



FOR IMMEDIATE RELEASE

TSX-V: PGA

PACGEN REPORTS SECOND QUARTER FINANCIAL RESULTS

Vancouver, BC, Canada (November 28, 2007) – Pacgen Biopharmaceuticals Corporation (“Pacgen”) (TSX-V: PGA) today reported financial results from its second fiscal quarter ended September 30, 2007. Amounts unless specified otherwise, are expressed in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP).

Corporate Development

Since its last quarterly financial report, Pacgen has made significant progress in the development of PAC-113, a novel treatment for oral Candidiasis infection. Operating highlights include:

- In September 2007, Pacgen announced that it had developed an optimized formulation of PAC-113. In in-vitro assays of Candida cell killing conducted in a blinded manner by an external laboratory this optimized formulation has demonstrated several orders of magnitude greater Candida cell killing as compared to the PAC-113 formulation used in the previous Phase I/II study. A new patent application containing claims covering the findings of the optimized formulation of PAC-113 has been filed with the US Patent and Trademark Office.
- In November 2007, Pacgen announced presentation of a poster entitled, “Evaluation of a New Host Derived Synthetic Antifungal Peptide (PAC-113) in the Treatment of Oral Candidiasis” at the 5th International Meeting on Antimicrobial Chemotherapy in Clinical Practice (ACCP) held in Portofino, Italy. The poster presentation of in-vitro data (paper number 29) was given by Dr. Eva Helmerhorst from Goldman School of Dental Medicine, Boston University.
- Also in November 2007, Pacgen announced that it had initiated a Phase IIb dose-ranging clinical trial using the optimized formulation of PAC-113. This study is a randomized, examiner-blinded, parallel design trial comparing three different doses of PAC-113 to Nystatin. Nystatin is a widely used, topical mouth rinse treatment for oral Candidiasis. This Phase IIb study, expected to be completed in Q2 2008, will enrol approximately 200 seropositive HIV patients with oral Candidiasis in a number of US and South African centers.

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Financial Results

For the three months ended September 30, 2007 (“Q2 2008”), the Company reported a net loss of \$1,544,854 or \$0.05 per share as compared to a net loss of \$504,678 or \$0.03 per share for the three months ended September 30, 2006 (“Q2 2007”). The Company’s year-to-date net loss was \$3,339,510 or \$0.11 per share as compared to a net loss of \$1,120,988 or \$0.06 per share for the same period last year. The increase in net loss for Q2 2008 and on a year-to-date basis was primarily attributable to increased research and development cost associated with PAC-113 and PAC-G31P, and general and administration expenditures to support our expanded operations.

Research and Development Expenditures

Research and development costs were \$912,203 in Q2 2008 compared to \$212,115 in Q2 2007. Year-to-date, research and development costs were \$1,977,423 as compared to \$381,412 for the same period last year. The increase in Q2 2008 and on a year-to-date basis was primarily due to the cost associated with the clinical development of PAC-113 and the manufacturing development of PAC-G31P.

Projects	For the three months ended		For the six months ended	
	30-Sep-07	30-Sep-06	30-Sep-07	30-Sep-06
PAC-113	\$ 543,370	\$ 153,568	\$ 922,391	\$ 248,932
PAC-G31P	352,502	49,488	1,029,889	106,618
Other Projects	16,331	9,058	25,143	25,861
	<u>\$ 912,203</u>	<u>\$ 212,115</u>	<u>\$ 1,977,423</u>	<u>\$ 381,412</u>

General and Administration Expenditures

General and administration expenses for Q2 2008 were \$505,878 compared to \$256,886 for Q2 2007. Year-to-date general and administration expenses were \$1,187,208 compared to \$678,395 for the same period last year. The increase in Q2 2008 and on a year-to-date basis was primarily related to the added personnel, increased consulting and professional fees, and increased general administration cost to support our corporate growth and business development activities.

Amortization

Amortization was \$68,569 for Q2 2008 compared to \$61,881 for Q2 2007. Year-to-date amortization was \$136,679 compared to \$122,887 for the same period last year. The slight increase of \$13,792 was primarily due to an increase in amortization related to computer and office equipment. Amortization related to technology, licenses and rights was \$118,487 for the six months ended September 30, 2007 compared to \$117,603 for the same period last year.

