



6 October 2010

Dear Shareholder,

Annual General Meeting

Please find enclosed the notice of the 2010 Annual General Meeting of the ordinary shareholders of QRxPharma Limited (the Company) which will be held at 10.00 am on Monday 8 November 2010, at the offices of DibbsBarker, Lawyers, of Level 8, 123 Pitt 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. This year the Annual General Meeting will also cover the following ordinary resolutions:

- Ratification of prior issue of Tranche 1 Shares
- Approval of placement of Tranche 2 Shares
- Director participation in placement of Tranche 2 Shares – Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn
- Issue of Options to Directors – Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn
- Issue of Options to Chief Executive Officer – Dr John Holaday

and the following special resolutions:

- Amendment of constitution – dividend payment provisions
- Amendment of constitution – renewal of proportional takeover provisions

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 6 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 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 2010 is now available on our website at 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 2010 ANNUAL GENERAL MEETING AND EXPLANTORY STATEMENT

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 at the offices of DibbsBarker, Lawyers of Level 8, 123 Pitt Street, Sydney at 10.00 am (Sydney time) on Monday, 8 November 2010.

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 2010.

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 2010 be adopted."

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

2. Election of Director – Michael Quinn

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

"That Michael Quinn, who retires as a director of the Company by rotation in accordance with clause 6.1(f)(i)(B) of the Company's Constitution, and being eligible for re-election, be re-elected as a director of the Company."

3. Election of Director – Dr Gary Pace

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

"That Dr Gary Pace, who retires as a director of the Company by rotation in accordance with clause 6.1(f)(i)(B) of the Company's Constitution, and being eligible for re-election, be re-elected as a director of the Company."

SPECIAL BUSINESS

Resolutions

4. Ratification of prior issue of Tranche 1 Shares

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the allotment and issue of 3,871,250 Tranche 1 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- any person who participated in the issue; and
- any associate of those persons.

However, the Company 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.

5. Approval of placement of Tranche 2 Shares

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

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the Directors to allot and issue up to 12,611,103 Tranche 2 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder or ordinary securities; and
- any associate of those persons.

However, the Company 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.

6. Director participation in placement of Tranche 2 Shares – Dr Peter Farrell

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

“That, subject to the approval of Resolution 5, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for Dr Peter Farrell (or his nominee), a Director of the Company, to participate in the placement contemplated by Resolution 5 by subscribing for up to 185,000 Tranche 2 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- Dr Peter Farrell (or his nominee); and
- any associate of Dr Peter Farrell (or his nominee).

However, the Company 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.

7. Director participation in placement of Tranche 2 Shares – Peter Campbell

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

“That, subject to the approval of Resolution 5, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for Peter Campbell (or his nominee), a Director of the Company, to participate in the placement contemplated by Resolution 5 by subscribing for up to 55,000 Tranche 2 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- Peter Campbell (or his nominee); and
- any associate of Peter Campbell (or his nominee).

However, the Company 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.

8. Director participation in placement of Tranche 2 Shares – Dr Gary Pace

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

“That, subject to the approval of Resolution 5, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for Dr Gary Pace (or his nominee), a Director of the Company, to participate in the placement contemplated by Resolution 5 by subscribing for up to 110,000 Tranche 2 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- Dr Gary Pace (or his nominee); and
- any associate of Dr Gary Pace (or his nominee).

However, the Company 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.

9. Director participation in placement of Tranche 2 Shares – Michael Quinn

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

“That, subject to the approval of Resolution 5, for the purposes of ASX Listing Rule 10.11 and all other purposes, approval is given for Michael Quinn (or his nominee), a Director of the Company, to participate in the placement contemplated by Resolution 5

by subscribing for up to 80,000 Tranche 2 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:

- Michael Quinn (or his nominee); and
- any associate of Michael Quinn (or his nominee).

However, the Company 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.

10. Issue of Options to Director - Dr Peter Farrell

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

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 150,000 options to Dr Peter Farrell on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company 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.

