



9 October 2009

Dear Shareholder

**Annual General Meeting**

Please find enclosed the notice of the 2009 Annual General Meeting of the ordinary shareholders of QRxPharma Limited (the Company) which will be held at 10.00 am on Monday 16 November 2009, in conference room Pinaroo 2, Level 1, The Grace Hotel, 77 York Street, Sydney.

The formal part of the Annual General Meeting will cover the ordinary business transacted each year, including the consideration of the Company's financial statements and remuneration report and the re-election of directors. The Annual General Meeting will also cover the granting of employee options to Dr John Holaday. Further details concerning these matters are contained in the explanatory statement that forms part of this notice of meeting.

If you are unable to attend the meeting in person, I encourage you to return the enclosed proxy form. The proxy form should be returned in the envelope provided, or faxed to our Share Registry on (02) 9287 0309 so that it is received by 10.00 am (Sydney time) on Saturday 14 November, being not less than 48 hours before the time for holding the meeting. Alternatively proxy forms may also be lodged online at Link Market Services' website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) in accordance with the instructions given there. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

The QRxPharma Annual Report for the year ended 30 June 2009 is now available on our website at [www.qrxpharma.com](http://www.qrxpharma.com). Printed copies of the report are distributed only to those shareholders who have elected to receive it in printed form.

Shareholders will have an opportunity to ask questions during the meeting, and are invited to join the Board for light refreshments at its conclusion. I look forward to welcoming you at the meeting.

Yours sincerely,

A handwritten signature in black ink that reads 'C. J. Campbell'.

Chris J Campbell  
Company Secretary and Chief Financial Officer



## NOTICE OF THE 2009 ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

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**QRxPharma Limited**  
**ABN 16 102 254 151**

Notice is given that the Annual General Meeting of shareholders of QRxPharma Limited (the “Company”) will be held in conference room Pinaroo 2, Level 1, The Grace Hotel, 77 York Street, SYDNEY at 10:00am (Sydney time) on Monday, 16 November 2009.

### **ORDINARY BUSINESS**

#### **Financial Statements and Reports**

Receipt of the Company’s Financial Reports and the accompanying Directors’ Report, Directors’ Declarations and Independent Auditor’s Report for the year ended 30 June 2009.

#### **Resolutions**

##### **1. Adoption of the Remuneration Report**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That the Remuneration Report for the year ended 30 June 2009 be adopted.”*

Note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

##### **2. Election of Directors**

To consider and, if thought fit to pass the following resolution as an ordinary resolution:

*“That Peter Campbell , who retires as a director of the Company by rotation in accordance with clause 6.1(f)(i)(A) of the Company’s Constitution, and being eligible for re- election, be re- elected as a director of the Company.”*

##### **3. Grant of Employee Options to Dr John Holaday**

To consider and, if thought fit to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 of the Listing Rules of the Australian Securities Exchange (ASX Listing Rules), the Corporations Act 2001 (Cth) (Corporations Act) and for all other purposes, approval be given for the grant of 300,000 options to Dr John Holaday under the Company’s Employee Share Option Plan (Employee Option Plan) and, upon exercise of those*

*options, the acquisition of the ordinary shares underlying those options, in accordance with the terms of the Employee Option Plan and the explanatory statement accompanying this notice of meeting.”*

In accordance with ASX listing rule 10.15:

