



**FOR IMMEDIATE RELEASE**

**TSX-V: PGA**

## **PACGEN REPORTS FISCAL 2010 FINANCIAL RESULTS**

**Vancouver, BC, Canada (July 30, 2010)** – Pacgen Biopharmaceuticals Corporation (“Pacgen” or the “Company”) (TSX-V: PGA) reported financial results from its fiscal year ended March 31, 2010 (“Fiscal 2010”). Unless specified otherwise, amounts are expressed in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”), and all common shares, warrants and options and per share amounts reflect a share consolidation (“Share Consolidation”), on a two to one basis, completed on June 8, 2010.

### **Corporate Development for Fiscal 2010 and the period ending July 29, 2010**

- In April 2009, the Company appointed Mr. Tsong Chin Lin to its board of directors.
- On June 8, 2009, the Company signed a share purchase agreement (the “Acquisition Agreement”) with the shareholders of Xphase Pharmaceuticals Inc. (“Xphase”). This acquisition was completed in August 2009. Pursuant to the Acquisition Agreement, the Company issued 1.5 million common shares (or 3.0 million pre-consolidated common shares) 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 within 12 months from the closing date, Xphase shareholders would be entitled to additional 1.75 million common shares (or 3.5 million pre-consolidated common shares).
- In August 2009, following the completion of the Xphase Acquisition, the Company appointed Dr. Yiu Chung Lee from Xphase, and Mr. Fred Huang, co-founder of Pacgen, to its board of directors. In addition, Dr. Yiu Chung Lee, Dr. Beverly Inledon, Mr. Joel Cheng and Mr. Gabriel Lam from Xphase were appointed to the Company’s management team to assume the role of Chief Executive Officer (“CEO”), Vice President, Research and Development, Vice President, Vice President, Business Development and Senior Director, Greater China Operations, respectively. The management team also includes existing members, Ms. Christina Yip and Dr. Lewis Choi, serving as Chief Financial Officer, and Vice President, Intellectual Properties and Scientific Affairs, respectively. Mr. Chung Yu Wang resigned as interim CEO but continues to assume his interim President role. Mr. Fred Huang resigned as Senior Vice President and Chief Operating Officer.
- In January 2010, the Company entered into collaboration research and development agreements with Shanghai based New Summit Biopharma Co. (“New Summit Bio”). Under the terms of the agreements, New Summit Bio would collaborate with Pacgen to raise funding and to develop PAC-113 for the treatment of oral candidiasis for commercialization in China.

- On April 19, 2010, the Company announced that it had arranged a non-brokered private placement (the “Financing”) of \$600,000 of subscription receipts (“Subscription Receipts”) subject to satisfactory completion of certain conditions, including the approval of the TSX Venture Exchange. The Company also announced that it had initiated a financial restructuring (the “Financial Restructuring”) to reduce its indebtedness and that it would seek shareholder approval for a consolidation of our common shares on a two to one basis (the “Share Consolidation”).
- In May 2010, the Company closed the Financing and obtained shareholder approval at the special meeting of shareholders held on May 25, 2010 for the Share Consolidation. Under the Financing, the Company issued an aggregate of 10 million Subscription Receipts at a price of \$0.06 per Subscription Receipt for gross proceeds of \$600,000. Upon completion of the Share Consolidation, each Subscription Receipt will be automatically exercised, for no additional consideration, for one common share.
- On June 8, 2010, the Company announced completion of the Share Consolidation and that its common shares commenced trading on the TSX Venture Exchange on the consolidated basis. The Company issued 22,618,143 common shares pursuant to the Financing and the Financial Restructuring. The 22,618,143 common shares include (i) an aggregate of 10,000,001 common shares issued in connection with the automatic exercise of the 10 million Subscription Receipts of the Financing, and (ii) an aggregate of 12,618,142 common shares issued in connection with the settlement of conversion of an aggregate of approximately \$879,000 of indebtedness as part of the Financial Restructuring. All common shares issued under the Financing and the Shares for Debt Conversion were subject to a four-month holding period which would end on September 29, 2010 and October 9, 2010, respectively. Following the issuance of these shares and the Share Consolidation, the Company had 41,690,490 of common shares issued and outstanding.

## **Results of Operations**

For Fiscal 2010, the Company recorded a net loss of \$1,625,315 (\$0.09 per common share), compared to a net loss of \$2,282,640 (\$0.13 per common share) for fiscal year ended March 31, 2009 (“Fiscal 2009”). The decrease in net loss by \$657,325 in Fiscal 2010, as compared to Fiscal 2009, was mainly due to a decrease in operating expenses and in other losses by \$429,602 and \$227,723, respectively. Operating expenditures, excluding non-recurring charges, for Fiscal 2010 were \$1,143,964, compared to \$2,010,932 in Fiscal 2009. The reduced operating expenses was offset by non-recurring charges amounted to \$437,366 in connection to write-downs of assets in Fiscal 2010. Other losses for Fiscal 2010 were \$43,985, compared to \$271,708 in Fiscal 2009. The decline in other losses was primarily due to an increase in foreign exchange gain, which was partially offset by an increase in financing and interest expenses.

## Capital Position

As of March 31, 2010, the Company had a working capital deficiency of \$2,112,280 (March 31, 2009 - \$1,023,213). Subsequent to Fiscal 2010, the Company closed the Financing of \$600,000 of Subscription Receipts in May 2010. The Company also initiated the Financial Restructuring, which involved restructuring of approximately \$2.3 million of indebtedness and financial commitments. The Company expects to use up to \$400,000 of the net proceeds from the Financing to settle its obligations from the Financial Restructuring, and estimates the remaining net proceeds should be sufficient to finance its core business operations and financial obligations over the next fiscal year.

As of July 29, 2010, there were 41,690,490 common shares issued and outstanding, 2,311,367 common share purchase warrants outstanding at a weighted average exercise price of \$0.60 per common share, and 1,480,000 incentive stock options outstanding at a weighted average exercise price of \$0.88.

For complete financial results, please see the Company's filings at [www.sedar.com](http://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](http://www.pacgenbiopharm.com).

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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 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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For further information contact:

Yiu Chung Lee

Chief Executive Officer

Tel: 416-805-8573

Email: [ychee@pacgenbiopharm.com](mailto:ychee@pacgenbiopharm.com)

Christina Yip

Chief Financial Officer

Tel: 604-436-4388

Email: [cyip@pacgenbiopharm.com](mailto:cyip@pacgenbiopharm.com)