11. Issue of Options to Director - Peter Campbell

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

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 150,000 options to Peter Campbell on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company 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.

12. Issue of Options to Director - Dr Gary Pace

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

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 150,000 options to Dr Gary Pace on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company 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.

13. Issue of Options to Director - Michael Quinn

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

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 150,000 options to Michael Quinn on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company 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.

14. Issue of Options to Chief Executive Officer - Dr John Holaday

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

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 250,000 options to Dr John Holaday on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company 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.

15. Amendment of constitution – dividend payment provisions

To consider, and if thought fit, pass the following resolution as a special resolution:

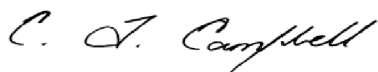
“That clause 9.1 of the constitution of the Company is amended as set out in the Explanatory Memorandum with effect from the day this resolution is passed.”

16. Amendment of constitution – Renewal of proportional takeover provisions

To consider, and if thought fit, pass the following resolution as a special resolution:

“That clause 14 of the constitution of the Company is renewed for a period of three years commencing on the day this resolution is passed.”

By Order of the Board



Chris J Campbell
Company Secretary
6 October 2010

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, 6 November 2010.

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 10.00 am (Sydney time) on Saturday, 6 November 2010 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 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 all 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 Link on (02) 9287 0309 by no later than 10.00 am (Sydney time) on Saturday, 6 November 2010, 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 2001* (Cth). 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 6 October 2010. This Explanatory Statement should be read with, and forms part of, the accompanying Notice of Meeting.

1. FINANCIAL STATEMENTS 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 2010 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.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

The Corporations Act requires that listed companies include a remuneration report in their Directors' Report. The Remuneration Report is set out on pages 13 to 22 of the Company's Annual 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. Any outcome, with respect to this resolution, is advisory only and does not bind the Directors or the Company.

3. RESOLUTION 2 – RE-ELECTION OF MICHAEL QUINN AS A DIRECTOR

Michael Quinn has been an Non-Executive Director of the Company since 27 April 2007 and is a member of the audit and risk committee, nominations committee and remuneration committee. In accordance with the retirement by rotation requirements of the Company's Constitution and the ASX Listing Rules, Michael Quinn retires and offers himself for re-election as a Director of the Company.

His experience, qualifications and special responsibilities are set out on page 12 of the Company's Annual Report.

4. RESOLUTION 3 – RE-ELECTION OF GARY PACE AS A DIRECTOR

Gary Pace has been an independent Non-Executive Director of the Company since 27 April 2007 and continues to work within the Group. In accordance with the retirement by rotation requirements of the Company's Constitution and the ASX Listing Rules, Gary Pace 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.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF TRANCHE 1 SHARES

5.1 Background

On 1 October 2010, the Company announced the issue of 3,871,250 Tranche 1 Shares at an issue price of \$0.85 per Share to raise \$3,290,562.50. The Tranche 1 Shares were issued on 7 October 2010.

The subscribers pursuant to this issue were not related parties of the Company.

Resolution 4 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Tranche 1 Shares (**Share Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue does not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Information required under Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 3,871,250 Tranche 1 Shares were allotted;
- (b) the issue price was \$0.85 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to professional and sophisticated investor clients of RBS Morgans Corporate Limited; and
- (e) the Company intends to use the funds raised from this issue to:
 - (i) fund a Phase 3 labelling claim study that will enable the Company to make marketing and advertising claims in Europe and the US for MoxDuo IR, an immediate release Dual-Opioid[®] pain therapy and to further progress the development programmes of MoxDuo CR (controlled release) and MoxDuo IV (intravenous); and
 - (ii) to support the Company as it files its New Drug Application (NDA) with the US Food and Drug Administration (FDA) and advances its Marketing Authorisation Application (MAA) in Europe in CY2011.

Each of the Directors recommends that shareholders vote in favour of this resolution.

