



30 November 2009

Dear Shareholder

QRxPharma Limited – Renounceable Rights Issue – Notice to Ineligible Shareholders

On 16 November 2009 QRxPharma Limited (**QRxPharma**) announced a renounceable rights issue (**Rights Issue**) of 1 fully paid ordinary share in QRxPharma (**New Share**) for every 5 QRxPharma shares held by shareholders at an issue price of \$A0.80 per New Share. The Record Date for the Rights Issue is Tuesday, 24 November 2009 (**Record Date**).

The Rights Issue is to be implemented under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by ASIC Class orders CO07/571 and CO08/35. The Rights Issue will raise approximately \$A13,600,000 (before costs) and is fully underwritten by RBS Morgans Corporate Limited.

Documents for the Rights Issue were lodged with the ASX on 16 November 2009 and are being mailed to Eligible Shareholders.

1. You Are Not Entitled to Participate in the Renounceable Rights Issue

The Rights Issue is only being made to Eligible Shareholders, on the basis of 1 New Share for every 5 QRxPharma shares held.

You are not entitled to participate in the Rights Issue and subscribe for New Shares as you are an ineligible shareholder.

QRxPharma has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A of the Corporations Act, that it would be unreasonable to make offers to QRxPharma shareholders in all countries under the Rights Issue.

2. Eligibility Criteria

Only shareholders who meet the following criteria can participate in the Rights Issue (**Eligible Shareholders**):

- (a) are registered as a holder of QRxPharma shares as at 6.00pm on the Record Date; and
- (b) have a registered address in either Australia or New Zealand or have a registered address in the United States and are 'Accredited Investors' (as defined in Rule 501(a) of Regulation D of the US Securities Act; and
- (c) are otherwise eligible under all applicable securities laws to receive an offer under the Rights Issue.

3. Opportunity to Receive Payment for your Rights

Even though you are not entitled to participate in the Rights Issue, you may receive some payment for your rights on the basis of your shareholding in QRxPharma on the Record Date.

QRxPharma has appointed the underwriter of the Rights Issue – RBS Morgans Corporate Limited - as the nominee for ineligible shareholders and RBS will be entitled to apply for New Shares which would otherwise have been available for subscription by ineligible shareholders.

RBS will then endeavour to offer those rights for sale to sophisticated investors and professional investors (as defined under sections 708(8) or 708(11) of the Corporations Act) and your proportion of any proceeds of sale (net of expenses) will be distributed to you.

Please note that QRxPharma cannot guarantee that the rights offered for sale by RBS will be purchased by investors. If this occurs, you will not receive any payment.

4. Not an Offer to Issue New Shares to You

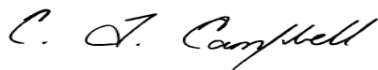
This notice is to inform you about the Rights Issue. It is **not** an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

You are not required to do anything in response to this letter.

If you have any questions in relation to this letter, please contact the QRxPharma Offer Information Line on 1800 612 532 (free call from within Australia) or +61 2 8280 7713 (outside Australia) from 8.30am to 5.30pm (AEST/Sydney time) Monday to Friday.

On behalf of the Board and management of QRxPharma, thank you for your continued support.

Yours faithfully
QRxPharma Limited



Chris Campbell
Company Secretary

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any “U.S. Person” (as defined in Regulation S under the United States Securities Act of 1933, as amended (**Securities Act**) (**U.S. Person**)). The New Shares offer in the Rights Issue have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, absent registration or an exemption from registration under the Securities Act or pursuant to a transaction not subject to the registration requirements of the Securities Act.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax adviser, stockbroker or other professional adviser.