PACGEN Biopharmaceuticals Corporation

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

PACGEN REPORTS THIRD QUARTER FINANCIAL RESULTS

Vancouver, BC, Canada (March 3, 2009) – Pacgen Biopharmaceuticals Corporation ("Pacgen" or the "Company") (TSX-V: PGA) today reported financial results from its third fiscal quarter ended December 31, 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 $21,698 ($0.00 per common share) for the three months ended December 31, 2008 ("Q3 2009"), compared to a net loss of $970,985 ($0.03 per common share) for the three months ended December 31, 2007 ("Q3 2008"). On a year-to-date basis, the Company recorded a net loss of $1,971,653 ($0.06 per common share), compared to a net loss of $4,310,495 ($0.14 per common share) for the same period in the preceding fiscal year. The decrease in net loss in each of the periods in Q3 2009 and on a year-to-date basis, as compared to the same periods in the preceding year, was largely due to a recovery of $746,516 (approximately US$603,000) of research and development expenditures and reduced operating expenditures.

Pacgen initiated a cost control program and focused its development efforts primarily on its lead program, PAC-113, since November 2007. Following the completion of our Phase IIb clinical trial of PAC-113 in June 2008, the Company reduced its operational activities in research and development and primarily focused 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 our operations. As part of these efforts, the Company made arrangements to settle its outstanding accounts of approximately US$1.3 million with a vendor. The Company received a credit note for out of scope charges and recovered approximately US$603,000 of research and development expenditures from this vendor, and arranged to settle the remaining balance of approximately US$708,500 by installment payments. Pacgen subsequently made its first installment payment of US$128,000 in February 2009. The Company announced in late January 2009 that it intended to offer, through one or more tranches of closings of a non-brokered private placement, convertible debentures in an aggregate principal amount of up to approximately $610,000. Pacgen completed the first tranche of the Offering for an aggregate principal amount of $364,500 on February 3, 2009.

Research and Development Expenditures

Research and development expenditures were $208,858, offset by a recovery of out of scope charges from a vendor in the amount of $746,516 (approximately US$603,000), resulting in a net expense

recovery of $537,658 for Q3 2009, compared to research and development expenditures of $431,197 for Q3 2008. On a year-to-date basis, research and development expenses were $1,245,309, offset by the expense recovery of $746,516, resulting in a net expense of $498,793 as compared to $2,408,620 for the same period in the preceding year.

The decrease of $222,339 in research and development expenditures, before giving effect to any expense recovery, in Q3 2009, as compared to Q3 2008, was primarily due to a decrease in research and development activities. Pacgen incurred lower development cost for all of its projects in Q3 2009, as compared to Q3 2008, due to funding constraints. Since the 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. The Company's research and development activities were further reduced after it completed the Phase IIb clinical trial of PAC-113 in June 2008.

The decrease of $1,163,311 in research and development expenditures before giving effect to any expense recovery in the nine months ended December 31, 2008 ("YTD 2009"), as compared to the same period in the preceding year ("YTD 2008"), was due to its focus on Phase II clinical development of PAC-113. Research and development expenditures for PAC-113 in YTD 2009 were slightly lower than those in YTD 2008, while research and development expenditures for PAC-G31P project were significantly lower in YTD 2009, as compared to YTD 2008.

The following provides a summary of the research and development expenditures, net of expense recovery, by programs for the comparative three and nine months ended December 31, 2008:

Project	For the three months ended December 31, 2008	2007	For the nine months ended December 31, 2008	2007	Cumulative from Inception on April 23, 2004 to December 31, 2008
PAC-113, net of expense recovery	$(565,014)	$350,860	$362,604	$1,273,250	$4,676,848
PAC-G31P	10,308	74,340	111,927	1,104,229	1,939,224
Other Projects	17,048	5,997	24,262	31,141	213,151
	$(537,658)	$431,197	$498,793	$2,408,620	$6,829,223

General and Administration Expenditures

General and administration expenditures for Q3 2009 were $277,673, compared to $406,920 for Q3 2008. On a year-to-date basis, general and administration expenditures were $881,375 as compared to $1,594,128 for the same period in the preceding year. The decreased general and administration expenditures in Q3 2009 and in YTD 2009, as compared to the same periods in the preceding year, was primarily due to the implementation of our cost control programs.