6. RESOLUTION 5 – APPROVAL OF PLACEMENT OF TRANCHE 2 SHARES

6.1 Background

Resolution 5 seeks shareholder approval for the allotment and issue of 12,611,103 Tranche 2 Shares at an issue price of \$0.85 per Share (**Share Placement**) to raise \$10,719,437.55.

A number of the subscribers pursuant to the Share Placement will be related parties of the Company. Resolutions 6 to 9 also deal with the approval of the proposed issue of Tranche 2 Shares to Directors of the Company.

A summary of ASX Listing Rule 7.1 is set out in the explanatory information for Resolution 4.

The effect of Resolution 5 will be to allow the Company to issue the Tranche 2 Shares pursuant to the Share Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Information required under Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Tranche 2 Shares to be issued is 12,611,103;
- (b) the Shares will be issued no later than 1 month after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the day after the Annual General Meeting;
- (c) the issue price will be \$0.85 per Share;
- (d) the Tranche 2 Shares will be allotted and issued to professional and sophisticated investor clients of RBS Morgans Corporate Limited;
- (e) the Tranche 2 Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement to:
 - (i) fund a Phase 3 labelling claim study that will enable the Company to make marketing and advertising claims in Europe and the US for MoxDuo IR, an immediate release Dual-Opioid[®] pain therapy and to further progress the development programmes of MoxDuo CR (controlled release) and MoxDuo IV (intravenous); and
 - (ii) to support the Company as it files its New Drug Application (NDA) with the US Food and Drug Administration (FDA) and advances its Marketing Authorisation Application (MAA) in Europe in CY2011.

The Directors were also conscious of providing the Company's retail shareholders with an opportunity to participate in this raising in some form and for this reason on 1 October 2010 the Company also announced it would implement a Share Purchase Plan. The Record Date for participation in the Share Purchase Plan was Thursday, 30 September 2010 and the details of the Share Purchase Plan will be sent to shareholders in due course.

Each of the Directors recommends that shareholders vote in favour of this resolution.

7. RESOLUTIONS 6 TO 9 – DIRECTOR PARTICIPATION IN PLACEMENT OF TRANCHE 2 SHARES

7.1 Background

It is proposed that each of Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn (or their nominee(s)) participate in the placement of Tranche 2 Shares contemplated by Resolution 5 by subscribing for Tranche 2 Shares.

7.2 Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party of the entity. Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn are considered to be related parties of the Company as they are Directors of the Company. Accordingly, Resolutions 6 to 9 seek shareholder approval

pursuant to Listing Rule 10.11 to enable Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn to participate on the placement of Tranche 2 Shares.

If shareholder approval is given under Listing Rule 10.11 pursuant to these Resolutions, approval will not be required under Listing Rule 7.1.

7.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company. Section 208 of the Corporations Act provides that, for a public company to give a financial benefit to a related party of the company, the company must:

- (a) obtain the approval of the company's shareholders in the manner set out in Chapter 2E of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within one of the exemptions set out in Chapter 2E of the Corporations Act.

For the purposes of Chapter 2E, the proposed participation of Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn in the placement of Tranche 2 Shares will constitute "giving a financial benefit".

The Directors consider that participation in the placement of Tranche 2 Shares will be on arms length terms as the offer will be made on the same terms to all parties, regardless of whether they are associated with the Company or not. Accordingly the proposed participation by Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn falls within the "arm's length terms" exemption provided by Section 210 of the Corporations Act to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act.

7.4 Information required under Listing Rule 10.13

The Company provides the following additional information in accordance with Listing Rule 10.13:

- (a) the related parties proposing to participate in the placement of Tranche 2 Shares are Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn (or their respective nominees) and they are related parties by virtue of being Directors;
- (b) the maximum number of Tranche 2 Shares Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn will subscribe for under the placement of Tranche 2 Shares is as follows:

Director	Number of Shares
Dr Peter Farrell	185,000
Peter Campbell	55,000
Dr Gary Pace	110,000
Michael Quinn	80,000
Total	430,000

- (c) the issue price will be \$0.85 per Share;
- (d) the Shares will be issued no later than 1 month after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification

of the ASX Listing Rules) and it is intended that allotment will occur on the day after the Annual General Meeting;

