



Inflazyme and Z-Tech Medical Enter Into Merger Agreement

Z-Tech Engages Banker for a Private Placement

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For Immediate Release

January 15, 2008

Vancouver, B.C. and Toronto, O.N. Canada - Inflazyme Pharmaceuticals Ltd. (Inflazyme) (NEX: IZP.H) and Z-Tech (Canada) Inc. (Z-Tech), a commercial-stage medical device company developing a rapid, patient friendly screening device for breast cancer, announced today that they have entered into a definitive agreement dated January 15, 2008 under which Z-Tech has agreed to merge with Inflazyme.

The Transaction

Inflazyme shareholders will receive common shares, valued in aggregate at \$4.5 million, a \$1.5 million premium to Inflazyme's expected net cash balance (cash net of current liabilities, severance costs, arrangement expenses, and 50% of ongoing lease commitments) at January 31, 2008 of \$3.0 million. This value will be increased for any sale proceeds on certain non cash assets, or savings in liabilities and commitments realized before the closing. The value can also be adjusted up or down if the actual net cash balance is above or below \$3.0 million at January 31, 2008. Inflazyme shareholders will receive common shares in a new, combined company (Z-Tech Medical). The number of Z-Tech Medical common shares to be issued to Inflazyme shareholders on the merger will be calculated with reference to the adjusted acquisition value of Inflazyme and the price per Z-Tech security issuable in connection with a proposed private placement.

In connection with the closing of the merger, Z-Tech has engaged a syndicate of underwriters led by Research Capital and including Canaccord Capital in connection with a proposed issuance of securities of Z-Tech by way of private placement on a best efforts basis. It is anticipated that Z-Tech Medical will reactivate after the closing of the merger and graduate from NEX to a Tier 2 Industrial issuer.

"Our Board of Directors believes this business combination with Z-Tech is the best opportunity available to the Company to maximize value for our shareholders," said Jeremy Curnock Cook, Chairman of Inflazyme.

"Together with our strong fundamentals, we believe this transaction will allow us to attract support from the broader investment community and provide Inflazyme shareholders an opportunity to be part of a continuing life sciences company. We look forward to welcoming Inflazyme shareholders to Z-Tech," said Steven Nakashige, President and CEO of Z-Tech. "Proceeds from the proposed financing together with the combined cash reserve post merger will provide us with the resources to complete our ongoing pivotal trial. We anticipate this trial will confirm that the Azura BreastScan™ System will enable a large group of women, currently underserved by mammography, to undergo initial breast cancer screening with less discomfort and better cancer detection rates."

Plan of Arrangement

Under the terms of the agreement, security holders of Inflazyme and Z-Tech will exchange their current securities for securities of a new entity to be continued as Z-Tech Medical pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia).

Conditions Precedent and Required Approvals

Completion of the proposed transaction is subject to the fulfillment or waiver of various conditions precedent as set out in the arrangement agreement, including the receipt of all required third party consents and all required regulatory, court and securityholder approvals. There can be no assurance that the transaction will be completed as proposed or at all.

The transaction is contingent on, among other things, the completion of a proposed \$10 million private placement of Z-Tech securities.

Subject to court and regulatory approval, Z-Tech securityholder approval will be required in connection with the transaction which will include securityholder approval of the continuance of Z-Tech from Ontario to British Columbia, and the approval of 66 2/3% of the securityholders of Z-Tech and of each class of shares and related warrants of Z-Tech voting together.

Subject to court and regulatory approval, a 66 2/3% majority of the securityholders of Inflazyme and of the common shareholders of Inflazyme will also be required. Inflazyme securityholders will be asked to vote on this transaction at a Special Meeting called for this purpose, expected to be scheduled in March 2008.

Details regarding these and other terms of the transaction are set out in the arrangement agreement, which will be filed by Inflazyme on SEDAR at www.sedar.com. A more detailed description of the transaction structure, and of the two companies, will be contained in a proxy circular that will be mailed to Inflazyme securityholders to approve the transaction, at its Special Meeting. Once mailed, the proxy circular will be available at www.sedar.com. All securityholders are urged to read the proxy circular once it is available. Investors are cautioned that, except as disclosed in the proxy circular to be prepared in connection with the merger, any information released or received with respect to the merger may not be accurate or complete and should not be relied upon. Trading in the securities of Inflazyme should be considered highly speculative.

The transaction is expected to close on or about March 18, 2008.

Board Recommendation

The Board of Directors of Inflazyme (i) has determined unanimously that the proposed transaction is in the best interests of Inflazyme and is fair to all of its securityholders, and (ii) will recommend in its circular to be delivered to its securityholders that such holders vote in favour of the proposed transaction.

The Board of Directors of Z-Tech (i) has determined unanimously that the proposed transaction is in the best interests of the company and is fair to all of its securityholders, and (ii) will recommend in its circular to be delivered to its securityholders that such holders vote in favour of the proposed transaction.

About Z-Tech Medical and its Azura BreastScan™ System

Z-Tech Medical is currently a privately-held commercial-stage company that has developed a patented methodology and product for the early detection of breast cancer.

