribution of the Over-Allotment Option and also the Additional Shares issuable upon exercise of the Over-Allotment Option.

Pursuant to the Underwriting and Agency Agreement, the obligations of the Underwriters are joint and not solidary and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and also may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Underwritten Shares if they purchase any of the Underwritten Shares under the Underwriting and Agency Agreement. With respect to the Agency Shares, the Underwriters have agreed to use their best efforts to sell such shares but are not required to buy any. The Company has agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities or to contribute to any payments the Underwriters may be required to make in respect thereof.

The Underwriters have advised ART that they have successfully solicited offers for the purchase of 18,528,694 Agency Shares. Subject to the fulfillment of the conditions contained in the Underwriting and Agency Agreement, it is expected that the maximum Offering will be completed resulting in the issuance of a total of 31,250,000 Common Shares (including the maximum of 2,237,500 Common Shares that the Company expects to sell directly to certain executive officers and directors of the Company).

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The TSX has conditionally approved the listing of the Common Shares to be distributed under this short form prospectus. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before December 13, 2007.

The Common Shares (including the Additional Shares and the Common Shares, if any, sold directly by the Company to its executive officers and directors) have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold in the United States except pursuant to an exemption therefrom. Accordingly, the Common Shares will be offered or sold to purchasers in the United States only in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act and state securities laws. In addition, until 40 days after the commencement of the Offering, any offer or sale of Common Shares in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, applicable securities laws and the *Universal Market Integrity Rules* (the "UMIR") of Market Regulation Services Inc., the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase common shares of the Company. The restriction is subject to certain exceptions. These exceptions include bids or purchases permitted under the by-laws and rules of the TSX and the UMIR relating to market stabilization and passive market-making activities and bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the common shares of the Company.

Subject to the foregoing, in connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the common shares of the Company at levels other than

those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

ART and the Underwriters conducted a roadshow and investors were solicited in several key financial cities in North America. Moreover, a commercial copy of the preliminary short form prospectus qualifying the Offering was mailed to the Company's shareholders following the procedures used for sending proxy materials. The Underwriters have received indications of interest including one from OppenheimerFunds, Inc. ("OppenheimerFunds"), a shareholder of the Company that currently holds 7,262,319 common shares and all of the 8,341,982 preferred shares of the Company, representing approximately 11.5% of the common shares of the Company (21.2% assuming the conversion of all of the preferred shares of the Company at their fixed conversion price). If OppenheimerFunds purchases the total number of Common Shares subject to its indication of interest, it will hold immediately after the closing of the Offering approximately 18.5% of the common shares of the Company (24.9% assuming the conversion of all of the preferred shares of the company at their fixed conversion price).

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, and of McCarthy Tétrault LLP, counsel to the Underwriters, at the time of issuance, the Common Shares will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

SME GROWTH STOCK PLAN (QUÉBEC)

The Company has obtained on October 12, 2007 an advance income tax ruling from the ministère du Revenu du Québec ("Ministère") confirming that the Company qualifies as a qualified issuing corporation and that the Common Shares offered pursuant to the Offering (including the Additional Shares that may be issued upon the exercise of the Over-Allotment Option) qualify as qualifying shares, upon issuance, for inclusion in a SME Growth Stock Plan in accordance with the provisions of the *Taxation Act* (Québec) and the regulations adopted thereunder that are in effect as of the date hereof (the "Québec Act"), subject to certain conditions set out therein. The SME Growth Stock Plan succeeds the former Québec Stock Savings Plan (QSSP).

The inclusion in a SME Growth Stock Plan of the Common Shares qualified under this short form prospectus will entitle an individual (other than a trust) who is resident in Québec on December 31, 2007 to deduct, in the computation of his or her taxable income for Québec tax purposes for his or her 2007 taxation year, 100% of the acquisition cost (established without taking into account the value of borrowing costs, brokerage costs, custody charges or other similar costs) of the Common Shares that are acquired pursuant to the Offering and included in the SME Growth Stock Plan no later than January 31, 2008, subject to certain conditions contained in the Québec Act. **In this regard, the individual must conclude an arrangement with a dealer within the meaning of the Québec Act and indicate his or her intention to include such Common Shares in a SME Growth Stock Plan of which he or she is the beneficiary.**

For the 2007 taxation year, an individual may not claim a deduction in respect of a SME Growth Stock Plan that exceeds 10% of his or her total income for the year (within the meaning of the Québec Act). The amount of such deduction will be included in computing the individual's adjusted taxable income for Québec minimum tax purposes.