- (e) the Tranche 2 Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement to:
 - (i) fund a Phase 3 labelling claim study that will enable the Company to make marketing and advertising claims in Europe and the US for MoxDuo IR, an immediate release Dual-Opioid[®] pain therapy and to further progress the development programmes of MoxDuo CR (controlled release) and MoxDuo IV (intravenous); and
 - (ii) to support the Company as it files its New Drug Application (NDA) with the US Food and Drug Administration (FDA) and advances its Marketing Authorisation Application (MAA) in Europe in CY2011.

8. RESOLUTIONS 10 TO 13 – ISSUE OF OPTIONS TO NON-EXECUTIVE DIRECTORS

8.1 Background

The Company has agreed, subject to obtaining shareholder approval, to allot and issue a total of 600,000 options to Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn under the Employee Share Option Plan of the Company and on the terms and conditions set out below.

The proposed grant of options to Directors requires the approval of shareholders under Listing Rule 10.14.

8.2 Rationale for issue of options to Non-Executive Directors

The Non-Executive Directors of the Company have not received an increase in Directors' fees since the company was listed in May 2007. Given the current stage of development of the Company the Board has determined that there should be no increase in Directors' fees at this time. Instead, the Board has determined that Directors should be issued with a number of options to act as a reward for past performance, as a long term incentive and as a retention mechanism and to compensate for there being no increase in Non-Executive Directors' fees.

The Board acknowledges that the grant of options to Non-Executive Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of the options constitutes cost effective consideration to the Directors for their ongoing commitment and contribution to the Company and, for the reasons above, constitutes reasonable remuneration to the Directors in the circumstances of the Company and the Directors (including their responsibilities as Directors of the Company).

The number of options to be issued to Non-Executive Directors has been determined by having regard to the level of Directors' fees/salaries being received by Non-Executive Directors and is a cash free, effective and efficient way to provide an appropriate and market level of Directors' remuneration.

8.3 Terms of all options

The options are governed by the QRxPharma Employee Share 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 the higher of:

- \$1.00; or
- the share price on the date of the grant of the options.

If approved the options will be granted immediately following approval by the shareholders at the Annual General Meeting and will expire 7 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 the holder 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.

8.4 Information required under Listing Rule 10.15

Under Listing Rule 10.14, the Company cannot grant the options without shareholder approval. Accordingly, shareholder approval is sought and the Company provides the following additional information in accordance with Listing Rule 10.15:

- (a) The maximum number of options that will be issued to each Director is as follows:

Director	Number of options
Dr Peter Farrell	150,000
Dr Gary Pace	150,000
Michael Quinn	150,000
Peter Campbell	150,000
Total	600,000

- (b) The maximum number of options that may be acquired by a Director for whom approval is required under ASX Listing Rule 10.14 is (when taken together with all other options issued under the QRxPharma Employee Share Option Plan) ten percent of the diluted ordinary share capital of the Company as at the date of issue of the relevant options.
- (c) The price or the formula for calculating the price of each share to be acquired under the QRxPharma Employee Share Option Plan is set out in the individual's share option agreement. In this case the exercise price will be the higher of:
- \$1.00; or
 - the share price on the date of the grant of the options.

The acquisition price for an option granted to a Director is nil.

- (d) There have been no securities issued pursuant to the QRxPharma Employee Share Option Plan to any Director since the last shareholder approval.
- (e) Dr Peter Farrell, Dr Gary Pace, Michael Quinn, Dr John Holaday and Peter Campbell, each being Directors of the Company are entitled to participate in the QRxPharma Employee Share Option Plan.
- (f) No loan will be made by the Company to Dr Peter Farrell, Dr Gary Pace, Michael Quinn or Peter Campbell to assist them to acquire the options.
- (g) If approved, the Company will grant the options to Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell immediately following approval by shareholders at the Annual General Meeting and not later than 30 November 2010.

8.5 Other information

As Directors of the Company, each of Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell are related parties of the Company.