The following provides a summary of the general and administration expenditures for the comparative three and nine months ended December 31, 2008:

	For the three months ended December 31,		For the nine months ended December 31,		Cumulative from Inception on April 23, 2004 to December 31,
	2008	2007	2008	2007	2008
Salaries and benefits	$68,577	$184,569	$279,901	$665,596	$2,412,808
Consulting and professional	162,316	144,761	434,173	438,162	1,791,069
Travel and accommodation	6,931	13,574	36,756	86,136	325,962
Market research for product candidate	–	–	–	121,238	136,149
Other general overhead	39,849	64,016	130,545	282,996	1,242,355
	$277,673	$406,920	$881,375	$1,594,128	$5,908,343

The decrease in salaries and benefits in each of the periods in Q3 2009 and YTD 2009, compared to the same periods in the preceding year, reflects the result of our precautionary measures to reduce our cash burn. We 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 Q3 2009, was also primarily due to our cost control programs. The decrease of these general and administration expenditures in Q3 2009 was offset by an increase in consulting and professional fees associated with our previous merger discussion with Medigen Biotechnology Corp. and our business development activities.

Liquidity and Outstanding Share Capital

As at December 31, 2008, Pacgen had available cash reserves comprised of cash and cash equivalents of $40,221, compared to $1,438,691 at March 31, 2008. Pacgen had working capital deficiency of $1,041,205 as at December 31, 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. During the quarter ended December 31, 2008, the Company made arrangements to settle its outstanding accounts of approximately US$1.3 million with a vendor. Pacgen received a credit note for out of scope charges and recovered approximately US$603,000 of research and development expenditures from this vendor, and arranged to settle the remaining balance of approximately US$708,500 by installment payments. The Company subsequently made our first installment payment of US$128,000 in February 2009.

Subsequent to the quarter ended December 31, 2008, Pacgen announced that it intended to offer, through one or more tranches of closings of a non-brokered private placement, convertible debentures in an aggregate principal amount of up to approximately $610,000. On February 3, 2009, the Company completed the first tranche of the Offering for an aggregate principal amount of $364,500.

As of January 31, 2009, there were 35,144,693 common shares issued and outstanding, 4,691,133 common share purchase warrants outstanding at a weighted average price of $0.30 per share, and 2,450,000 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.

INTERIM CONSOLIDATED BALANCE SHEETS

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

(expressed in Canadian dollars)

	December 31, 2008 $	March 31, 2008 $
ASSETS		
Current		
Cash and cash equivalents	**40,221**	1,438,691
Amounts receivable	**13,344**	12,800
Prepaid expenses and other	**478,271**	469,307
Total current assets	**531,836**	1,920,798
Property and equipment	**80,045**	101,236
Intangible assets	**824,473**	1,002,203
Total assets	**1,436,354**	3,024,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**1,566,125**	1,378,733
Current portion of deferred leasehold inducement	**6,916**	6,916
	1,573,041	1,385,649
Deferred leasehold inducement	**5,187**	10,375
Total liabilities	**1,578,228**	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	**1,365,342**	1,163,776
Deficit	**(14,519,334)**	(12,547,681)
Total shareholders' equity	**(141,874)**	1,628,213
Total liabilities and shareholders' equity	**1,436,354**	3,024,237

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INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(expressed in Canadian dollars)

