



Dexit Announces Plan to Optimize Operations and Review Strategic Options

Toronto – July 20, 2006 – Dexit Inc. (TSX: DXT) announced today that it has formed a Special Committee of the Board, in response to overtures from several potential strategic investment partners. The Special Committee will review strategic options and in this regard has hired Kirchner and Company, Inc. (KCI), a US based financial advisor, to manage the review process. Options reviewed may include strategic partnerships, business combinations, and strategic investments.

As part of the preparation for a potential strategic transaction and in consultation with key business partners, the company has decided to implement a multi-faceted initiative. This initiative will focus Dexit resources to improve operational efficiency, strengthen its ability to perform on key contracts, operate with increased fiscal discipline, and investigate strategic options to maximize value for shareholders. The optimization plan includes steps such as: (i) realigning product development deliverables to meet partner requirements, (ii) reducing staff from 55 to under 30, (iii) reducing rent and other overhead costs, (iv) reducing resources in non-core areas. These cost reduction initiatives and the refocusing of the business will significantly improve operational efficiency and capabilities.

Overhead reduction efforts will include scaling back the number of locations at which the Dexit[®] Service is available in downtown Toronto and the surrounding area. “The Company launched the Dexit Service in September 2003 and has now successfully proven the reliability and scalability of the technology” said John McBride, CEO of Dexit. “Dexit clearly has world-class technology and we believe this initiative will enable the company to realize higher value for its significant technology investment to date and focus our people and financial resources on key opportunities.”

Concurrent with these efforts the Company will continue to work in consultation with key business partners. On June 1, 2006, Dexit reported an extension to the renegotiations relating to the Merchant License Agreement with Bell Canada (the "MLA") to June 30, 2006. While that deadline has passed, the parties continue to negotiate in good faith, although there is no assurance that an agreement will be reached. If an agreement is concluded, it will likely result in terms, conditions and a structure substantially different from the MLA that has governed the companies' relationship over the past two years. It should be noted that substantially all of Dexit's year-to-date reported revenue has been derived from license and exclusivity fees paid under the MLA and that there will be no license and exclusivity revenue recognized for the three month period ending June 30, 2006.

The Special Committee will closely monitor the strategic review process being conducted by KCI and will continue to review the company's operating plan on a regular basis to ensure that costs and capabilities are aligned with revenue generating opportunities.

About Kirchner and Company, Inc.

KCI is a boutique, U.S. based investment bank specializing in advising small to mid sized technology based companies on M&A and turnarounds. KCI combines deep operating and transactional expertise in a unique combination that enables it to work with its clients to find innovative options to leverage their technology investments. To find out more about KCI visit their website at www.kirchnerandco.com

About Dexit Inc.

Dexit Inc., based in Toronto, has pioneered an “instead of cash[®]” electronic payment facilitation service for small transactions (generally under \$25). The Dexit[®] Service enables consumers to pay

for a variety of low-cost items quickly and conveniently with the tap of a RFID (radio frequency identification) tag linked to a pre-paid account. Founded in 2001, and funded in part by CANARIE Inc., Dexit launched its service in September 2003. To find out more about Dexit Inc. (TSX: DXT), visit our website at www.dexit.com.

Forward-Looking Statements

This discussion includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect Dexit’s current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risks and Uncertainties” in the Annual Information Form filed on March 23, 2006 with the regulatory authorities. Dexit assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

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