



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

Edmonton, Alberta, Canada, September 25, 2007: Nexia Biotechnologies Ltd. ("Nexia") (CNQ: NXBL) announced today that it has completed its previously announced agreement (the "Agreement") to acquire all of the issued and outstanding shares of Cavalon Capital Partners Ltd. ("Cavalon"). The purchase price was \$333,390 and was satisfied by the issuance of 1,666,950 common shares of Nexia ("Nexia Shares") issued at a price of \$.20 per share. Cavalon's primary asset was an investment agreement (the "Investment Agreement") with Xillix Technologies Corp. ("Xillix") (TSX: XLX) whereby Cavalon had the exclusive right to invest the sum of \$4,400,000 in Xillix in consideration for voting and non-voting shares. Upon the closing of the Agreement, Nexia became Cavalon's successor in interest to the Investment Agreement.

The Agreement was a related party transaction. The shareholders of Cavalon and the recipients of the Nexia Shares are Greg Matthews, a director of Nexia, and the spouse of David Tonken, a director and officer of Nexia. The Agreement was approved by Nexia's directors (excluding Mr. Tonken and Mr. Matthews) on the basis that it will provide Nexia with an opportunity to deploy its capital in a manner that may produce returns greater than those currently realized. The acquisition of Cavalon was exempt from the minority approval and valuation requirements applicable to related party transactions as the value of the transaction is less than 25% of Nexia's market capitalization.

Pursuant to the Agreement, each of Mr. Matthews and Ms. Tonken acquired ownership of 833,475 Nexia Shares. As a result of this transaction, Mr. Matthews owns or controls 2,512,767 Nexia Shares representing 9.8% of the outstanding Nexia Shares and Ms. Tonken, who acts jointly or in concert with Mr. Matthews, owns or controls 1,833,475 Nexia Shares representing 7.1% of the outstanding Nexia Shares. The Nexia Shares issued to Mr. Matthews and Ms. Tonken will be held in escrow pending the completion of a future transaction between Xillix and a third party. If no such transaction is completed within 18 months from the closing of the Agreement, the Nexia Shares issued pursuant to the Agreement will be cancelled. The acquisition of Nexia Shares by Tonken and Matthews was made for investment purposes. Tonken and Matthews may from time to time acquire additional securities of Nexia, dispose of some or all of the existing or additional securities they hold or will hold, or may continue to hold their current positions.

Nexia further announced today that it has completed its investment in Xillix pursuant to the Investment Agreement as part of the amended and restated consolidated plan of compromise and arrangement of Xillix and its subsidiaries dated September 7, 2007 (the "Plan"), as approved by the Supreme Court of British Columbia on September 12, 2007. Pursuant to the Plan, the following has occurred:

1. Nexia has made a non-interest bearing loan of \$4,400,000 to Xillix (the "Loan");
2. all of the claims of Xillix's secured and unsecured creditors have been settled and released for payments by Xillix totalling \$3,600,000;
3. the authorized share capital of Xillix has been increased by creating an unlimited number of non voting shares and an unlimited number of preferred shares;
4. 94.5% of the Loan has been converted into 112,023,510 common shares of Xillix and 435,647,055 non voting shares of Xillix, such that Nexia now holds 45% of the (voting) common shares of Xillix and 100% of the non-voting shares of Xillix, providing Nexia with the ownership of 80% of the total equity interests in

Xillix;

5. all outstanding options, warrants, exchange rights and conversion rights of Xillix and its subsidiaries have been cancelled;
6. Xillix's name has changed to "Biomerge Industries Ltd."; and
7. PricewaterhouseCoopers Inc. has been discharged as the interim receiver of Xillix appointed by the British Columbia Supreme Court.

The acquisition of the Xillix common shares by Nexia was made for investment purposes. Nexia may from time to time acquire additional securities of Xillix, dispose of some or all of the existing or additional securities it holds or will hold, or may continue to hold its current positions.

In connection with the completion of the Plan, Xillix's common shares will be delisted from the Toronto Stock Exchange and listed on the NEX, under the symbol "BIL.H". Xillix's non voting shares will not be listed.

ABOUT NEXIA

For more information, please visit Nexia's website at www.nexiabiotech.com. Nexia's continuous disclosure documents can be accessed through Nexia's securities filings at www.sedar.com.

FORWARD-LOOKING STATEMENTS 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 except as may be required by law. 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 Ltd. in Canada.

CONTACT INFORMATION

David L. Tonken, President, Chief Executive Officer and Chairman of the Board

Email: tonken@icrossroads.com

Telephone: (780) 486-2317