PACGEN Biopharmaceuticals Corporation

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

PACGEN REPORTS SECOND QUARTER FINANCIAL RESULTS

Vancouver, BC, Canada (December 1, 2008) – Pacgen Biopharmaceuticals Corporation ("Pacgen" or the "Company") (TSX-V: PGA) today reported financial results from its second fiscal quarter ended September 30, 2008. Amounts unless specified otherwise, are expressed in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP).

Financial Results

The Company recorded a net loss of $642,454 ($0.02 per common share) for the three months ended September 30, 2008 ("Q2 2009"), compared to a net loss of $1,544,854 ($0.05 per common share) for the three months ended September 30, 2007 ("Q2 2008"). On a year-to-date basis, the Company recorded a net loss of $1,949,955 ($0.06 per common share), compared to a net loss of $3,339,510 ($0.11 per common share) for the same period in the preceding fiscal year. The decrease in net loss in each of the periods in Q2 2009 and on a year-to-date basis, as compared to the same periods in the preceding year, was largely due the reduced operating expenditures following the implementation of its cost control programs.

Pacgen initiated its cost control program, which involved elimination of administrative support positions, reduction of management salaries and focus its development efforts primarily on its lead program, PAC-113, in November 2007. A further reduction in management salaries was implemented in February 2008. Following the completion of its Phase IIb clinical trial of PAC-113 in June 2008, the Company reduced its operational activities in research and development and focused primarily in financing and business development activities. Pacgen is exploring different financing alternatives, including equity financing, debt arrangement, merger and acquisition, research and development collaboration and licensing arrangement, to finance its operations. As part of these efforts, the Company entered into a letter of intent for a business combination with Medigen Biotechnology Corp. ("Medigen"), a biotech company traded over the bulletin board in Taiwan, in October 2008. This proposed business combination remains subject to the negotiation of a definitive agreement between the two parties and certain other conditions.

Research and Development Expenditures

Research and development expenditures were $155,264 for Q2 2009, compared to $912,203 for Q2 2008. On a year-to-date basis, research and development expenses were $1,036,451 as compared to $1,977,423 for the same period in the preceding year.

The decrease of $756,939 in research and development expenditures in Q2 2009, as compared to Q2 2008, was primarily due to a decrease in research and development activities. The Company incurred

lower development cost for all of its projects in Q2 2009, as compared to Q2 2008, due to funding constraints. Since implementation of its initial cost control program in November 2007, Pacgen has devoted its research and development efforts primarily on its lead program, PAC-113. Its research and development activities were further reduced after the Company completed the Phase IIb clinical trial of PAC-113 in June 2008.

The decrease of $940,972 in research and development expenditures in the six months ended September 30, 2008 ("YTD 2009"), compared to the same period in the preceding year ("YTD 2008"), was due to the Company's focus on the Phase II clinical development of PAC-113. Research and development expenditures for the PAC-113 program in YTD 2009 were relatively the same as those in YTD 2008; while research and development expenditures for the PAC-G31P program were significantly lower in YTD 2009 as compared to YTD 2008.

The following provides a summary of the research and development expenditures by programs for the comparative three and six months ended September 30, 2008:

	For the three months ended September 30,		For the six months ended September 30,	
Project	2008	2007	2008	2007
PAC-113	$87,468	$543,370	$927,618	$922,391
PAC-G31P	67,175	352,502	101,618	1,029,889
Other Projects	621	16,331	7,215	25,143
	$155,264	$912,203	$1,036,451	$1,977,423

General and Administration Expenditures

General and administration expenditures for Q2 2009 were $298,815, compared to $550,878 for Q2 2008. On a year-to-date basis, general and administration expenditures were $603,702 as compared to $1,187,208 for YTD 2008. The decreased general and administration expenditures in Q2 2009 and in YTD 2009, as compared to the same periods in the preceding year, were primarily due to the implementation of the cost control programs.

The following provides a summary of the general and administration expenditures for the comparative three and six months ended September 30, 2008:

	For the three months ended September 30,		For the six months ended September 30,	
	2008	2007	2008	2007
Salaries and benefits	$105,619	$232,554	$211,324	$481,027
Consulting and professional	130,136	69,718	271,857	293,401
Travel and accommodation	18,069	29,122	29,825	72,562
Market research for product candidate	–	99,517	–	99,517
Other general overhead	44,991	119,667	90,696	240,701
	$298,815	$550,878	$603,702	$1,187,208

