ASX RELEASE
24 October 2008

FIRST QUARTER OPERATING UPDATE

FDA Accepts Streamlined Phase 3 Development Plan for MoxDuo™ IR (Q8003IR) "Dual Opioid™" Pain Therapy

Sydney, Australia & Bedminster, NJ – QRxPharma Limited (ASX: QRX and OTCQX: QRXPY), announced that cash utilisation in the quarter ending 30 September 2008, as detailed in the Appendix 4C released today, is aligned with prior expectations, and the Company retains A$29.9 million in cash reserves.

"The Company is emphasising business development efforts as it continues to closely manage its cash position while progressing its Phase 3 development programme for the lead product candidate MoxDuo ™ IR (Q8003IR), an immediate release Dual Opioid ™ (morphine plus oxycodone) product for the treatment of moderate to severe pain" said Dr. John Holaday, Managing Director and CEO of QRxPharma.

Following the successful completion of the first Phase 3 trial, the Company met in July 2008 with the US Food and Drug Administration (FDA) to validate next steps for its proposed Phase 3 protocol designs and statistical analyses to demonstrate the efficacy and safety of MoxDuo ™ IR. Only two more Phase 3 trials will be required by the FDA for NDA filing. Under this streamlined clinical development programme, no additional pharmacology, toxicology or long-term clinical safety studies will be required for regulatory submission and market approval. The final Phase 3 studies for MoxDuo ™ IR will include a combination rule study in patients experiencing post-surgery (bunionectomy) pain and a placebo controlled study in patients following total knee replacement.

"This is a significant and positive outcome," said Dr. Holaday, commenting on the FDA review meeting. "Acceptance of QRxPharma's streamlined development plan for MoxDuo ™ IR is a measure of success in terms of reduced risk, resource efficiencies, and potential value of dual opioids. We believe this outcome serves to reinforce the soundness of our business strategy – to expand the clinical utility of existing compounds and deliver new treatments for targeted indications with well-defined paths to regulatory approval and sales."

Pilot comparator studies are being designed to evaluate the efficacy and side effect profiles of MoxDuo ™ IR against equi-analgesic doses of morphine and oxycodone alone, and to determine the clinical profile of MoxDuo ™ IR in the treatment of pain following knee replacement.

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QRxPharma also confirms quarterly progress relating to its other clinical pipeline candidates and preclinical stage drugs:

- MoxDuo ™ CR (Q8011CR), a formulation of QRxPharma Dual Opioid ™ designed to provide 12 hours of pain relief in patients with moderate to severe pain, continues on track to initiate Phase I studies in 2009.

- Clinical trials have been designed to evaluate the intravenous formulation of QRxPharma's Dual Opioid ™, MoxDuo ™ IV (Q8012IV) for the immediate post-surgical treatment of hospital-based pain; these trials are anticipated to commence in the first quarter of 2009.

- QRxPharma's Dystonia and Parkinson's Disease development program with a family of small molecules is making progress under a collaborative research agreement with the University of Alabama to confirm the preclinical efficacy of its lead molecules.

- Business development efforts are proceeding with QRxPharma's venomics platform to secure strategic relationships for the clinical and commercial development of these venom-derived coagulants.

The Company has also obtained a portfolio of market makers on the International OTCQX through its Principal American Liason (PAL) relationship with Merriman Curhan Ford. Trading was initiated on June 30, 2008 with the International PrimeQX under the ticker QRXPY. The OTCQX listing initiative is part of a broad strategy to maximise value, provide access to U.S. investors, and increase liquidity.

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Forward Looking Statements

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations. Any statement in this release that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections as they are currently available to the management of QRxPharma. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include risks relating to the stage of products under development; uncertainties relating to clinical trials; dependence on third parties; future capital needs; and risks relating to the commercialisation of the Company's proposed products.

About QRxPharma

QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) is a clinical-stage specialty pharmaceutical company focused on the development and commercialisation of new treatments for pain management and central nervous system (CNS) disorders. Based on a business strategy to expand the clinical utility and commercial value of marketed and/or existing compounds, the Company's product portfolio includes both late and early stage clinical drug candidates with well-defined paths to regulatory approval and sales. QRxPharma intends to directly commercialise its products in the US and seek strategic partnerships abroad. QRxPharma's lead compound, MoxDuo ^{TM} IR (Q8003IR), completed its first Phase 3 clinical trial in April 2008, having met all primary and secondary endpoints. The Company's preclinical and clinical pipeline includes other technologies in the fields of pain management, neurodegenerative disease and venomics. For more information: www.QRxPharma.com.

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

QRxPharma Limited

ABN

16 102 254 151

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from customers	-	-
1.2	Payments for (a) staff costs	(623)	(623)
	(b) advertising and marketing	-	-
	(c) research and development	(2,555)	(2,555)
	(d) leased assets	-	-
	(e) other working capital	(292)	(292)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	327	327
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refund / (paid)	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(3,143)	(3,143)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	(3,143)	(3,143)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(14)	(14)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (Bank Accepted Commercial bills and Term Deposit with maturity greater than 3 months)	-	-
	Net investing cash flows	(14)	(14)
1.14	**Total operating and investing cash flows**	(3,157)	(3,157)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(3,157)	(3,157)
1.21	Cash at beginning of quarter/year to date	29,672	29,672
1.22	Exchange rate adjustments to item 1.20	3,405	3,405
1.23	**Cash at end of quarter**	29,920	29,920

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	117
1.25	Aggregate amount of loans to the parties included in item 1.11	$-

1.26 Explanation necessary for an understanding of the transactions

Payments include salary and wages and consultancy fees on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	457	654
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Bank Accepted Commercial Bills and Term Deposits with maturity of less than 3 months	29,463	29,018
	Total: cash at end of quarter (item 1.23)	29,920	29,672

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Nil	Nil
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 24 October 2008.
(Company Secretary)

Print name: Chris J Campbell

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.