ASX RELEASE
26 July 2013

QUARTERLY OPERATING UPDATE
30 JUNE 2013

Sydney, Australia & Bedminster, NJ – QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) announced that the Company retains A$12 million in cash reserves at 30 June 2013, as detailed in the Appendix 4C released today.

During the quarter, the Company announced that the planned 17 July 2013 US Food and Drug Administration (FDA) Advisory Committee meeting to consider the immediate release MOXDUO combination opioid analgesic New Drug Application (NDA) will be delayed in order to allow the Company and the FDA time to fully consider results of recent findings for Study 022. This delay also impacts the timing of the Prescription Drug User Fee Act (PDUFA) date which was 26 August 2013.

During preparation for the Advisory Committee Meeting, QRxPharma found that for 17% of the 375 patients enrolled in Study 022, the timing of the electronically collected oxygen desaturation information at one trial site did not accurately reflect the local time zone or changes relating to daylight savings time. For these patients, this resulted in a displacement of electronic oxygen desaturation data relative to nurse-reported events by 1 or 2 hours out of the 48-hour study. The Company notified the FDA of this finding and is in the process of undertaking further analysis to confirm the integrity of the data set and that the safety conclusions for Study 022, submitted as part of the re-filed NDA in late February 2013, remain unchanged. Initial analysis by the Company shows that adjustments for timing should have no significant effect on the conclusion that MOXDUO demonstrated a respiratory safety advantage over equi-analgesic doses of morphine or oxycodone.

The Company expects to complete and submit its revised analysis of oxygen desaturation data from Study 022 during August, and the FDA will then confirm a new date for the Advisory Committee meeting and a new PDUFA date.

The Company is confident in MOXDUO as a therapeutic option for patients. Actavis Inc, QRxPharma's US commercialisation partner, remains committed to both Company and product, and is supportive of the Company's sustained effort to obtain FDA approval of its NDA for MOXDUO, and to launch MOXDUO into the $2.5 billion US acute pain marketplace.

During the quarter, QRxPharma also announced the United States Patent and Trademark Office (USPTO) issued the Company U.S. Patent #8,461,171 titled "Hybrid Opioid Compounds and Compositions," which expires in 2031. While immediate release MOXDUO is a combination of two separate opioid salts in the same capsule, this patent covers a hybrid morphine-oxycodone molecule where these two different opioids are chemically linked. The resulting

new composition of matter has activity that is greater than equimolar amounts of the molecules administered separately. The patent covers the development of new chemical entities that have the potential to provide better pain relief and fewer side effects than their individual components.

Following the close of the quarter, the Company announced the execution of a Collaboration Agreement with Aesica Formulation Development Limited, a subsidiary of Aesica Pharmaceuticals Limited, for the world-wide promotion of QRxPharma's proprietary Stealth Beadlets® abuse deterrence technology. Aesica supplies pharmaceutical contract development and manufacturing services globally and operates six manufacturing sites across the UK, Germany and Italy.

Under the non-exclusive Collaboration Agreement, Aesica will promote QRxPharma's Stealth Beadlets technology for inclusion in their clients' existing formulations of controlled drugs. Aesica will enter into fee-for-service contracts with such third parties for the development of the new Abuse Deterrent Formulations (ADF) of specific drugs of interest, whilst QRxPharma will negotiate license terms directly with each party.

QRxPharma's proprietary Stealth Beadlets abuse deterrence technology was developed for the controlled release MOXDUO formulation for the treatment of chronic pain. Stealth Beadlets may be incorporated into almost any potentially abused drug (e.g. opioids, amphetamines, sedatives, etc.) that are sold in solid dosage forms (e.g. tablet, capsule, sachet); they provide significant resistance against the extraction of active ingredients if crushed, solubilized or heated.

The operating cash flow for the quarter is in accordance with the expectations of the Board of Directors and resulted primarily from the Company's continuing efforts to secure NDA approval for immediate release MOXDUO in the US and activities associated with the preparation of the regulatory filings in Canada, Europe and Australia.

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About QRxPharma

QRxPharma Limited is an Australian based, commercial-stage specialty pharmaceutical company focused on the development and commercialisation of new treatments for pain management. The Company's product portfolio includes both late and early stage clinical drug candidates with the potential for reduced risk, abbreviated development paths, and improved patient outcomes. The Company's lead product candidate, immediate release MOXDUO® for the treatment of acute pain, is presently under review at the US Food and Drug Administration. QRxPharma entered into strategic collaborations with Actavis Inc. in December 2011 and Paladin Labs Inc. in October 2012 for the commercialisation of immediate release MOXDUO® in the US and Canadian acute pain markets respectively. In July 2013, QRxPharma announced a collaboration agreement with Aesica Formulation Development Limited, for the world-wide promotion of QRxPharma's proprietary Stealth Beadlets® abuse deterrence technology. Additionally, the Company's clinical pipeline includes an intravenous (IV) and controlled release (CR) formulation of MOXDUO. For more information, visit www.qrxpharma.com.

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.

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 June 2013

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from customers	-	-
1.2	Payments for (*a*) staff costs	(778)	(3,509)
	(b) advertising and marketing	-	-
	(c) research and development	(1,733)	(7,463)
	(d) leased assets	-	-
	(e) other working capital	(785)	(3,167)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	12	60
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refund / (paid)	-	-
1.7	Other – Cost recoveries received	-	1,634
	Other – License fee received	-	485
	Other – Export market development grant	150	150
	Net operating cash flows	(3,134)	(11,810)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	(3,134)	(11,810)
	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	-	(13)
	(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	-	(13)
1.14	**Total operating and investing cash flows**	(3,134)	(11,823)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	127	153
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	-	-
	Net financing cash flows	127	153
	Net increase (decrease) in cash held	(3,007)	(11,670)
1.21	Cash at beginning of quarter/year to date	13,879	22,950
1.22	Exchange rate adjustments to item 1.20	1,088	680
1.23	**Cash at end of quarter**	11,960	11,960

+ 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	$218
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, directors' fees 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	561	861
4.2	Deposits at call	7	7
4.3	Bank overdraft	-	-
4.4	Bank Accepted Commercial Bills and Term Deposits with maturity of less than 3 months	11,392	13,011
	Total: cash at end of quarter (item 1.23)	11,960	13,879

Acquisitions and disposals of business entities

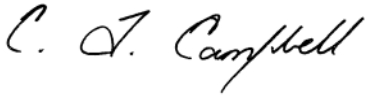
		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Nil	Nil
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

+ 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: 26 July 2013
(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.