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Stock-based Compensation

Stock based compensation, a non-cash item included in operating expenses, was \$71,418 in Q2 2008 compared to nil in Q2 2007. Year-to-date stock based compensation costs were \$157,823 compared to nil for the same period last year. The Company adopted a stock option plan in August 2006 and started to record stock based compensation expenditures starting in December 2006.

Other Income

Interest and other income were \$28,015 for Q2 2008 compared to \$12,204 for Q2 2007. Year-to-date interest and other income were \$74,424 compared to \$18,706 for the same period last year. The increase in interest income is the result of higher interest rates earned on higher average amounts held in interest bearing accounts.

Liquidity and Outstanding Share Capital

As at September 30, 2007 the Company had working capital of \$2,096,645. The Company estimates that its current working capital is adequate to fund its research and development programs, capital needs and operations into April 2008. The Company will continue to review its financial needs and seek additional financing as required.

As of November 19, 2007, there were 30,521,960 common shares issued and outstanding, 7,936,401 common share purchased warrants outstanding at a weighted average price of \$1.21 per share, 500,000 share purchase option outstanding at an exercise price of \$2.25 per share, and 2,688,000 incentive stock options outstanding at a weighted average exercise price of \$0.99.

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UNAUDITED CONSOLIDATED BALANCE SHEETS

(See notes to interim consolidated financial statements available on SEDAR at www.sedar.com)

	September 30, 2007 \$	March 31, 2007 \$
ASSETS		
Current		
Cash and cash equivalents	2,165,086	5,387,366
Amounts receivable	130,880	132,060
Prepaid expenses	690,363	941,629
Total Current Assets	2,986,329	6,461,055
Deferred financing costs	14,118	-
Property and equipment	135,727	134,433
Intangible assets	1,120,691	1,239,178
Total Assets	4,256,865	7,834,666
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	889,684	1,240,599
Future income tax liability	39,801	85,000
Total Liabilities	929,485	1,325,599
Commitments and contingencies		
Shareholders' Equity		
Share capital		
Issued and outstanding:		
Common Shares	12,286,556	12,286,556
Contributed Surplus	953,303	795,480
Deficit	(9,912,479)	(6,572,969)
Total Shareholders' Equity	3,327,380	6,509,067
Total Liabilities and Shareholders' Equity	4,256,865	7,834,666

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**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS**

(See notes to interim consolidated financial statements available of SEDAR at www.sedar.com)

	For the Three Months Ended		For the Six Months Ended	
	30-Sep-07	30-Sep-06	30-Sep-07	30-Sep-06
	\$	\$	\$	\$
EXPENSES				
Research and development	912,203	212,115	1,977,423	381,412
General and administrative	550,878	256,886	1,187,208	678,395
Stock Based Compensation	71,418	-	157,823	-
Amortization	68,569	61,881	136,679	122,887
	1,603,068	530,882	3,459,133	1,182,694
OTHER				
Interest income	26,579	13,242	70,786	20,321
Foreign exchange gain (loss)	1,436	(1,038)	3,638	(1,615)
	28,015	12,204	74,424	18,706
Loss before income taxes	(1,575,053)	(518,678)	(3,384,709)	(1,163,988)
Future income tax recovery	30,199	14,000	45,199	43,000
Net and comprehensive loss for the period	(1,544,854)	(504,678)	(3,339,510)	(1,120,988)
Deficit, beginning of year	(8,367,625)	(2,835,442)	(6,572,969)	(2,219,132)
Deficit, end of period	(9,912,479)	(3,340,120)	(9,912,479)	(3,340,120)
Basic and diluted loss per common share	(0.05)	(0.03)	(0.11)	(0.06)
Weighted average number of common shares outstanding	30,521,960	17,682,554	30,521,960	17,616,620

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(See notes to interim consolidated financial statements available on SEDAR at www.sedar.com)