The grant of the options to each of Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell constitutes a financial benefit to each of them.

If the options proposed to be granted to each of Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell are exercised, the Company's share capital will increase by 600,000 shares representing 0.50% of the issued share capital of the Company (assuming the Tranche 2 Shares are issued), and diluting shareholders by a corresponding amount. This percentage will reduce further once the announced Share Purchase Plan has been completed by the Company.

The current total options and shares held by each Non-Executive Director are as follows:

Director	Shares held (assuming approval of issues to Directors under Resolutions 6 to 9)	Options held (excluding proposed options)	Proposed options	Total percent of issued capital (assuming Tranche 2 Shares are issued)
Dr Peter Farrell	1,815,540	604,089	150,000	2.147%
Dr Gary Pace	3,490,083	402,726	150,000	3.383%
Michael Quinn	466,084*	402,726	150,000	0.852%
Peter Campbell	157,000	241,635	150,000	0.460%

* This is the number of shares in which Michael Quinn has a personal beneficial interest. Michael Quinn also has an indirect relevant interest in 7,988,287 shares in his capacity as a director of Innovation Capital Associates Pty Limited who acts as Manager under a Management Deed of Innovation Capital Limited and Innovation Capital LLC.

The trading history of shares in the Company on ASX in the 12 months before the date of this notice of meeting is set out below:

	Price	Date
Highest	\$1.30	21 April 2010
Lowest	\$0.73	10 February 2010
Last	\$0.925	5 October 2010

The market price for shares during the term of the options would normally determine whether or not the options are exercised. If, at any time, any of the options are exercised and the shares are trading on the ASX at a price that is higher than the exercise price of the options, there may be a perceived cost to the Company.

8.6 Valuation of options

The Black Scholes option price calculation method has been used as a valuation model in the current circumstances where the options cannot be readily valued by some other means.

The key assumptions used in this calculation are:

- (a) the 600,000 options will 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;

- (b) the exercise price for the options will be \$1.00 and the share price on the date of the grant of the options will be \$1.00;
- (c) the price volatility of the shares since the Company listed on the ASX is 80%;
- (d) no discount has been allowed, notwithstanding the unlisted status of the options; and
- (e) the average current risk free interest rate is 5.3%.

On this basis the implied value of each option is approximately \$0.76. The current directors' fees paid to each Non-Executive Director and the implied value of options to be received by each Director is as follows:

Director	Current annual Directors' fees (including superannuation)	Implied value of options to be issued*
Dr Peter Farrell	\$60,000	\$114,175
Dr Gary Pace	\$40,000	\$114,175
Michael Quinn	\$40,000	\$114,175
Peter Campbell	\$43,600	\$114,175

* This value will be accounted for by the Company over a period of 3 years from the date of issue of the options.

Each of the Directors of the Company declines to make a recommendation to shareholders in relation to these resolutions, as they have an interest in the outcome of these resolutions.

9. RESOLUTION 14 – ISSUE OF OPTIONS TO DR JOHN HOLADAY

9.1 Background

The grant of options to Directors under the QRxPharma Employee Share Option Plan of the Company requires the approval of shareholders under Listing Rule 10.14.

Following Dr John Holaday's annual review of his performance for the year ended 30 June 2010, the board has agreed, subject to receipt of the necessary shareholder approval, to grant 250,000 employee options, all on the same terms, to Dr John Holaday, the Chief Executive Officer of the Company.

The options are governed by the QRxPharma Employee Share 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 the higher of:

- \$1.00; or
- the share price on the date of the grant of the options.

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 2010 Annual Report. In summary terms, as a company building a specialty

pharmaceutical business, the Board considers options a key tool in retaining and incentivizing executive Directors 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.