Z-Tech is currently enrolling 1,500 women aged 40 - 50 with small to medium sized breasts in Canada and the U.S. in its pivotal randomized trial evaluating Z-Tech's Azura BreastScan™ System for the detection of breast cancer. Recruitment is expected to be completed by the end of 2008. The trial will evaluate the detection of breast cancer in a screening environment using the Azura BreastScan™ System versus film mammography, the current standard of care. The primary endpoint will be based upon equivalence for the detection of breast cancer to film mammography. Z-Tech expects to file for U.S. Food and Drug Administration Pre-Market Approval in 2009.

The Azura BreastScan™ System (Azura) is a rapid, painless and cost effective device with a disposable sensor that measures changes in the electrical characteristics of breast tissue to identify tumours. Azura is based on the principle that changes in the electrical characteristics of tissue occur when normal tissue undergoes malignant change. The electrical resistance, or impedance, of breast cancer tissue has been shown to be considerably lower than that of the normal surrounding breast tissue. The basic feature of the Z-Tech method is the use of side-to-side breast impedance comparison of numerous identical small regions of the two breasts.

A prior Phase 1 clinical trial of the Azura BreastScan™ System in women aged 40 – 50 with small to medium sized breasts resulted in a clinically relevant performance advantage versus independently reported film mammography that translates to 39% more cancers found.

Azura consists of a detection and analysis instrument, a single-use, pair of disposable Breast Electrode Arrays, and breast preparation supplies. The system does not require breast compression and does not expose the patient to radiation. Z-Tech believes that its detection and analysis instrument, when compared to the equipment needed for mammography, is much simpler, less expensive, safer, and more portable.

About Breast Cancer

Breast cancer is the most common form of cancer in women in North America, accounting for 20% of all cancer deaths. One in eight women will ultimately be diagnosed with breast cancer and early detection is the only current means to improve survival. The American Cancer Society estimates that 180,000 new cases of breast cancer will be diagnosed in 2007 in the United States. As well, nearly 41,000 deaths are expected in 2007 due to breast cancer in the US alone. Globally the number of new cases of breast cancer diagnosed was expected to reach 1.3 million in 2007.

About Inflazyme

Inflazyme Pharmaceuticals is a biopharmaceutical company that developed products in respiratory and inflammatory diseases. Further information on the Company may be obtained from its website at www.inflazyme.com or on SEDAR at www.sedar.com.

On November 19, 2007 Inflazyme announced that it completed the sale of substantially all of its research and development assets to Biolipox AB, a Swedish biopharmaceutical Company. As a result of the sale, Inflazyme's assets consisted primarily of cash and potential future payments from Biolipox.

This news release contains certain "forward-looking statements" and "forward-looking information" which may include but is not limited to statements in respect of Inflazyme's and Z-Tech's 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

- *the potential merger of Inflazyme and Z-Tech by way of plan of arrangement;*
- *the value of Inflazyme and the amount of any closing adjustments;*
- *the per share value of a Z-Tech security in connection with a proposed private placement;*

- the successful completion of the private placement;
- the approval of the arrangement by each of Inflazyme's and Z-Tech's securityholders at the special meetings of Inflazyme securityholders and Z-Tech securityholders to consider the arrangement, currently scheduled for March, 2008;
- and necessary approvals of the Canadian regulatory authorities;
- the ability of Inflazyme and Z-Tech to satisfy all of the closing conditions to complete the arrangement;
- risks associated with the completion of clinical trials and obtaining regulatory approval to market Z-Tech's products;
- market acceptance of Z-Tech's technologies and products assuming the successful completion of the arrangement;
- Z-Tech's (and, assuming the approval of the arrangement, Z-Tech Medical's) ability to obtain financing, both in connection with the arrangement and in the future;
- Z-Tech's (and, assuming the approval of the arrangement, Z-Tech Medical's) financial and technical resources relative to those of its competitors;
- Z-Tech's (and, assuming the approval of the arrangement, Z-Tech Medical's) ability to enforce its intellectual property rights and protect its proprietary technologies; and
- other risk factors identified from time to time in Inflazyme's (and, assuming the approval of the arrangement, Z-Tech Medical's) securities regulatory filings.

For a further description of the principal risks affecting Inflazyme, see Inflazyme's regulatory filings. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements.

Although Inflazyme and Z-Tech have attempted to identify important risks, uncertainties and other factors that could cause actual results or events to differ materially from those expressed or implied in the forward-looking statements, there may be other factors that cause actual results or events to differ from those expressed or implied in the forward-looking statements. All forward-looking statements are qualified in their entirety by this cautionary statement and neither Inflazyme nor Z-Tech undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise after the date hereof.

The TSX Venture Exchange (NEX) does not accept responsibility for the adequacy or accuracy of this release.

Trading in the Common Shares of Inflazyme will be halted on an interim basis pending receipt by NEX of documentation relating to the merger, after which NEX may resume trading.

For further information:

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