- For the purposes of ASX listing rule 10.15.2, the maximum number of securities that may be acquired by a director for whom approval is required under ASX listing rule 10.14 is ten percent of the diluted ordinary share capital in the Company as at the date of issue of the relevant options under the Employee Option Plan.
- For the purposes of ASX listing rule 10.15.3, the price or the formula for calculating the price for each share to be acquired under the Employee Option Plan is set out in the individual's employee share option agreement which must not be less than the share price on the grant date of the options. The acquisition price for an option granted to a director is nil.
- For the purposes of ASX listing rule 10.15.4, there has been no securities issued pursuant to the Employee Option Plan to any director since the last shareholder approval.
- For the purposes of ASX listing rule 10.15.4A, Dr Peter Farrell, Dr Gary Pace, Michael Quinn, Dr John Holaday and Peter Campbell each being directors of the Company as of 16 November 2009 are those persons referred to in ASX listing rule 10.14 who are entitled to participate in the Employee Option Plan.
- For the purposes of ASX listing rule 10.15.5 in determining whether we have sufficient shareholder approval under the ASX listing rules, we will disregard any votes cast on Proposal 3 by:
  - any director of the Company; and
  - any associates of those directors.

However, we need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- For the purposes of ASX listing rule 10.15.6, no loan will be made by the company in connection with the acquisition of any shares under the Employee Option Plan by those persons who are directors as of 16 November 2009.
- For the purposes of ASX listing rule 10.15.7, the company will issue the options to Dr John Holaday immediately following approval by the shareholders at the annual general meeting and not later than 16 November 2010.

By Order of the Board



Chris J Campbell  
Company Secretary  
9 October 2009

### **Determination of Entitlement to Attend and Vote**

The Company has determined that the holders of the Company's ordinary shares for the purpose of the Annual General meeting will be the registered holders of ordinary shares at 7.00 pm (Sydney time) on Saturday 14 November, 2009.

This notice is also being sent to JPMorgan Chase Bank as depositary agent of the Company's American Depositary Receipts (ADR). Holders of the ADRs are invited to attend the annual general meeting but are not entitled to vote on any of the proposed resolutions. However, holders of ADRs may, subject to the terms of the depositary agreement between JPMorgan Chase Bank and the holders of the ADRs, instruct the JPMorgan Chase Bank to vote the ordinary shares underlying their ADRs on their behalf.

### **Proxies**

Ordinary shareholders have the right to appoint a proxy, who need not be an ordinary shareholder of the Company. If an ordinary shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes that each proxy is appointed to exercise. A proxy form has been included for ordinary shareholders with this notice of meeting. The proxy form must be received by Link Market Services Limited, located at Level 12, 680 George Street, Sydney, NSW 2000, or by facsimile to Links on (02) 9287 0309 by no later than 10.00am Sydney time on Saturday 14 November 2009 being not less than 48 hours before the time for holding the meeting. Alternatively proxy forms may also be lodged online at Link Market Services' website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) in accordance with the instructions given there. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

The proposed Chairman of the meeting intends to vote undirected proxies in favour of each of the three resolutions.

### **Power of Attorney**

If an ordinary shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney must likewise be received by Link Market Services Limited, located at Level 12, 680 George Street, Sydney, NSW 2000, or by facsimile to Links on (02) 9287 0309 by no later than 10.00am Sydney time on Saturday 14 November 2009, being not less than 48 hours before the time for holding the meeting.

### **Corporate Representatives**

A member who is a body corporate may appoint an individual as a representative to exercise the member's voting rights at the Annual General Meeting pursuant to section 250D of the Corporations Act. Representatives will be required to present documentary evidence of their appointment on the day of the meeting.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist shareholders with their consideration of the resolutions detailed in the Notice of Annual General Meeting dated 9 October 2009. This Explanatory Statement should be read with, and forms part of, the accompanying Notice of Meeting.

### Accounts and Reports

As required by section 317 of the *Corporations Act 2001* (Cth), the Financial Report, Directors' Report, Directors' Declarations and the Independent Audit Report of the Company for the financial year ended 30 June 2009 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to raise questions in relation to the reports; however there will be no formal resolution put to the meeting.

### Resolution 1 – Adoption of the Remuneration Report

The *Corporations Act 2001* (Cth) requires that listed companies include a remuneration report in their Directors' Report. The remuneration report is set out on pages 14 to 22 of the Directors' Report. The Remuneration Report includes information in respect of the Company's remuneration policies in respect of directors and group executives, including the relationship between remuneration policies and the Company's performance, prescribed details of directors and group executives, details of securities included in the remuneration of directors and group executives and details of persons employed under a contract.