	For the Three Months Ended		For the Six Months Ended	
	30-Sep-07	30-Sep-06	30-Sep-07	30-Sep-06
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss for the period	(1,544,854)	(504,678)	(3,339,510)	(1,120,988)
Add (subtract) items not affecting cash:				
Amortization	68,569	61,881	136,679	122,887
Future income tax recovery	(30,199)	(14,000)	(45,199)	(43,000)
Stock based compensation	71,418	-	157,823	-
	(1,435,066)	(456,797)	(3,090,207)	(1,041,101)
Changes in non-cash working capital items relating to operations:				
Amounts receivable	(11,443)	(25,133)	1,180	80,958
Prepaid expenses and other	103,273	(8,597)	251,266	(16,110)
Accounts payable and accrued liabilities	471,569	160,647	(350,915)	219,070
Cash used in operating activities	(871,667)	(329,880)	(3,188,676)	(757,183)
INVESTING ACTIVITIES				
Acquisition of IL Therapeutics Inc.	-	-	-	1,257,992
Purchase of property and equipment	(12,564)	(3,477)	(19,486)	(25,360)
Cash (used in) provided by investing activities	(12,564)	(3,477)	(19,486)	1,232,632
FINANCING ACTIVITIES				
Deferred financing costs	(14,118)	(235,758)	(14,118)	(271,203)
Cash used in financing activities	(14,118)	(235,758)	(14,118)	(271,203)
Increase (decrease) in cash and cash equivalents	(898,349)	(569,115)	(3,222,280)	204,246
Cash and cash equivalents, beginning of period	3,063,435	1,500,425	5,387,366	727,064
Cash and cash equivalents, end of period	2,165,086	931,310	2,165,086	931,310

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About PAC-113

PAC-113 is a 12 amino-acid antimicrobial peptide derived from a naturally occurring histatin protein found in saliva. This peptide alters the permeability or amount of fluid that flows in and out of the fungal cell membranes and causes the cell to rupture. PAC-113 also interrupts the normal cellular activity of fungal mitochondria causing them to produce a toxin that leads to fungal cell death. This activity is unique to histatin proteins.

Current treatments for Candida infections are not effective in eliminating the infection, can have serious side effects, have significant potential for drug interaction, and/or do not prevent the development of drug-resistant fungal infection. PAC-113 is easily administered and well-tolerated by patients as it is formulated as a sugar-free, pleasant tasting, non-viscous mouthrinse with a neutral pH. It also has a prolonged half-life in the saliva which potential may increase cure rate and reduce the time to relapse.

About Candida Infection

Candida albicans is the most common fungal pathogen among immune-compromised, hospitalized patients, accounting for roughly 50-60% of all bloodstream fungal isolates. Opportunistic growth of Candida can be life-threatening if not treated.

Oropharyngeal Candidiasis, also referred to as "thrush", is an uncontrolled fungal infection of the mouth and throat that causes serious problems for many immunocompromised patients such as impacting their ability to eat and drink. If untreated, it puts them at risk for developing a systemic Candida infection which can cause death. Patients who experience this disease already have a compromised state of health. Candida infection occurs with high frequency in cancer patients due to the radiation and chemotherapy treatments they have had, which suppress their immune system, decreasing their ability to fight off fungal infection.

Diabetics are also at risk due in part to poor blood sugar control and, asthmatics who manage their disease with chronic use of oral steroids, cause localized immunosuppression in the mouth, throat, and upper airways and can lead to oral Candida infection. Another large group of people who suffer from oral Candidiasis are HIV patients who, due to their loss of normal immune function, often deal with infection and recurrent oral Candida infections.

The demand for effective anti-fungals is driven by a rising incidence of immunocompromised patients populations including individuals with HIV, cancer, asthma and diabetes, among others. In 2004, global sales of topical anti-fungal drugs represented nearly a US \$1.6 billion dollar market, and it is projected to grow to US \$2.1 billion by 2009. Pacgen estimates that the current worldwide market opportunity for a novel, safe and effective, oral Candidiasis therapy is approximately US \$250 million.

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About PAC-G31P

PAC-G31P is designed to treat inflammatory diseases characterized by non-beneficial neutrophil recruitment including acute respiratory distress syndrome (ARDS), asthma, pneumonia and chronic obstructive pulmonary disease (COPD).

Pacgen plans to complete a number of preclinical studies of PAC-G31P in order to determine the optimal first clinical indication, as well as continue our manufacturing development and formulation work, over the next year. As a result of these additional studies, we expect to file an IND in twelve to fifteen months. The results of this preclinical program in conjunction with a successful IND filing will directly support our out-licensing initiatives in 2008.

About Pacgen

Pacgen is a life sciences company focused on the development of therapeutics for the treatment of infectious and inflammatory diseases. The Company's lead product, PAC-113, is an anti-fungal in a Phase II clinical program. Pacgen also has candidates in an early stage research program. The most advanced of these candidates is a novel peptide therapeutic, PAC-G31P, which is currently being investigated in preclinical studies for its potential to treat inflammatory diseases characterized by non-beneficial neutrophil recruitment and activation.

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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. 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 collaborate 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 August 1, 2007, 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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