



Nexia Biotechnologies Ltd.
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PRESS RELEASE

NEXIA ANNOUNCES LICENSE AND CONDITIONAL SALE OF SPIDER SILK ASSETS AND 30% ROYALTY AGREEMENT WITH ADVANCED FOODS AND MATERIALS NETWORK

Edmonton, Alberta, Canada, July 16, 2009: Nexia Biotechnologies Ltd. ("Nexia") (CNQ: NBL) announced today that it has entered into Asset Sale, License and Royalty Agreements (the "Agreements") with a wholly owned subsidiary of the Advanced Foods and Materials Network ("AFMNet"). The Agreements provide for the transfer of Nexia's BioSteel[®] project assets and all related intellectual property (the "BioSteel[®] Assets") to AFMNet, subject to obtaining certain prior third party consents. Nexia has granted an exclusive worldwide license to AFMNet to use the BioSteel[®] Assets until the earlier of December 31, 2009 or the closing of the asset sale. In consideration for the license and sale of the BioSteel[®] Assets, AFMNet has granted Nexia a 30% gross royalty on future general receipts derived from the BioSteel[®] Assets. During the term of the license, Nexia will also receive a cost recovery fee of \$4,800 per month. The Agreements will be available for review at www.sedar.com.

Mr. David L. Tonken, President of Nexia, commented that, "The future of the transgenic goat herd and the continuation of BioSteel[®] research and development are now far more certain. In addition to its financial capability, AFMNet has the ability to pull together multidisciplinary teams of scientists and engineers to create and exploit knowledge. AFMNet has undertaken a substantial commitment to build a team to find innovative and profitable uses for BioSteel[®]. AFMNet expects to contribute approximately \$2 million dollars in direct and in-kind support over the next 3 years to BioSteel[®] research and development. AFMNet also expects that these funds will be matched by other partners who recognize the potential of BioSteel[®] to create new products. The goats will continue to be properly cared for and their potential value now has an increased chance of materializing".

AFMNet have particular expertise in nanotechnology related to research and development of novel bio-materials. The purchase of the BioSteel[®] Assets allows AFMNet to facilitate the development of a new generation of bio-materials. Initially, the focus will be the development of BioSteel[®] based scaffolds for tissue engineering. Applications to be investigated include ligament repair, spinal cord and nerve regeneration and vascular graft replacements. Non medical applications will also be investigated.

The spider silk research will be lead by Dr. Wankei Wan who is a professor at the University of Western Ontario. "I have followed the work of Nexia since it was successful in producing its first BioSteel[®] biopolymer" said Dr. Wan," and I am excited that Canadian scientists will have the opportunity to exploit Nexia's ground breaking work on this unique biomaterial. I am convinced that BioSteel[®] has unique properties that can be applied to a range of biomedical needs".



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AFMNet is headquartered at the University of Guelph. AMFNet is Canada's national food and bio-materials research network, designed to discover new ideas and develop new biology-based technologies which will create new commercial opportunities while improving the lives of Canadians. AMFNet comprises hundreds of scientific researchers, professionals, industry partners and government agencies. Further information about AFMNet is available at www.afmnet.ca.

Nexia is a public company trading on the Canadian National Stock Exchange, ticker: NBL. Nexia is active in the acquisition and reorganization of undervalued life science companies. More information about Nexia is available at www.sedar.com or by contacting Mr. David L. Tonken, President, at (780) 919-6770.

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.

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FORWARD LOOKING INFORMATION

This press release contains certain forward-looking statements and forward-looking information ("forward-looking information") within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should" or similar words suggesting future outcomes. In particular, this press release includes forward-looking information relating to the future development of BioSteel®. Nexia believes that the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Forward-looking information is based on various assumptions. Those assumptions are based on information currently available to Nexia, including information obtained from third party sources, and include the historic performance of Nexia's businesses, current business and economic trends. You are cautioned that the preceding list of assumptions is not exhaustive.

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties some of which are described herein. Such forward-looking information necessarily involves known and unknown risks and uncertainties, which may cause Nexia's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking information. These risks and uncertainties include but are not limited to the risks identified in Nexia's interim and annual Management Discussion and Analysis filed on www.sedar.com. Any forward-looking information is made as of the date hereof and, except as required by law, Nexia assumes no obligation to publicly update or revise such information to reflect new information, subsequent or otherwise.