The decrease in salaries and benefits in each of the periods in Q2 2009 and YTD 2009, compared to the same periods in the preceding year, reflects the result of the Company's precautionary measures to

reduce its cash burn. The Company implemented a cost management program which involved elimination of two administrative support positions and 30% reduction in management salaries in November 2007. A further 20% reduction in management salaries was implemented in February 2008. The decrease in each of the other line items, except consulting and professional fees, in Q2 2009 and YTD 2009 was also primarily due to its cost control programs. The decrease of these general and administration expenditures in Q2 2009 was offset by an increase in consulting and professional fees associated with its ongoing merger discussion and business development activities**.**

Liquidity and Outstanding Share Capital

As at September 30, 2008, the Company had available cash reserves comprised of cash and cash equivalents of $239,573, compared to $1,438,691 at March 31, 2008. The Company had working capital deficiency of $1,135,495 as at September 30, 2008, compared to working capital of $535,149 at March 31, 2008. The Company is currently seeking additional capital to finance its operations. Management is considering all financing alternatives, including equity financing, debt arrangement, merger and acquisition, corporate collaboration and licensing arrangement. Subsequent to the quarter ended September 30, 2008, the Company entered into a letter of intent for a business combination with Medigen. In connection with this transaction, the Company would acquire all of the issued and outstanding shares of Medigen by way of share purchase or through such other transaction structure as may be determined by the mutual agreement of Pacgen and Medigen. It is anticipated that each issued and outstanding share of Medigen would be exchanged for 2.77 common shares of Pacgen issued from treasury. Following the business combination, the current shareholders of Medigen would own majority interest of the combined company. Upon entering into a definitive agreement, Pacgen and Medigen would apply to list the combined company's common shares for trading on a TSX Group exchange. The transaction remains subject to the negotiation of a definitive agreement between Pacgen and Medigen and certain other conditions. There can be no assurance that Pacgen will enter into a definitive agreement with Medigen or that this transaction will be completed as proposed or at all.

Also subsequent to the quarter ended September 30, 2008, the Company secured a settlement arrangement with its major vendor to settle an outstanding account of approximately US$1.2 million. Under the terms of this settlement agreement, the vendor agrees to accept US$650,000 from the Company as full and final settlement for the outstanding account, subject to the condition that the payment of US$650,000 be made by no later than December 24, 2008. There remains high uncertainty associated with the Company’s ability to fulfill the repayment condition set out in the settlement arrangement. The Company has not recognized any portion of the potential discount on its books. If the Company is unable to successfully complete the proposed business combination with Medigen or obtain additional capital through other financing alternatives to fulfill its current financial obligations and finance its operations, the Company may be required to curtail or discontinue its operations.

As of October 31, 2008, there were 35,144,693 common shares issued and outstanding, 9,233,141 common share purchase warrants outstanding at a weighted average price of $0.72 per share, 500,000 share purchase options outstanding at an exercise price of $2.25 per share, and 2,613,000 incentive stock options outstanding at a weighted average exercise price of $0.93 per share.

For complete financial results, please refer to our filings at www.sedar.com

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INTERIM CONSOLIDATED BALANCE SHEETS

(a development stage company)
(see notes to unaudited interim financial statements)

(expressed in Canadian dollars)

	September 30, 2008 $	March 31, 2008 $
ASSETS		
Current		
Cash and cash equivalents	**239,573**	1,438,691
Amounts receivable	**7,364**	12,800
Prepaid expenses and other	**420,707**	469,307
Total current assets	**667,644**	1,920,798
Property and equipment	**87,109**	101,236
Intangible assets	**883,716**	1,002,203
Total assets	**1,638,469**	3,024,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**1,796,223**	1,378,733
Current portion of deferred leasehold inducement	**6,916**	6,916
	1,803,139	1,385,649
Deferred leasehold inducement	**6,916**	10,375
Total liabilities	**1,810,055**	1,396,024
Shareholders' equity		
Share capital		
Authorized:		
Unlimited number of common shares without par value		
Unlimited number of preferred shares without par value		
Issued and outstanding:		
Common shares	**13,012,118**	13,012,118
Contributed surplus	**1,313,932**	1,163,776
Deficit	**(14,497,636)**	(12,547,681)
Total shareholders' equity	**(171,586)**	1,628,213
Total liabilities and shareholders' equity	**1,638,469**	3,024,237

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INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(expressed in Canadian dollars)

