

NEWS RELEASE

Results with PDE4 Inhibitor, IPL455,903, May Merit Further Clinical Evaluation. Data Support Uniqueness of Inflazyme's PDE4 Inhibitors

FOR IMMEDIATE RELEASE

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VANCOUVER, B.C., CANADA – Inflazyme Pharmaceuticals Ltd. (TSX: IZP), today announced the outcome of an ongoing review of study reports (provided by Helicon Therapeutics Inc. who conducted the studies) for IPL455,903 (HT-0712), a PDE4 inhibitor discovered and patented by Inflazyme. Based on this review, Inflazyme believes that the data may support further clinical studies with IPL455,903, as well as the development of Inflazyme's other PDE4 inhibitors.

PDE4 inhibitors are recognized to have potential utility in a variety of disease indications such as asthma, chronic obstructive pulmonary disease as well as depression and learning and memory disorders.

Inflazyme currently does not have the financial resources to invest in the future clinical development of IPL455,903 or to fund the development of its remaining PDE4 portfolio. The Company is pursuing several strategic options to realize value from these assets which include a merger, sale or licensing of its PDE4 inhibitor programs.

The Phase 2a Study

Helicon recently completed a Phase 2a double-blind, randomized, placebo-controlled study with IPL455,903 to assess the safety, tolerability, preliminary efficacy and pharmacokinetics of a range of oral doses of the drug given over 28 days to elderly subjects with Age Associated Memory Impairment (AAMI). 56 subjects were treated with IPL455,903 and 14 subjects were given placebo. The doses tested ranged from 15mg to 90mg administered orally, once a day.

"The overall profile of IPL455,903 appears attractive for a drug at this stage of development," said Kevin Mullane, President and CEO of Inflazyme Pharmaceuticals. "Some of the data suggest, while not confirmatory, that the drug appears to cross into the brain and shows some pharmacological activity. In addition, it appears safe and well tolerated in studies to date with none of the side-effects such as emesis and nausea that have limited the successful development of competitor PDE4 inhibitors. Furthermore, it has a pharmacokinetic profile suitable for once a day oral treatment."

Summary of Key Findings

A standard battery of both short term and long term memory tests was employed to assess the effects of IPL455,903. Whilst no statistically significant effects were observed in these tests, this was not surprising given the small number of subjects and the limited treatment



duration of 28 days. However, there was some indication of an effect on select aspects of the longer term memory assessments. PDE4 inhibitors are thought to play a role in long term memory consolidation and IPL455,903 demonstrated this effect in pre-clinical studies.

A typical questionnaire to assess anxiety and depression was also used in this study. Improvements in the anxiety score were observed in subjects receiving higher doses of IPL455,903 consistent with the drug gaining access to the brain to exert a pharmacological effect, as has been demonstrated in pre-clinical studies.

Helicon has also completed 13 week preclinical toxicology studies with IPL455,903 which could support dosing for up to 3 months in future clinical studies to allow for a more robust evaluation of the drug. These toxicology studies showed no evidence of vasculitis another limiting toxicity seen with many competitors' PDE4 inhibitors that has hampered clinical development.

Next Steps

Inflazyme has an Option to participate equally in the future clinical development of IPL455,903. By providing these study reports, Helicon has informed Inflazyme that the 90 day option period has started. If Inflazyme chooses not to exercise its option then it would be entitled to receive a mid-single digit royalty on future revenues. If Helicon elects not to develop IPL455,903 all rights to the drug revert back to Inflazyme and Helicon is entitled to receive the same royalty on future revenues from IPL455,903.

Inflazyme will update the market in due course as to the progress it is making of realizing value with its PDE4 inhibitors and other assets including its LSAIDs™.

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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