



Nexia Biotechnologies Inc.
P.O. Box 187, Jean-Talon Branch
Montreal, Quebec H1S 2Z2
www.nexiabiotech.com

Nexia Provides Corporate Update and Announces 2006 Year End Results
(in Canadian dollars)

Edmonton, Alberta, Canada, September 28, 2006: Nexia Biotechnologies Inc. (NEX: NXB.H) today provided a corporate update and released financial results for the year ended May 31, 2006 and its Management Discussion and Analysis.

CORPORATE UPDATE

In January 2006, Nexia management determined to implement a corporate reorganization strategy, with a goal of maximizing shareholder value. Nexia continues to make significant progress with this initiative, which is near successful completion. At the same time, management has focused more time and resources on the potential development of the biotech assets.

On March 30, 2006, Nexia announced an Arrangement Agreement that when completed, will result in Nexia becoming an emerging oil and gas service company. If approved at the October 16, 2006 Special Meeting of Shareholders, each shareholder will receive .08842 of a common share of Enesco Energy Services Corp. ("Enesco"), and one share of New Nexia (which will be re-named Nexia Biotechnologies Ltd.) for each current Nexia share. Nexia's current shareholders will then hold a 9.3% interest in Enesco. Additional information regarding this initiative is available at www.sedar.com.

On June 9, 2006 PharmAthene Inc. and Siga Technologies Inc. (NASDAQ: SIGA) announced that they had signed a merger agreement, which is projected to be completed in the fourth quarter of 2006. On September 25, 2006, PharmAthene announced that it had been awarded a multi-year contract valued up to (US) \$213 million from the Department of Defense U.S. Army Space and Missile Command, for development of Protexia[®]. Additional information regarding the merger is available at www.edgar.com. Subsequent to the merger, management intends to review all alternatives towards maximizing the value of the PharmAthene investment for the benefit of Nexia's shareholders.

Nexia continues with the development of BioSteel[®] and management is exploring all possible options to increase shareholder value. Nexia's goat herd has increased to over 70 animals that are being well cared for in a breeding and housing facility.

YEAR ENDED MAY 31, 2006 FINANCIAL RESULTS

The loss for year ended May 31, 2006 was \$702,000 (\$0.03 per share) compared to a net income of \$11.8 million (\$0.50 per share) for nine-months ended May 31, 2005. This substantial variance was due to the reductions in spending across all categories as a result of reduced operations, after the completed, previously disclosed, asset sale transaction with PharmAthene. In addition, the nine-month period in 2005 included a one time gain on the sale of assets to PharmAthene of \$15.96 million.

ABOUT NEXIA

For more information, please visit Nexia's website at www.nexiabiotech.com. Nexia's complete continuing disclosure documents, including: the 2006 annual report, financial statements and the MD&A can be accessed through Company's securities filings at www.sedar.com.

FORWARD-LOOKING STATEMENT AND OTHER IMPORTANT INFORMATION

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. Nexia specifically disclaims any obligation to update these forward-looking statements. Nexia assumes no responsibility with respect to any information contained herein relating to any entity other than itself. Website addresses referred to herein are provided for convenience purposes only and information contained therein is not incorporated herein by reference, nor does Nexia assume any responsibility in connection therewith. For more information, please visit www.sedar.com. BioSteel® is a registered trademark of Nexia Biotechnologies Inc. in Canada.

CONTACT INFORMATION

David L. Tonken, President, CEO and Chairman of the Board
tonken@icrossroads.com 780-486-2317