PACGEN Biopharmaceuticals Corporation

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

PACGEN CLOSES PRIVATE PLACEMENT FINANCING

Vancouver, BC, Canada (May 28, 2010) – Pacgen Biopharmaceuticals Corporation (the "Company" or "Pacgen") (TSX-V: PGA) announced today that it has closed its previously announced non-brokered private placement (the "Financing") of $600,000 of subscription receipts ("Subscription Receipts"). The Company also announced that it obtained shareholder approval at the special meeting of shareholders held on May 25, 2010 for a consolidation of its common shares (the "Common Shares") on the basis of one post-consolidation Common Share for every two existing Common Shares (the "Consolidation").

Under the Financing, the Company has issued an aggregate of 10,000,000 Subscription Receipts at a price of $0.06 per Subscription Receipt for gross proceeds of $600,000. Upon completion of the Consolidation, each Subscription Receipt will be automatically exercised, for no additional consideration, for one post-consolidation Common Share.

The Company is also pleased to provide an update today in connection with its previously announced financial restructuring (the "Financial Restructuring"). Based on negotiations to date, the Company has reached agreements with its creditors to restructure up to approximately $1.9 million of its indebtedness and financial commitments. Under the terms of these agreements, an aggregate of approximately $879,000 of indebtedness will be converted into an aggregate of 12,618,142 post-consolidation Common Shares (the "Shares for Debt Conversion"). The Shares for Debt Conversion comprises approximately $658,000 of past due debentures being converted into 10,971,485 post-consolidation Common Shares and approximately $57,000 of trade payables being converted into 946,657 post-consolidation Common Shares (each representing an average conversion price of approximately $0.06 per post-consolidation Share) and approximately $221,000 of licensing obligations being converted into 700,000 post-consolidation Common Shares (representing an average conversion price of approximately $0.13 per post-consolidation Share). The Company expects the remaining balance of the restructured indebtedness and financial commitments to be settled by cash discounts, prepaid amounts or future payments linked to performance milestones.

Upon completion of the Consolidation, the Company's 38,144,693 Common Shares currently issued and outstanding will be reduced to approximately 19,072,346 Common Shares. Following the deemed exercise of the Subscription Receipts and completion of the Shares for Debt Conversion, the Company expects to have approximately 41,690,488 post consolidation Common Shares issued and outstanding. Completions of the Consolidation, the Financing, and the Shares for Debt Conversion are subject to the approval of the TSX Venture Exchange.

This press release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the U.S.

Securities Act of 1933 or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act of 1933 and applicable state securities laws or an exemption from such registration is available.

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.

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.

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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