9.2 Information required under Listing Rule 10.15

Under Listing Rule 10.14, the Company cannot grant the options without shareholder approval. Accordingly, shareholder approval is sought and the Company provides the following additional information in accordance with Listing Rule 10.15:

- (a) The maximum number of options that will be issued to Dr John Holaday is 250,000.
- (b) The maximum number of options that may be acquired by a Director for whom approval is required under ASX Listing Rule 10.14 is (when taken together with all other options issued under the QRxPharma Employee Share Option Plan) ten percent of the diluted ordinary share capital of the Company as at the date of issue of the relevant options.
- (c) The price or the formula for calculating the price of each share to be acquired under the QRxPharma Employee Share Option Plan is set out in the individual's share option agreement. In this case the exercise price will be the higher of:
 - \$1.00; or
 - the share price on the date of the grant of the options.

The acquisition price for an option granted to a Director is nil.
- (d) There have been no securities issued pursuant to the QRxPharma Employee Share Option Plan to any Director since the last shareholder approval.
- (e) Dr Peter Farrell, Dr Gary Pace, Michael Quinn, Dr John Holaday and Peter Campbell, each being Directors of the Company are entitled to participate in the QRxPharma Employee Share Option Plan.
- (f) No loan will be made by the Company to Dr John Holaday to assist him acquire the options.
- (g) If approved, the Company will grant the options to Dr John Holaday immediately following approval by shareholders at the Annual General Meeting and not later than 30 November 2010.

Each of the Directors, other than Dr John Holaday, recommends that shareholders vote in favour of this resolution.

10. RESOLUTION 15 – AMENDMENT OF CONSTITUTION – DIVIDEND PAYMENT PROVISIONS

10.1 Background

There have been recent changes to the dividend payment provisions in the Corporations Act which came into effect on 28 June 2010. The changes introduce a three-tiered test that a company must satisfy before paying a dividend. This replaces the previous position that a company could only pay dividends from profits.

The new provisions of the Corporations Act provide that a company must not pay a dividend unless:

- the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and

- the payment of the dividend is fair and reasonable to the members as a whole; and
- the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

The proposed changes to the constitution reflect the new provisions of the Corporations Act and are as follows:

10.2 Amendments to Constitution

The proposed amendments to the constitution of the Company are as follows (the amendments are underlined in the text below):

"9. DISTRIBUTION OF PROFITS DIVIDENDS AND OTHER DISTRIBUTIONS

Dividends

(a) Subject to paragraph (aa) below, the directors may determine and pay such interim and final dividends as, in their judgment, the financial position of the Company justifies.

(aa) Unless otherwise permitted by the Corporations Act, the Company must not pay a dividend unless:

(i) the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and

(ii) the payment of the dividend is fair and reasonable to the members as a whole; and

(iii) the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

For the purposes of this paragraph, the assets and liabilities of the Company are to be calculated in accordance with accounting standards in force at the relevant time (even if the standard does not apply to the financial year of the Company).

(ab) The Company may pay a dividend out of share capital."

The remainder of clause will remain unaltered. The Directors consider it appropriate to update the constitution of the Company to ensure the Company has the flexibility to pay dividends in all circumstances permitted by the new provisions.

Each of the Directors of the Company recommends that shareholders vote in favour of this resolution.

11. RESOLUTION 16 – AMENDMENT OF CONSTITUTION – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

The Company's constitution contains provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act. Under the Corporations Act the provisions must be renewed every three years or they will cease to have effect. The Company adopted its current constitution (including the proportional takeover provisions) on 13 March 2007. Accordingly the provisions ceased to have effect on 13 March 2010.

If renewed by the proposed special resolution the proposed proportional takeover provisions will be in exactly the same terms as the current provisions in the constitution that have ceased to have effect and will have effect until 8 November 2013.

11.1 Explanation and reasons for the proportional takeover provisions

The proportional takeover provisions in the constitution of the Company are intended to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

A proportional takeover offer involves the bidder offering to acquire the same percentage of every shareholder's shares. This means that control of the Company may pass without shareholders having the chance to sell all their shares to the bidder. The bidder may take control of the Company without paying an adequate amount for gaining control and shareholders may be exposed to the risks of being left as a minority in the Company and of a bidder being able to acquire control of the Company without paying an adequate control premium.