	Three Months Ended September 30,		Six Months Ended September 30,		Cumulative from Inception to September 30,
	2008	**2007**	**2008**	**2007**	**2008**
	$	**$**	**$**	**$**	**$**
EXPENSES					
Research and development	**155,264**	912,203	**1,036,451**	1,977,423	7,366,881
General and administration	**298,815**	550,878	**603,702**	1,187,208	5,630,670
Stock-based compensation	**91,346**	71,418	**150,156**	157,823	1,077,329
Amortization	**66,307**	68,569	**132,614**	136,679	666,117
	611,732	1,603,068	**1,922,923**	3,459,133	14,740,997
OTHER					
Interest and other income	**12,225**	26,579	**25,196**	70,786	250,002
Foreign exchange gain (losses)	**(42,947)**	1,436	**(52,228)**	3,638	(235,552)
Loss on disposal of property and equipment	—	—	—	—	(9,089)
	(30,722)	28,015	**(27,032)**	74,424	5,361
Loss before income taxes	**(642,454)**	(1,575,053)	**(1,949,955)**	(3,384,709)	(14,735,636)
Future income tax recovery	—	30,199	—	45,199	238,000
Net loss and comprehensive loss for the period	**(642,454)**	(1,544,854)	**(1,949,955)**	(3,339,510)	(14,497,636)
Basic and diluted loss per common share	**(0.02)**	(0.05)	**(0.06)**	(0.11)	
Weighted average number of common shares outstanding	**35,144,693**	30,521,960	**35,144,693**	30,521,960	

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INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in Canadian dollars)

	Three Months Ended September 30,		Six Months Ended September 30,		Cumulative from Inception to September 30,
	2008	2007	2008	2007	2008
	$	$	$	$	$
OPERATING ACTIVITIES					
Loss for the period	**(642,454)**	(1,544,854)	**(1,949,955)**	(3,339,510)	(14,497,636)
Add items not affecting cash:					
Amortization	**66,307**	68,569	**132,614**	136,679	666,117
Deferred leasehold improvement	**(1,729)**	—	**(3,458)**	—	(4,611)
Future income tax recovery	—	(30,199)	—	(45,199)	(238,000)
Loss on disposal of property and equipment	—	—	—	—	9,089
Stock-based compensation	**91,346**	71,418	**150,156**	157,823	1,077,329
Unrealized foreign exchange loss	—	—	—	—	87,936
Write-off of research supplies	—	—	—	—	17,819
Write-off of withholding tax receivable	—	—	—	—	5,548
	(486,530)	(1,435,066)	**(1,670,643)**	(3,090,207)	(12,876,409)
Changes in non-cash working capital items relating to operations:					
Amounts receivable	**2,307**	(11,443)	**5,435**	1,180	136,130
Prepaid expenses and other	**(2,000)**	103,273	**48,600**	251,266	(526,462)
Accounts payable and accrued liabilities	**135,452**	471,569	**417,490**	(350,915)	1,770,230
Cash used in operating activities	**(350,771)**	(871,667)	**(1,199,118)**	(3,188,676)	(11,496,511)
INVESTING ACTIVITIES					
Acquisition of IL Therapeutics Inc.	—	—	—	—	1,237,089
Proceeds from disposal of property and equipment	—	—	—	—	5,775
Purchase of property and equipment	—	(12,564)	—	(19,486)	(179,202)
Purchase of intangible assets	—	—	—	—	(59,743)
Leasehold inducement	—	—	—	—	18,444
Cash provided by (used in) investing activities	**—**	(12,564)	**—**	(19,486)	1,022,363
FINANCING ACTIVITIES					
Issuance of share capital, net of share issuance cost	—	—	—	—	10,018,885
Deferred financing costs	**—**	(14,118)	—	(14,118)	—
Advance from related party	**—**	—	**—**	—	694,836
Cash provided by financing activities	**—**	(14,118)	**—**	(14,118)	10,713,721
Increase (decrease) in cash and cash equivalents	**(350,771)**	(898,349)	**(1,199,118)**	(3,222,280)	239,573
Cash and cash equivalents, beginning of period	**590,344**	3,063,435	**1,438,691**	5,387,366	—
Cash and cash equivalents, end of period	**239,573**	2,165,086	**239,573**	2,165,086	239,573

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)

(expressed in Canadian dollars)

	Common Shares		Contributed Surplus	Deficit	Total
	Number	Amount $	$	$	$
Balance, March 31, 2007	**30,521,960**	**12,286,556**	**795,480**	**(6,572,969)**	**6,509,067**
Stock-based compensation	—	—	86,405	—	86,405
Net loss for the period	—	—	—	(1,794,656)	(1,794,656)
Balance, June 30, 2007	30,521,960	12,286,556	881,885	(8,367,625)	4,800,816
Stock-based compensation	—	—	71,418	—	71,418
Net loss for the period	—	—	—	(1,544,854)	(1,544,854)
Balance, September 30, 2007	**30,521,960**	**12,286,556**	**953,303**	**(9,912,479)**	**3,327,380**

