PACGEN Biopharmaceuticals Corporation

FOR IMMEDIATE RELEASE **TSX-V: PGA**

PACGEN REPORTS FISCAL 2008 FIRST QUARTER RESULTS

Vancouver, BC, Canada (August 28, 2007) – Pacgen Biopharmaceuticals Corporation ("Pacgen") (TSX-V: PGA) today reported financial results from its first fiscal quarter ended June 30, 2007. Amounts unless specified otherwise, are expressed in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles.

Financial Results

For the three months ended June 30, 2007("Q1 2008"), the Company reported a net loss of $1,794,656 or $0.06 per share as compared to a net loss of $616,310 or $0.03 per share for the three months ended June 30, 2006 ("Q1 2007"). The increase in net loss is primarily attributable to increased operational expenditures associated with our PAC-113 and PAC-G31P programs.

Research and Development Expenditures

Research and development costs were $1,065,220 in Q1 2008 compared to $169,297 in Q1 2007. The $895,923 increase was primarily due to the cost associated with the completion of the Phase I/II clinical study of PAC-113 and the manufacturing development of PAC-G31P.

General and Administration Expenditures

General and administration expenses for Q1 2008 were $636,330 compared to $421,509 for Q1 2007. The increase of $214,821 was primarily related to the added personnel in March 2007 and increased consulting and professional fees to support our corporate growth and business development activities. The increase was partly offset by lower travel expenses as compared to the same quarter in the preceding year.

Amortization

Amortization was $68,110 for Q1 2008 compared to $61,006 for Q1 2007. The slight increase of $7,104 was primarily due to an increase in business equipment. Amortization related to technology, licenses and rights was $59,244 for Q1 2008 compared to $58,744 for Q1 2007.

Stock-based Compensation

Stock based compensation, a non-cash item included in operating expenses, was $86,405 in Q1 2008 compared to nil in Q1 2007. The Company adopted a stock option plan in August 2006 and started to record stock based compensation expenditures starting in December 2006.

-more-

Revenue

We have not generated any revenue from sales of commercial products since our incorporation and we do not expect to generate any revenues until we secure collaborative partners who provide funding on our research and clinical development or upon sales of our product candidates.

Other

Interest and other income were $44,207 for Q1 2008 compared to $7,079 for Q1 2007. The increase in interest income is the result of higher interest rates earned on higher average amounts held in interest bearing accounts.

PAC-113

Similar to the topline results from the Phase I/II study of PAC-113, reported in May 2007, final results show that PAC-113 was generally safe, well-tolerated, and active in the treatment of oral Candida infection with clinical cure rates comparable to the current standard of care. We conducted an *in vitro* study in May 2007 to investigate further improvement of the antifungal activity of PAC-113 based on a formulation change. The results of this *in vitro* study suggest that the anti-fungal activity of PAC-113 can be increased dramatically when the drug is formulated with lower buffer molarity.

Based on the results from the Phase I/II study and the recent *in vitro* study, we started preparing for a Phase IIb clinical trial during Q1 2007. The Phase IIb will use the reformulated PAC-113 with lower buffer molarity to establish an optimal dose of PAC-113, as well as generate additional efficacy and safety data. We expect to initiate this Phase IIb in the quarter ending December 31, 2007 and receive top-line results by middle of 2008 at an estimated external cost of $2.5 million.

PAC-G31P

PAC-G31P, to treat inflammatory diseases, is currently in preclinical development. During Q1 2008, the primary activity for PAC-G31P was in the manufacturing development area as we began our development work in a commercial lab. We also conducted other preclinical studies mainly through our collaboration with the University of Saskatchewan.

In order to determine the optimal first clinical indication for PAC-G31P we plan to complete a number of preclinical studies, as well as continue our manufacturing development and formulation work, over the next year. As a result of these additional studies, we expect to file an IND in late 2008. The results of this preclinical program in conjunction with a successful IND filing will directly support our out-licensing initiatives in 2008.