The resolution to adopt the remuneration report has been put to the members in accordance with section 250R(2) of the *Corporations Act 2001* (Cth). Any outcome, with respect to this resolution, is advisory only and does not bind the Directors or the Company.

### Resolution 2 – Re-election of Peter Campbell as a Director

Peter Campbell has been an independent non executive director of the Company since 27 April 2007 and is Chairman of the audit and risk committee. In accordance with the retirement by rotation requirements of the Company's Constitution and the ASX Listing Rules, Peter Campbell retires and offers himself for re-election as a director of the Company.

His experience, qualifications and special responsibilities are set out on page 11 of the Company's Annual Report.

### Resolution 3 – Grant of Options to Dr John Holaday

The grant of options to directors under the Employee Option Plan of the Company (Employee Option Plan) requires the approval of shareholders under Listing Rule 10.14 of the ASX Listing Rules.

Following Dr John Holaday's annual review of his performance for the year ended 30 June 2009, the Board has agreed, subject to the receipt of necessary shareholder approval, to grant 300,000 employee options, all on the same terms, to Dr John Holaday, the Chief Executive Officer of the Company.

The employee options are governed by the Employee Option Plan and are granted on terms consistent with options granted by the Company in previous years. The options are proposed to be granted for no cash consideration with an exercise price per option of no less than the share price at the time of grant. If approved the options will be granted immediately following approval by the shareholders at the annual general meeting and will expire seven years following the grant date of the options. The options vest over 3 years with the initial vesting on the first anniversary of the date of the grant and subsequent vestings in 8 equal tranches on the first day of each calendar quarter over the following 2 years. When exercisable, each option would entitle Dr John Holaday to subscribe for one fully paid ordinary share in the capital of the Company. Each ordinary share issued on exercise of an option will rank equally with all other ordinary shares then on issue.

Further information about the Company's remuneration framework for executive officers, including the use of employee options, is set out in the remuneration report contained in the Company's 2009 statutory annual report. In summary terms, as a company building a specialty pharmaceutical business, the Board considers options a key tool in retaining and incentivizing the Chief Executive Officer while staying within the fiscal constraints of a growing company. Options act as a reward for past performance, as a long term incentive and as a retention mechanism.



# QRxPharma Limited

ABN 16 102 254 151

## LODGE YOUR VOTE

**By mail:**  
QRxPharma Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**By fax:** +61 2 9287 0309

**ONLINE** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### All enquiries to:

**Telephone:** 1800 612 532  
**Overseas:** +61 2 8280 7713



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## SHAREHOLDER VOTING FORM

I/We being a member(s) of QRxPharma Limited and entitled to attend and vote hereby appoint:

### STEP 1 APPOINT A PROXY

the Chairman of the Meeting (mark box)  OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00am on Monday, 16 November 2009, at the conference room Pinaroo 2, Level 1, The Grace Hotel, 77 York Street, Sydney and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

### STEP 2 VOTING DIRECTIONS

	For	Against	Abstain*
<b>Resolution 1</b> Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-election of Mr. Peter Campbell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Grant of Employee Options to Dr John Holaday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3 IMPORTANT - VOTING EXCLUSIONS

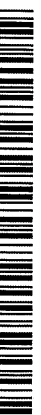
If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 3 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 3 and your votes will not be counted in calculating the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 3.

### STEP 4 SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual) <input type="text"/>	Joint Shareholder 2 (Individual) <input type="text"/>	Joint Shareholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

QRX PRX902



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:00am on Saturday, 14 November 2009, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



by mail:

QRxPharma Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



by fax:

+61 2 9287 0309



online:

**ONLINE**

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

lodging it online at Link's website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website);



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**