An individual who includes a Common Share in a SME Growth Stock Plan and who withdraws it from such plan, for example by selling it, at any time prior to the end of the third taxation year following the year of its acquisition, may be required to include an amount equivalent to 100% of the acquisition cost of that Common Share (established without taking into account the value of borrowing costs, brokerage costs, custody charges or other similar costs) in computing his or her income for Québec income tax purposes for the taxation year during which such withdrawal is made. Generally, the amount to be included in income will be reduced by the adjusted cost (determined in accordance with the Québec Act) of qualifying shares, qualifying securities and valid shares acquired by the individual and included in a SME Growth Stock Plan within 21 days following such withdrawal. However, the announcements contained in the Additional Information on the Budgetary Measures of the 2007-2008 Québec Budget tabled on May 24, 2007 have proposed to extend this delay for any withdrawal made on or after January 1st, 2007 to the earlier of: (i) the last day of the second month following the month of such withdrawal; and (ii)

December 31 of the year of such withdrawal. No assurance can be given that this proposed amendment will be enacted in the form proposed, or at all.

This text is a summary only and is not intended to be, nor should it be construed as, legal or tax advice to any prospective purchaser of common shares of the Company. This summary is based on the current provisions of the Québec Act, all specific proposals to amend the Québec Act that have been publicly announced by the ministère des Finances du Québec prior to the date hereof and the Company's understanding of administrative practices and policies of the Ministère. This summary does not otherwise take into account any changes in the law, whether by legislative, governmental or judicial action.

Prospective purchasers should consult their own tax advisors with respect to any matter pertaining to the SME Growth Stock Plan, including the maximum deduction permitted.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are Raymond Chabot Grant Thornton LLP, Montréal, Québec.

The transfer agent and registrar for the common shares of the Company is Computershare Trust Company of Canada at its principal offices in Montréal and Toronto.

INTEREST OF EXPERTS

The matters referred to under "Eligibility for Investment" and certain other legal matters relating to the Common Shares offered by this prospectus will be passed upon at the Closing Date on behalf of the Company by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. At the date hereof, partners and associates of each of Osler, Hoskin & Harcourt LLP and McCarthy Tétrault LLP own, directly or indirectly, less than 1% of the common shares of the Company.

At the date hereof, partners of Raymond Chabot Grant Thornton LLP, the auditors of the Company, do not own any common shares of the Company.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission 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.

CERTIFICATE OF THE COMPANY

Dated: November 13, 2007

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 prospectus as required by the securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) SÉBASTIEN GIGNAC
President and Chief Executive Officer

(Signed) JACQUES BÉDARD
Chief Financial Officer

On behalf of the Board of Directors

(Signed) RAYMOND CYR
Director

(Signed) BENOIT LA SALLE
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: November 13, 2007

To the best of our knowledge, information and belief, 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 prospectus as required by the securities legislation of each of the provinces of Canada. For the purposes of the Province of Québec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

DESJARDINS SECURITIES INC.

By: (Signed) Gary Littlejohn

DEMERS CONSEIL INC.

By: (Signed) Éric Simard

SALMAN PARTNERS INC.

By: (Signed) Terrance K. Salman

AUDITORS' CONSENT

We have read the short form prospectus of ART Advanced Research Technologies Inc. (the "Company") dated November 13, 2007 qualifying the distribution of common shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned prospectus, of our report to the shareholders of the Company on the balance sheets of the Company as at December 31, 2006 and 2005 and the statements of operations, contributed surplus, deficit and cash flows for the years ended December 31, 2006 and 2005. Our report is dated February 23, 2007, except for Note 21 b) which is as of March 19, 2007.

(Signed) Raymond Chabot Grant Thornton LLP
Chartered Accountants

Montréal, Québec
November 13, 2007