Consolidated Balance Sheets

	June 30, 2007 $	March 31, 2007 $
ASSETS		
Current Assets:		
Cash and cash equivalents	**3,063,435**	5,387,366
Amounts receivable	**119,437**	132,060
Prepaid expenses	**793,636**	941,629
Total Current Assets	**3,976,508**	6,461,055
Property and equipment	**132,488**	134,433
Intangible assets	**1,179,934**	1,239,178
Total Assets	**5,288,930**	7,834,666
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	**418,114**	1,240,599
Future income tax liability	**70,000**	85,000
Total Liabilities	**488,114**	1,325,599
Commitments and contingencies		
Shareholders' Equity		
Share capital		
Issued and outstanding:		
Common Shares	**12,286,556**	12,286,556
Contributed Surplus	**881,885**	795,480
Deficit	**(8,367,625)**	(6,572,969)
Total Shareholders' Equity	**4,800,816**	6,509,067
Total Liabilities and Shareholders' Equity	**5,288,930**	7,834,666

-more-

Consolidated Statements of Loss & Deficit

	For the Three Months Ended June 30	
	2007	**2006**
	$	**$**
Expenses		
Research and development	1,065,220	169,297
General and administrative	636,330	421,509
Amortization	68,110	61,006
Stock Based Compensation	86,405	-
Operating expenses	1,856,065	651,812
Other		
Interest income	44,207	7,079
Foreign exchange loss	2,202	(577)
	46,409	6,502
Loss before income taxes	(1,809,656)	(645,310)
Future income tax recovery	15,000	29,000
Loss for the year	(1,794,656)	(616,310)
Basic and diluted loss per common share	(0.06)	(0.03)
Weighted average number of common shares outstanding	30,521,960	17,616,620

-more-

Consolidated Statement of Cash Flows

	For the Three Months Ended June 30,	
	2007	**2006**
	$	**$**
OPERATING ACTIVITIES		
Loss for the period	**$ (1,794,656)**	$ (616,310)
Add items not affecting cash:		
Amortization	**68,110**	61,006
Future income tax recovery	**(15,000)**	(29,000)
Stock based compensation	**86,405**	--
	(1,655,141)	(584,304)
Changes in non-cash working capital items relating to operations:		
Amounts receivable	**12,623**	106,091
Prepaid expenses and other	**147,993**	(7,513)
Accounts payable and accrued liabilities	**(822,484)**	58,423
Cash (used in) operating activities	**(2,317,009)**	(427,303)
INVESTING ACTIVITIES		
Acquisition of IL Therapeutics Inc.	**--**	1,257,992
Purchase of property and equipment	**(6,922)**	(21,883)
Cash (used in) provided by investing activities	**(6,922)**	1,236,109
FINANCING ACTIVITIES		
Deferred share issuance costs	**--**	(35,445)
Cash (used in) financing activities	**--**	**(35,445)**
(Decrease) increasein cash and cash equivalents	**(2,323,931)**	773,361
Cash and cash equivalents, beginning of period	**5,387,366**	727,064
Cash and cash equivalents, end of period	**3,063,435**	1,500,425

Consolidated Statements of Shareholders' Equity

	For the Three Months Ended June 30,	
	2007	**2006**
	$	$
Share Capital, Common Shares		
Balance, beginning of period,		
30,521,960 shares [2006 - 16,182,554 shares]	**12,286,556**	2,374,836
Issued pursuant to acquisition of IL Therapeutics Inc.		
Nil [2006 - 1,500,000 shares]	-	1,106,124
Balance, end of period		
30,521,960 shares [2006 - 17,682,554 shares]	**12,286,556**	3,480,960
Share Capital, Preferred Shares		
Balance, beginning of period,		
Nil [2006 – 2,661,333 shares]	-	1,131,593
Issued pursuant to acquisition of IL Therapeutics Inc.		
Nil [2006 - 1,250,000 shares]	-	918,876
Balance, end of period		
Nil [2006 – 3,911,333 shares]	-	2,050,469
Contributed Surplus		
Balance, beginning of period	**795,480**	30,000
Stock based compensation expense recognized	**86,405**	-
Balance, end of period	**881,885**	30,000
Deficit		
Balance, beginning of period	**(6,572,969)**	(2,219,132)
Net loss for the period	**(1,794,656)**	(616,310)
Balance, end of period	**(8,367,625)**	(2,835,442)
Total Shareholders' Equity	**4,800,816**	2,725,987

About PAC-113
PAC-113 is a 12 amino-acid antimicrobial peptide derived from a naturally occurring histatin protein found in saliva. This peptide alters the permeability or amount of fluid that flows in and out of the fungal cell membranes and causes the cell to rupture. PAC-113 also interrupts the normal cellular activity of fungal mitochondria causing them to produce a toxin that leads to fungal cell death. This activity is unique to histatin proteins.