	Three Months Ended December 31,		Nine Months Ended December 31,		Cumulative from Inception to December 31,
	2008	2007	2008	2007	2008
	$	$	$	$	$
EXPENSES (RECOVERY)					
Research and development	**208,858**	431,197	**1,245,309**	2,408,620	7,575,739
Research and development expense recovery	**(746,516)**	—	**(746,516)**	—	(746,516)
	(537,658)	431,197	**498,793**	2,408,620	6,829,223
General and administration	**277,673**	406,920	**881,375**	1,594,128	5,908,343
Stock-based compensation	**51,410**	68,928	**201,566**	226,751	1,128,739
Amortization	**66,307**	68,661	**198,921**	205,340	732,424
	(142,268)	975,706	**1,780,655**	4,434,839	14,598,729
OTHER					
Interest and other income	**9,599**	20,178	**34,795**	90,964	259,601
Foreign exchange gain (losses)	**(173,565)**	(25,194)	**(225,793)**	(21,556)	(409,117)
Loss on disposal of property and equipment	—	(2,342)	—	(2,342)	(9,089)
	(163,966)	(7,358)	**(190,998)**	67,066	(158,605)
Loss before income taxes	**(21,698)**	(983,064)	**(1,971,653)**	(4,367,773)	(14,757,334)
Future income tax recovery	—	12,079	—	57,278	238,000
Net loss and comprehensive loss for the period	**(21,698)**	(970,985)	**(1,971,653)**	(4,310,495)	(14,519,334)
Basic and diluted loss per common share	**(0.00)**	(0.03)	**(0.06)**	(0.14)	
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 December 31,		Nine Months Ended December 31,		Cumulative from Inception to December 31,
	2008	2007	2008	2007	2008
	$	$	$	$	$
OPERATING ACTIVITIES					
Loss for the period	**(21,698)**	(970,985)	**(1,971,653)**	(4,310,495)	(14,519,334)
Add items not affecting cash:					
Amortization	**66,307**	68,661	**198,921**	205,340	732,424
Deferred leasehold improvement	**(1,729)**	—	**(5,187)**	—	(6,340)
Future income tax recovery	—	(12,079)	—	(57,278)	(238,000)
Loss on disposal of property and equipmen	—	2,342	—	2,342	9,089
Stock-based compensation	**51,410**	68,928	**201,566**	226,751	1,128,739
Unrealized foreign exchange loss	**180,174**	—	**216,407**	—	304,343
Write-off of research supplies	—	—	—	—	17,819
Write-off of withholding tax receivable	—	—	—	—	5,548
	274,464	(843,133)	**(1,359,946)**	(3,933,340)	(12,565,712)
Changes in non-cash working capital items relating to operations:					
Amounts receivable	**(5,980)**	92,190	**(545)**	93,370	130,150
Prepaid expenses and other	**1,228**	103,980	**69,224**	355,246	(505,838)
Accounts payable and accrued liabilities	**(469,064)**	(254,086)	**107,203**	(605,001)	1,245,537
Cash used in operating activities	**(199,352)**	(901,049)	**(1,398,470)**	(4,089,725)	(11,695,863)
INVESTING ACTIVITIES					
Acquisition of IL Therapeutics Inc.	—	—	—	—	1,237,089
Proceeds from disposal of property and equipment	—	6,221	—	6,221	5,775
Purchase of property and equipment	—	—	—	(19,486)	(179,202)
Purchase of intangible assets	—	—	—	—	(59,743)
Leasehold inducement	—	—	—	—	18,444
Cash provided by (used in) investing activities	**—**	6,221	**—**	(13,265)	1,022,363
FINANCING ACTIVITIES					
Issuance of share capital, net of share issuance cost	—	—	—	—	10,018,885
Deferred financing costs	**—**	(40,214)	—	(54,332)	—
Advance from related party	**—**	—	**—**	—	694,836
Cash provided by (used in) financing activities	**—**	(40,214)	**—**	(54,332)	10,713,721
Increase (decrease) in cash and cash equivalents	**(199,352)**	(935,042)	**(1,398,470)**	(4,157,322)	40,221
Cash and cash equivalents, beginning of period	**239,573**	2,165,086	**1,438,691**	5,387,366	—
Cash and cash equivalents, end of period	**40,221**	1,230,044	**40,221**	1,230,044	40,221

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
Stock-based compensation	—	—	68,928	—	68,928
Net loss for the period	—	—	—	(970,985)	(970,985)
Balance, December 31, 2007	**30,521,960**	**12,286,556**	**1,022,231**	**(10,883,464)**	**2,425,323**

	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)
Stock-based compensation	—	—	51,410	—	51,410
Net loss for the period	—	—	—	(21,698)	(21,698)
Balance, December 31, 2008	**35,144,693**	**13,012,118**	**1,365,342**	**(14,519,334)**	**(141,874)**

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.

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.

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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