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

PACGEN REPORTS FIRST QUARTER FINANCIAL RESULTS

Vancouver, BC, Canada (September 1, 2009) – Pacgen Biopharmaceuticals Corporation ("Pacgen" or the "Company") (TSX-V: PGA) reported financial results from its first fiscal quarter ended June 30, 2009. Amounts unless specified otherwise, are expressed in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP).

Corporate Development Update

During the quarter ended June 30, 2009, the Company signed a share purchase agreement with the shareholders of Xphase Pharmaceuticals Inc. ("Xphase") as part of its efforts to leverage its technology portfolio and to enhance its ability to raise capital in the recent global financial market downturn. Xphase, a privately held pharmaceutical company, has the right to acquire the exclusive global rights, excluding China, of AF-05, a novel anti-anxiety drug candidate currently in Phase I clinical trial in China. Xphase also provides consulting and project management services to assist small to medium pharmaceutical and biotechnology companies globally.

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

The Company subsequently completed the Xphase Acquisition and issued 3 million of its common shares to Xphase shareholders on August 11, 2009. Following the Xphase Acquisition, the Company has positioned itself to become a global life science technology transfer company focused on the commercial development of novel therapeutic drug candidates up to Phase II human proof of concept. The Company also announced the appointments of Xphase principals to its senior management team. Dr. Yiu Chung Lee, Dr. Beverly Incledon, Mr. Joel Cheng, and Mr. Gabriel Lam have been appointed as Chief Executive Officer, Vice President, Research and Development, Vice President, Business Development, and Senior Director, Greater China Operations of Pacgen, respectively.

Dr. Lee is an experienced entrepreneur with more than 20 years of pharmaceutical development experience earned in various settings, including pharmaceutical company, biotechnology company as well as contract research organization. Prior to co-founding Xphase, Dr. Lee previously held positions in Eli Lilly Canada Inc., Patheon Inc. and PharmEng Technology Inc.

Dr. Incledon has more than 14 years of pharmaceutical industry experiences and extensive knowledge in drug development and manufacturing operations. Prior to joining Xphase, Dr. Incledon served as Director, Research and Development at Eli Lilly Canada Inc. Dr. Incledon also previously held positions in Glaxo Wellcome Inc. (Canada) and Syntex Inc.

Mr. Cheng has over 26 years of broad experience in sales, marketing, business development and corporate management in the North America. Prior to co-founding Xphase, Mr. Cheng served as Senior Director at PharmEng International Inc. Mr. Cheng also previously held positions in MDS SCIEX and Hewlett Packard/Agilent Technologies. Mr. Lam has over 25 years of experience in business operations. Prior to co-founding Xphase, Mr. Lam served as Senior Director at PharmEng International Inc. Mr. Lam also previously held various managerial positions in Rootlink Technic Inc. and Hewlett Packard/Agilent Technologies.

Summary of First Quarter Results

For the three months ended June 30, 2009 ("Q1 2010"), Pacgen recorded a net loss of $209,003 ($0.01 per common share), compared to a net loss of $1,307,501 ($0.04 per common share) for the three months ended June 30, 2008 ("Q1 2009"). The decrease of $1,098,498 in net loss in Q1 2010, as compared to Q1 2009, was due to a reduction in operating expenditures following the implementation of the cost control programs in the preceding fiscal year ("Fiscal 2009").

The recent global financial market downturn has led to an overall tightening in the credit markets and a substantial reduction in capital available to companies in the development stage. This financial market condition has significantly affected smaller life science technology companies which are generally viewed as higher risk investments. Following a comprehensive review in Fiscal 2009, Pacgen implemented cost reduction programs, ceased research and development activities and focused its operations in business development to secure collaborative partners for its technology pipelines. Pacgen also undertook a number of financing initiatives including a small bridge financing and negotiation with its major vendors for defer payments.

Research and development expenses were $36,706 for Q1 2010, compared to $881,187 for Q1 2009. The decrease of $844,481 was primarily due to the reduced development activities following the comprehensive review in Fiscal 2009. Research and development expenses for PAC-113 and PAC-G31P in Q1 2010 were $26,416 and $10,290, compared to $840,150 and $34,443 in Q1 2009, respectively. The decline in development expenditure for PAC-113 was mainly due to the Company's decision to defer further development of PAC-113 until a collaborative partner is secured. The research and development expenditures for both projects in Q1 2010 were primarily related to the maintenance of licenses and patents.

General and administration expenses were $54,481 for Q1 2010, compared to $304,887 for Q1 2009. The decrease of $250,406 in general and administration expenses was primarily attributable to the implementation of various cost control programs. Salaries and benefits, and consulting and professional fees declined by $105,255 and $133,800 in Q1 2010 as compared to Q1 2009, respectively. All full-time positions have been replaced with consultant positions which primarily compensated by stock-based compensation. Other general overhead expenses in Q1 2010 were also lower partly due to the Company sub-letting part of its office facilities.

Stock-based compensation, a non-cash item included in operating expenses, was $30,695 in Q1 2010, compared to $58,810 in Q1 2009. The decreases in stock-based compensation was primarily due to the increased number of options forfeited or cancelled, as well as the reduced number of stock options granted and vested during Q1 2010 as compared to Q1 2009.

Other loss in Q1 2010 was $23,935, compared to other income of $3,690 in Q1 2009. The increase in other loss of $27,625 was mainly due to an increase in financing and interest expenses and a reduction in interest income. These were offset by an increase in foreign exchange gain. Financing and interest expenses, which were new in Q1 2010, were associated with an amount payable to a vendor and the convertible debentures issued in Fiscal 2009.

Liquidity and Outstanding Share Capital

As of June 30, 2009, the Company had available cash reserves comprised of cash and cash equivalents of $108,881, compared to $308,871 at March 31, 2009. The Company estimates that its cash reserves at June 30, 2009 are adequate to fund its operations and capital needs into the second half of calendar year 2009. However, given its working capital deficiency of $1,450,333 at June 30, 2009, compared to $1,023,213 at March 31, 2009, the Company may be unable to continue to realize its assets and discharge its obligations in the normal course of business. Pacgen is seeking additional funding to finance its operations and obligations. Management is considering all possible financing alternatives, including equity financing, debt financing, joint-venture, corporate collaboration and licensing arrangement, and has initiated preliminary discussions on some of these alternatives. While Pacgen has been successful in securing financings in the past, there can be no assurance that such financing will be materialized or be completed on a timely basis and on favourable terms.

As of August 21, 2009, there were 38,144,693 common shares issued and outstanding, 4,656,933 common share purchase warrants outstanding at a weighted average price of $0.30 per share, and 3,080,000 incentive stock options outstanding at a weighted average exercise price of $0.46.

For complete financial results, please see the Company's filings at www.sedar.com.

About Pacgen

Pacgen is a life science technology transfer company focused on the commercial development of novel therapeutic drug candidates up to Phase II, proof of concept efficacy in human. Pacgen sources innovative therapeutic drug candidates globally, and develops these drug candidates in accordance to the United States Food and Drug Administration regulatory standards to feed the product development pipelines of the pharmaceuticals industry. Pacgen's technology portfolio is composed of 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.

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 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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