Current treatments for Candida infections are not effective in eliminating the infection, can have serious side effects, have significant potential for drug interaction, and/or do not prevent the development of drug-resistant fungal infection. PAC-113 is easily administered and well-tolerated by patients as it is formulated as a sugar-free, pleasant tasting, non-viscous mouthrinse with a neutral pH. It also has a prolonged half-life in the saliva which potential may increase cure rate and reduce the time to relapse.

About Candida Infection
Candida albicans is the most common fungal pathogen among immune-compromised, hospitalized patients, accounting for roughly 50-60% of all bloodstream fungal isolates. Opportunistic growth of Candida can be life-threatening if not treated.

Oropharyngeal Candidiasis, also referred to as "thrush", is an uncontrolled fungal infection of the mouth and throat that causes serious problems for many immunocompromised patients such as impacting their ability to eat and drink. If untreated, it puts them at risk for developing a systemic Candida infection which can cause death. Patients who experience this disease already have a compromised state of health. Candida infection occurs with high frequency in cancer patients due to the radiation and chemotherapy treatments they have had, which suppress their immune system, decreasing their ability to fight off fungal infection.

Diabetics are also at risk due in part to poor blood sugar control and, asthmatics who manage their disease with chronic use of oral steroids, cause localized immunosuppression in the mouth, throat, and upper airways and can lead to oral Candida infection. Another large group of people who suffer from oral Candidiasis are HIV patients who, due to their loss of normal immune function, often deal with infection and recurrent oral Candida infections.

The demand for effective anti-fungals is driven by a rising incidence of immunocompromised patients populations including individuals with HIV, cancer, asthma and diabetes, among others. In 2004, global sales of topical anti-fungal drugs represented nearly a US $1.6 billion dollar market, and it is projected to grow to US $2.1 billion by 2009. Pacgen estimates that the current worldwide market opportunity for a novel, safe and effective, oral Candidiasis therapy is approximately US $300 million.

PAC-G31P

About Pacgen
Pacgen is a life sciences company focused on the development of therapeutics for the treatment of infectious and inflammatory diseases. The Company's lead product, PAC-113, is an anti-fungal in a Phase II clinical program. Pacgen also has candidates in an early stage research program. The most advanced of these candidates is a protein therapeutic, PAC-G31P, which is currently being investigated in preclinical studies for its potential to treat inflammatory diseases such as acute respiratory distress syndrome. For additional information, please visit www.pacgenbiopharm.com.

NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENT OF THIS RELEASE. THE TSX VENTURE EXHANGE DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELASE.

Forward looking Statements

Certain statements included in this press release may be considered forward-looking. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements, and therefore these statements should not be read as guarantees of future performance or results. All forward-looking statements are based on Pacgen's current beliefs as well as assumptions made by and information currently available to Pacgen and relate to, among other things, anticipated financial performance, business prospects, strategies, regulatory developments, market acceptance and future commitments. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date of this press release. Due to risks and uncertainties, including the risks and uncertainties identified by Pacgen in its Final Prospectus dated November 28, 2006, actual events may differ materially from current expectations. Pacgen disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For all forward-looking statements, Pacgen claims the safe harbour for forward-looking statements within the meaning of the Private Securities Legislation Reform.

-30-

For further information contact:

Christina Yip
CFO
Tel: 604-629-3383
Email: cyip@pacgenbiopharm.com

Carol Shafer
Manager, Investor Relations
Tel: 604-629-3380
Email: cshafer@pacgenbiopharm.com