The proportional takeover provisions lessen this risk because they allow shareholders to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

11.2 The effect of the proportional takeover approval provisions

If a proportional takeover offer is received, the Directors must convene a meeting of the Company to vote on a resolution to approve the proportional takeover scheme (the **Prescribed Resolution**). The meeting must be held, and the resolution voted on, prior to 14 days before the end of the period during which the offers under the proportional takeover scheme remain open. For the resolution to be approved, it must be passed by a majority of votes at the meeting, excluding votes of the bidder and its associates.

If the resolution is rejected, the registration of any transfer of shares resulting from the proportional takeover scheme will be prohibited and the offer is deemed by the Corporations Act to have been withdrawn.

If the resolution is approved, the relevant transfers of shares will be registered, provided they comply with the other provisions of the constitution.

If a meeting is not held, a resolution approving the proportional bid will be deemed under the Corporations Act to have been passed, allowing the proportional takeover scheme to proceed.

The proportional takeover provisions do not apply to full takeover bids.

11.3 No knowledge of any acquisition proposal

As at the date of this notice, no Director of the Company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

11.4 Review of advantages and disadvantages of the provisions

There were no takeover bids for the Company, either proportional or full, while the proportional takeover provisions were in operation. Accordingly there is no example against which the advantages or disadvantages of the provisions may be assessed. However, the Directors are not aware of any potential takeover bid that was discouraged by the proportional takeover provisions nor any other disadvantage to the Company arising from the provisions.

11.5 Potential advantages and disadvantages of the provisions

The Directors of the Company consider that the proposed renewal of the proportional takeover provisions has no potential advantages or disadvantages for Directors as they remain free to make a recommendation on whether a proportional takeover bid should be approved or accepted. The proposed proportional takeover approval provisions will also allow the Directors to ascertain the views of the shareholders on any proportional takeover scheme.

It is a potential advantage to all shareholders that they have the opportunity to consider and vote upon any proposed proportional takeover scheme. For a proportional takeover bid to be approved, it must be approved by more than half of the shares voted at the meeting and accordingly, the proportional takeover approval provisions are likely to cause an intending offeror to structure its offer in such a manner as to make it attractive to a majority of shareholders.

It is a potential disadvantage to shareholders that the proportional takeover approval provisions may discourage proportional takeover bids and reduce the possibility of a successful proportional takeover bid. This may in turn reduce the opportunities which shareholders may have to sell some of their shares at an attractive price to persons seeking control of the Company.

Each of the Directors of the Company recommends that shareholders vote in favour of this resolution.



QRxPharma Limited

ABN 16 102 254 151

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



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



By fax: (02) 9287 0309



All enquiries to: Telephone: (02) 8280 7111



X99999999999

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, 8 November 2010, at the Offices of DibbsBarker Lawyers, Level 8, 123 Pitt Street, Sydney NSW 2000 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 **X**

STEP 2

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Director participation in placement of Tranche 2 Shares - Michael Quinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director - Michael Quinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of Options to Director - Dr Peter Farrell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director - Dr Gary Pace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Issue of Options to Director - Peter Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of prior issue of Tranche 1 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Issue of Options to Director - Dr Gary Pace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of placement of Tranche 2 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Issue of Options to Director - Michael Quinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Director participation in placement of Tranche 2 Shares - Dr Peter Farrell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Issue of Options to Chief Executive Officer - Dr John Holaday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Director participation in placement of Tranche 2 Shares - Peter Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Amendment of constitution - dividend payment provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Director participation in placement of Tranche 2 Shares - Dr Gary Pace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Amendment of constitution - Renewal of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * 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 Items 4-14 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 those Items and that votes cast by him/her for those Items, 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 Items 4-14 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4-14.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

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 PRX002



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, 6 November 2010, 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:



ONLINE >

www.linkmarketservices.com.au

Select the 'Proxy Voting' option on the top right of the home page. Choose the company you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

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



by fax:

(02) 9287 0309



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.**