

Canadian Government Expands Support to benefit Nexia's Counter-terrorism Antidote (Protexia[®]) Development in a 3 Year Program

Montreal, Quebec, Canada, September 20, 2004 – Nexia Biotechnologies Inc. (TSX:NXB) and Defence R&D Canada – Suffield (DRDC Suffield), Alberta today announced the signing of a three year agreement to accelerate the development of Protexia[®], a biotech antidote for the world's most dangerous chemical weapons (nerve agents).

Under the terms of the Agreement, DRDC Suffield has allocated \$2 M to execute on three objectives at their facility to delineate the clinical utility of Protexia[®] against specific chemical weapons threats. The prophylaxis medical indication involves protecting military personnel or first responders during deployment in situations with chemical weapons threats. The post-exposure therapy indication is for the use of Protexia[®] to treat casualties of chemical weapons. The third objective explores "Antidote Combination Therapy" to define the best combination of existing nerve agent antidotes with Protexia[®]. Of particular interest is the expected positive synergy between Protexia[®] and oxime antidotes. Nexia is contributing senior scientific and technical staff to DRDC Suffield and will produce the Protexia[®] antidote in its Montreal facility.

"Our mission is to research promising new antidotes, test their performance within demanding military environments and then provide data that supports the regulatory approval process to allow product fielding that secures the Canadian Forces," commented Dr. Thomas Sawyer, Principal Investigator DRDC Suffield. "Our results clearly show that Protexia[®] is effective in countering the effects of nerve agents in animal models."

"DRDC's financial and technical support will accelerate the development of Protexia[®] by carrying out essential pre-clinical studies designed to show that Protexia[®] is safe and effective as a nerve agent antidote," commented Dr. Jeffrey Turner, President & CEO, Nexia Biotechnologies Inc. "The commitment of funds and the access to military chemical weapons testing facilities show the importance of this program".

Protexia[®] is a recombinant version of human butyrylcholinesterase, a promising new antidote (medical countermeasure) that has been shown to protect animals from the toxic effects of multiple lethal exposures of the world's most dangerous chemical weapons - nerve agents. Butyrylcholinesterase is a protein that is found naturally in blood to protect humans from naturally occurring toxins. Unfortunately, extraction of this important protein from blood, where it is present in minute quantities, is not feasible in commercial quantities. Protexia[®], Nexia's recombinant version of this protein, can neutralize a wide range of nerve agents, such as soman or VX, once they enter the bloodstream. Nexia produces Protexia[®] through an advanced, proprietary transgenic process, and hopes to upgrade to clinical-grade Protexia[®] by mid-2005. This biotechnological approach offers sufficient manufacturing power to make Protexia[®] available for the protection of both military personnel and the civilian population.

"We are extremely pleased that DRDC Suffield has the opportunity to work with Nexia Biotechnologies in such a forward-looking technology, one that is core to our mandate," stated Dr. Angus, Director General, DRDC Suffield.

About DRDC Suffield

DRDC Suffield is Canada's centre of expertise in chemical and biological defence. DRDC offers timely technical advice, seminars, training and equipment to counter hazards from the use of chemical or biological agents. Advances in biochemical detection and identification, decontamination and medical countermeasure research continue to see DRDC Suffield as a world-class leader in CB research.

DRDC Suffield is one of six defence research establishments of Defence R&D Canada (DRDC). DRDC, an agency within the Department of National Defence, has been keeping Canada in the forefront of defence and national security technology by providing scientific leadership to the Canadian Forces and the Canadian defence industry for more than 60 years. For more information, visit our website at www.drdc-rddc.gc.ca

About Nexia

Nexia develops and manufactures complex recombinant proteins in the milk of transgenic goats for medical applications. Nexia's strength is producing proteins that cannot be made commercially using other recombinant systems. The Company's products are Protexia[®] and BioSteel[®]. Protexia[®] is being developed as a military prophylaxis and as a post-exposure therapy for civilian casualties of domestic terrorist attacks. For more information, please visit Nexia's website at www.nexiabiotech.com.

Protexia and BioSteel are registered trademarks of Nexia Biotechnologies Inc. in Canada.

Except for the historical information presented herein, matters discussed herein may constitute forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. Statements that are not historical facts, including statements preceded by, followed by, or that include the words "believes"; "anticipates"; "intends"; "plans"; "expects"; "estimates"; or similar statements are forward-looking statements. Such statements reflect management's current views and are based on certain assumptions. Actual results could differ materially from those currently anticipated as a result of a number of factors, including risks and uncertainties discussed in Nexia's filings with Canadian regulatory authorities. An additional business risk associated with the Protexia[®] program relates to the fact that large purchases are expected to be made from a few customers. Changes in demand from these customers could significantly affect our program. There can be no assurance that such development efforts will succeed, that such products will receive required regulatory clearance or that, such products would ultimately achieve commercial success.

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