



NEWS RELEASE

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Inflazyme Pharmaceuticals does not Exercise Option with Helicon Therapeutics to PDE4 Inhibitor, IPL455,903, in Learning and Memory Disorders

FOR IMMEDIATE RELEASE

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VANCOUVER, B.C., CANADA – Inflazyme Pharmaceuticals Ltd. (TSX: IZP) today announced that they will not exercise their option to IPL455,903, a PDE4 inhibitor discovered and patented by the Company. Under the limited license granted to Helicon in January 2003, Inflazyme had 90 days to exercise its option after receiving certain information from Helicon which included the results of the first Phase 2a study.

Helicon recently completed a Phase 2a safety, tolerability, preliminary efficacy and pharmacokinetic study with IPL455,903 in elderly subjects with Age Associated Memory Impairment. Inflazyme reported on the results of this study in June and stated that the data may support further clinical studies with IPL455,903, as well as the development of Inflazyme's other PDE4 inhibitors. However, Inflazyme has insufficient cash to exercise the option which is estimated to be in the range of CDN\$3-\$4 million based on limited information provided by Helicon. Under the terms of the limited license with Helicon, by not proceeding with the option, Inflazyme will receive certain royalties on any product commercialized. Helicon only has rights in the field of learning and memory disorders, while Inflazyme has retained rights to this compound for all other uses.

Inflazyme is currently seeking to sell or license its assets or seek a merger or acquisition with another company. Outside of IPL455,903, Inflazyme has other assets that could be of significant value to third parties. These consist of the LSAID™ portfolio comprising several compounds targeting respiratory disease, two of which have completed Phase 2 clinical studies in asthma. Other assets include its pre-clinical portfolio of PDE4 inhibitors that have shown efficacy in models of respiratory disease, and models of depression, as well as the clinical stage Protein Therapeutics which are targeted towards inflammatory diseases. Inflazyme continues to work towards completing a transaction in the very near term to realize value for its shareholders. However, there can be no assurance that such a transaction will occur or will be completed in a timely manner. If this is the case, then the Company may choose to terminate its operations so as to conduct an orderly wind down of its operations and liquidate its assets.

About Inflazyme

Inflazyme Pharmaceuticals is a biopharmaceutical company pioneering medical breakthroughs to transform the lives of patients with respiratory and inflammatory diseases worldwide. Further information on the Company may be obtained from its website at www.inflazyme.com.



This news release contains certain "forward-looking statements" and "forward-looking information" which may include but is not limited to statements in respect of our future financial position or operations. Words like "believe", "intend", "may", "expect", "anticipate", "plan", "should" and other similar expressions are forward-looking statements that involve a number of risks and uncertainties. By their nature, forward-looking statements involve numerous factors, assumptions and estimates, some but not all of the factors that could cause actual results to differ materially from those projected in our forward-looking statements include among others: risks associated with the completion of clinical trials and obtaining regulatory approval to market our products, market acceptance of our technologies and products; our ability to obtain financing; our financial and technical resources relative to those of our competitors; our ability to enforce our intellectual property rights and protect our proprietary technologies; the ability to obtain and develop partnership opportunities; and other risk factors identified from time to time in the Company's regulatory filings. For a further description of the principal risks affecting the Company, see our regulatory filings. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements.

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