



**FOR IMMEDIATE RELEASE**

**TSX-V: PGA**

## **PACGEN COMPLETES ACQUISITION OF XPHASE PHARMACEUTICALS**

**Vancouver, BC, Canada (August 13, 2009)** – Pacgen Biopharmaceuticals Corporation (“Pacgen” or the “Company”) (TSX-V: PGA) announced today that it has recently closed the previously announced acquisition of Xphase Pharmaceuticals Inc. (“Xphase”) following the approval of the TSX Venture Exchange. Further details regarding the transaction can be found in the Company’s press release dated June 8, 2009.

Pursuant to a share purchase agreement entered among the Company, Xphase and its shareholders, the Company has issued 3 million common shares to the shareholders of Xphase in exchange for 100% ownership of Xphase as well as the management services of certain Xphase principals. Upon the achievement of certain pre-defined business development milestones, the shareholders of Xphase will be entitled to an additional 3.5 million common shares of the Company.

Following the completion of acquisition of Xphase, Pacgen has appointed Dr. Yiu Chung Lee and Mr. Fred Huang as directors. The board of directors of Pacgen now consists of Mr. Chung Yu Wang (Chairman), Mr. Kevin McGarry, Dr. Alan Moore, Dr. Telvin Ju, Mr. Tsong Chin Lin, Dr. Lee and Mr. Huang. The new management of Pacgen, as previously announced, now consists of the following individuals:

- Dr. Yiu Chung Lee as Chief Executive Officer;
- Ms. Christina Yip as Chief Financial Officer;
- Dr. Beverly Inledon as Vice President, Research and Development;
- Mr. Joel Cheng as Vice President, Business Development;
- Dr. Lewis Choi as Vice President, Intellectual Properties and Scientific Affairs; and
- Mr. Gabriel Lam as Senior Director, Greater China Operations

Pacgen also announced the grant of options to its officers and consultants to purchase 1,910,000 common shares of Pacgen at \$0.10 per share. The options granted to executive officers and vice presidents to acquire 1,590,000 common shares vest immediately and expire on July 28, 2014. The remaining new options to acquire 320,000 common shares of Pacgen until July 28, 2017 were granted to other consultants in accordance with their consulting agreements.

Following the fiscal year ended March 31, 2009, options to acquire 643,333 common shares were forfeited or cancelled in relation to the termination of certain employment or consulting agreements. As a result of the changes described above, Pacgen now has options outstanding to purchase 3,080,000 common shares of Pacgen or approximately 8.07% of the Company’s presently issued and outstanding shares.

## About Pacgen

Pacgen is a publicly traded 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 human 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](http://www.pacgenbiopharm.com).

## About Xphase

Xphase is a pharmaceutical company focused on the early commercial development of novel therapeutic drug candidates to feed the drying product development pipelines of the global pharmaceuticals industry. Xphase identifies innovative therapeutic drug candidates globally, and develops these candidates up to Phase II human proof of concept, in accordance with the US Food and Drug Administration regulatory standards. Xphase currently has the right to acquire the exclusive global rights, excluding China, of AF-05, a novel anti-anxiety drug candidate. Xphase also provides consulting and project management services to assist small to medium pharmaceutical and biotechnology companies around the world.

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### 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 management's discussion and analysis dated July 9, 2009 and 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, except as required by law. For all forward-looking statements, Pacgen claims the safe harbour for forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

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