Xillix Technologies Corp.

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Xillix Technologies Corp. (the "**Issuer**")
c/o PricewaterhouseCoopers
PricewaterhouseCoopers Place
250 Howe Street, 7th Floor
Vancouver, BC V6C 3S7

Item 2. Date of Material Change

September 24, 2007.

Item 3. News Release

A news release disclosing the material change was issued at Vancouver, British Columbia, on September 24, 2007.

Item 4. Summary of Material Change

The Issuer today announced that it has completed the amended and restated consolidated plan of compromise and arrangement of the Issuer and its subsidiaries dated September 7, 2007 (the "Plan"), as approved by the Supreme Court of British Columbia on September 12, 2007.

Item 5.1 Full Description of Material Change

The Issuer today announced that it has completed the Plan. Pursuant to the Plan the following has occurred:

1. Nexia Biotechnologies Ltd. ("Nexia"), successor by amalgamation to Cavalon Capital Partners Ltd., has made a non-interest bearing loan of $4,400,000 to the Issuer (the "Loan");

2. all of the claims of the Issuer's secured and unsecured creditors' have been settled and released for payments by the Issuer totalling $3,600,000;

3. the authorized share capital of the Issuer 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 the Issuer and 435,647,055 non voting shares of the Issuer, such that Nexia now holds 45% of the (voting) common shares of the Issuer and 100% of the non-voting shares of the Issuer, providing Nexia with the ownership of 80% of the total equity interests in the Issuer;

5. all outstanding options, warrants, exchange rights and conversion rights of the Issuer and its subsidiaries have been cancelled;

6. the Issuer's name has changed to "Biomerge Industries Ltd.";

7. PricewaterhouseCoopers Inc. has been discharged as the interim receiver of the Issuer appointed by the British Columbia Supreme Court; and

8. pursuant to the Plan and the Court Order approving the Plan, on Wednesday, September 26, 2007 the stay of proceedings imposed on the Issuer by order of the British Columbia Supreme Court under the *Companies' Creditors Arrangement Act* (the "CCAA") will be lifted and the Issuer will no longer be subject to the CCAA.

In connection with the completion of the Plan, the Issuer's common shares will, effective on September 26, 2007, be delisted from the Toronto Stock Exchange and listed on the NEX, under the symbol "BIL.H". Trading on the NEX will commence on that same date. The Issuer's non voting shares will not be listed.

In completing the Plan the Issuer relied upon the formal valuation and shareholder approval exemptions set out in sections 5.5(7) and 5.7(5) of Ontario Securities Commission Rule 61-501 – *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* and sections 5.6(7) and 5.8(4) of Quebec Securities Commission Regulation Q-27 – *Respecting Protection of Minority Securityholders in the Course of Certain Transactions*.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7. **Omitted Information**

Not Applicable.

Item 8. **Executive Officer**

The following executive officer of the Issuer is knowledgeable about the material change and may be contacted respecting the change:

David L. Tonken, President and Chief Executive Officer, (780) 486-2317.

Item 9. **Date of Report**

DATED at Edmonton, Alberta this 24th day of September, 2007.

"Signed"

Gregory B. Matthews
Chief Financial Officer and
Corporate Secretary