	Common Shares		Contributed Surplus	Deficit	Total
	Number	Amount $	$	$	$
Balance, March 31, 2008	**35,144,693**	**13,012,118**	**1,163,776**	**(12,547,681)**	**1,628,213**
Stock-based compensation	—	—	58,810	—	58,810
Net loss for the period	—	—	—	(1,307,501)	(1,307,501)
Balance, June 30, 2008	35,144,693	13,012,118	1,222,586	(13,855,182)	379,522
Stock-based compensation	—	—	91,346	—	91,346
Net loss for the period	—	—	—	(642,454)	(642,454)
Balance, September 30, 2008	**35,144,693**	**13,012,118**	**1,313,932**	**(14,497,636)**	**(171,586)**

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About Pacgen

Pacgen is a life sciences company focused on the development of therapeutics for the treatment of infectious and inflammatory diseases. Pacgen's current development efforts are focused on PAC-113, an anti-fungal for the treatment of oral candidiasis and PAC-G31P, a novel peptide therapeutic designed to treat inflammatory diseases characterized by non-beneficial neutrophil.

PAC-113 is a 12 amino-acid antimicrobial peptide derived from a naturally occurring histatin protein found in saliva. This peptide alters the permeability of fungal cell membranes causing cell death. In June 2008, Pacgen announced positive results from its Phase IIb clinical trial demonstrating that PAC-113 is effective in the treatment of oral candidiasis and compares favourably to the efficacy demonstrated by Nystatin, a current standard of care. PAC-G31P is a small recombinant protein that is a synthetic analogue of the human cytokine called Interleukin-8 which is the key chemokine involved in neutrophil recruitment. PAC-G31P is currently being investigated in preclinical studies for its potential to treat inflammatory diseases characterized by non-beneficial neutrophil. For additional information, please visit www.pacgenbiopharm.com.

Pacgen announced on October 24, 2008 that it has entered into a letter of intent for a business combination with Medigen Biotechnology Corp., a biotech company traded over the bulletin board in Taiwan.

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

Forward looking Statements

Certain statements included in this press release may be considered forward-looking. Statements relating to, among other things, anticipated financial performance, business prospects, strategies, regulatory developments, market acceptance and future commitments constitute forward-looking statements. All forward-looking statements are based on Pacgen's current beliefs and expectations as well as assumptions relating to the successful completion of its clinical trials and pre-clinical studies, the time and process required to obtain regulatory approval for commercialization of its product, the ability of Pacgen to raise additional capital in future on favourable terms, the impact of competitive products and pricing in the market, new product development, and the successful and timely completion of corporate collaborations or licensing arrangements for its research programs. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, 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. Such factors include, among others, our stage of development, lack of product revenues, additional capital requirements, risk associated with completion of clinical trials and obtaining regulatory approval, dependence on collaborative partners, and our ability to protect our intellectual property.

Risks specific to the proposed business combination with Medigen Biotechnology Corp. ("Medigen") include:

- failure to sign a definitive agreement regarding the potential combination of Pacgen and Medigen;
- failure to receive required transaction approvals from Pacgen's and Medigen's shareholders;
- failure to receive necessary stock exchange listing approvals and/or necessary approvals of the Canadian regulatory authorities;
- the ability of Pacgen and Medigen to satisfy all of the closing conditions to complete the transaction;
- risks associated with the development of PAC-113 and PAC-G31P as treatments of infectious and inflammatory diseases;
- market acceptance of Medigen's technologies and products assuming the successful completion of the transaction;
- Medigen's (and, assuming the approval of the arrangement, the combined company's) ability to obtain financing in the future, financial and technical resources relative to those of its competitors, ability to enforce its intellectual property rights and protect its proprietary technologies; and
- other risk factors identified from time to time in Pacgen's (and, assuming the approval of the arrangement, the combined company's) securities regulatory filings.

Wherever possible, words such as “anticipate”, “believe”, “expect”, “may”, “could”, “will”, “potential”, “intend”, “estimate”, “should”, “plan”, “predict”, “project” or the negative or other variations of such expressions reflect Pacgen’s current beliefs and assumptions and are based on the information currently available to Pacgen. Certain risks and uncertainties, including those risk factors identified by Pacgen in its annual information form dated July 31, 2008, may cause our actual results, level of activity, performance or achievements to differ materially from those implied by forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which are made only as of the date of this press release. 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 Act of 1995.

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