TERM SHEET

between

Inflazyme Pharmaceuticals Ltd.

and

Mr. Richard Doman ("RD")

June 11, 2008

PRINCIPLES OF PROPOSED TRANSACTION

1.	Basic Transaction:	The purpose of the transaction is to provide new management and direction and a small equity financing (the "Transaction") for Inflazyme Pharmaceuticals Ltd. of 425 - 5600 Parkwood Way, Richmond, British Columbia, Canada V6V 2M2 (the "Company"). Richard Doman ("RD") will be appointed as the interim President and CEO on June 30. 2008 at an annual compensation set initially at $60,000, but subject to review by the Board after the shareholder meeting described below. If shareholder approval is received to the election of the new Board set out below, RD will become President and CEO. It is the intention of RD to seek new opportunities for the Company in consultation with and subject to necessary approval of the Board. The Transaction will be put to shareholders for approval as described below. RD and Inflazyme are herein referred to as the "Parties".
2.	Structure	RD will arrange for a new equity investment in the Company through the acquisition of treasury securities having a value of between $200,000 and $300,000 (the "Consideration Securities"). The Consideration Securities will be issued at an offering price of $0.02 per unit ($0.08 per unit post consolidation). The Consideration Securities shall consist of a unit comprised of one common share and a warrant to acquire one common share. Each warrant shall have a term of one year and an exercise price of $0.025 per share ($0.10 per share post consolidation). The Private Placement will close in escrow on June 30, 2008 prior to the shareholder meeting to approve the Private Placement and the other matters referred to below. The escrow release to the Company is conditional upon approval by the shareholders of the private placement, the consolidation and the option plan and upon the slate of Directors put forward being elected. If these approvals are not received from shareholders then the escrowed funds will be returned to the investors. The Company will announce the proposed Private Placement (and escrow), the appointment of RD as interim CEO, the intention to have an AGM and Special Meeting and the intention to apply to recommence trading on NEX, subject to NEX approval, after the shareholder meeting.
3.	Hold Period:	Consideration Securities will be subject to customary hold periods of 120 days under applicable securities legislation and the NEX

rules.

4. Corporate Governance and Restructuring:

The current Inflazyme Board will call an AGM and Special Meeting of shareholders as soon as the financial statements are ready to be mailed at which the shareholders will be asked to vote on the following:

- new option plan to be agreed by the current Board with sufficient options to attract additional personnel
- Board slate - RD, AS, ML and JCC or LD and RC
- share consolidation of 4:1
- reduction in stated capital
- private placement

The management information circular will include the following additional disclosures

- RD to provide new business transaction proposals to Board
- Company to undertake a stock buy-back, subject to NEX approval - set terms i.e. price $0.01 ($0.04 post consolidation)
- Stock to trade again, subject to NEX approval after the shareholders' meeting

Subject to applicable regulatory and shareholder approvals, RD will receive options to acquire 5,000,000 (1,250,000 post consolidation) common shares at a price of $0.03 per share ($0.12 post consolidation). Such options shall vest as over a one year period in equal monthly amounts.

The Company will implement a new option plan, upon receipt of applicable shareholder and regulatory approvals.

Board compensation shall consist of $500 per full meeting. No Board fees shall be paid or payable to management representatives. Board members will be entitled to up to 1,000,000 (250,000 post consolidation) new options each under the new option plan. Each director that currently has options will get a number of options to result in his holding 1,000,000 (250,000 post consolidation) options.

The Board will form an Executive Committee consisting initially of Mr. Alan Savage and Mike Liggett to oversee the day to day functions of the Company. Upon shareholder approval of the new Board slate, Mr. Rick Doman will join the Executive Committee.

Board approval required for all transactions on behalf of the Company that are in excess of $100,000 and to authorize any new offering of securities.

Bank signing will be as currently in place (any two officers or directors or combination).

6. Conditions :

The Transaction is conditional upon:

(i) Regulatory approvals if necessary
(ii) PIF clearance by RD by NEX
(iii) Shareholder approval
(iv) Obtaining D&O insurance on reasonably commercial terms
(v) The Company will have the existing two employees until June 30, 2008 and one full time employee until July 15, 2008
(vi) The Company will have approximately $2.9 million in cash at the Effective Time of this Term Sheet
(vii) No material adverse event to the Company, including, without limitation, any material potential litigation in respect of the Transaction

7. Expenses: Each Party shall bear its own costs and expenses, including all legal fees and any due diligence costs. → <PER COVER LETTER> [initials]

The Company shall bear the cost of the private placement, including legal fees and escrow fees related to the term sheet.

8 Operations RD shall, within 60 days of the Effective Date, provide a general business plan to the Board for consideration, which will include an initial operating budget, to be updated as required.

Until after the shareholder vote authorizing implementation of the Transaction, RD shall report at least monthly to the Board on all activities and shall report immediately in the event of any material matter.

Any new hires will require Board approval.

9. Confidentiality: All information disclosed to the Parties is to remain confidential. The Parties will not (and shall cause their affiliates and advisors not to) discuss such information with third parties (except for legal advisors or other professional advisers or agents and potential investors under confidentiality, in each case who need to know such information in connection with the transactions contemplated by this Term Sheet), issue any press release or otherwise make any public statement with respect to the proposed transaction and the matters contemplated by this Term Sheet without the prior written consent of the other party, except as may be required by applicable law, rule, regulation, or court order.

10. Intent of Parties It is the intention of the Parties that this Term Sheet have an Effective Date on the date of the last signature and shall be binding and terminable only upon failure of the Conditions to Closing set out herein.

11. New Financings As President and CEO RD will be responsible for seeking additional funds to operate any new business to be undertaken by the Company.

12.	Expiry:	This Term Sheet will expire at 5 p.m. (Vancouver local time) on June 18, 2008 unless the Term Sheet is executed by the Parties or otherwise extended by them.
13.	Governing Law	This Term Sheet and any dispute arising therefrom shall be governed by the internal substantive laws of the Province of British Columbia.

INFLAZYME PHARMACEUTICALS LTD.

By: ______________________

Date June 12, 2008

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Richard Doman

Date: JUNE-12-2008

Witnessed By: ______________________

Print name: Gwen Webster

Date: June 12, 2008