Rights Issue

QRxPharma Limited ACN 102 254 151

Details of a 1 for 5 Renounceable Rights Issue of QRxPharma Limited Ordinary Shares at an Issue Price of A$0.80 per New Share

The Rights Issue Closes at 5.00 pm (Sydney Time) on Tuesday, 15 December 2009

Lead Manager & Underwriter
RBS Morgans Corporate Limited

This Rights Issue Booklet is **not** a prospectus and has not been lodged with ASIC. It does not contain all the information that an investor would find in a prospectus or on which an investor would expect to make an informed decision as to whether or not to accept this offer. As QRxPharma is a listed disclosing entity which meets the requirements of section 708AA of the Corporations Act as modified by ASIC Class Order CO 08/35, the Rights Issue will be made without a prospectus.

This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention and if you are in any doubt about its contents or the course of action you should take, please call your broker or professional adviser if you have any questions.

Important Notices

INTRODUCTION

This Rights Issue Booklet (**Rights Issue Booklet**) contains an offer of New Shares to Eligible Shareholders in Australia, New Zealand and the US and has been prepared in accordance with section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as notionally modified by Australian Securities and Investments Commission (ASIC) Class Order 08/35.

This Rights Issue Booklet is dated 16 November 2009.

RESPONSIBILITY

This Rights Issue Booklet (including the Investor Presentation) and the enclosed personalised Entitlement and Acceptance Form have been prepared by QRxPharma Limited (ACN 102 254 151 (**QRxPharma**).

No person other than QRxPharma has authorised or caused the issue of this Rights Issue Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Rights Issue Booklet.

FUTURE PERFORMANCE AND FORWARD LOOKING STATEMENTS

Neither QRxPharma nor any other person warrants or guarantees the future performance of the New Shares or Additional New Shares or any return on any investment made under this Rights Issue Booklet. Forward looking statements, opinions and estimates provided in this Rights Issue Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of QRxPharma, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Rights Issue Booklet.

CURRENCY

Unless otherwise specified, all dollar values in this Rights Issue Booklet are in Australian dollars (**A$**).

FOREIGN JURISDICTIONS

This Rights Issue Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to lodge this Rights Issue Booklet in any jurisdiction outside of Australia, or to otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia, New Zealand and the US.

The distribution of this Rights Issue Booklet (including an electronic copy) outside Australia, New Zealand and the US is restricted by law. If you come into possession of this Rights Issue Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

IMPORTANT INFORMATION – UNITED STATES

Neither the U.S. Securities and Exchange Commission (**SEC**) nor any U.S. state securities commission has approved or disproved of the Rights issue and the New Shares offered under the Rights Issue or passed upon the adequacy or accuracy of this Rights Issue Booklet. Any representation to the contrary is a criminal offence. The Rights Issue and the New Shares offered under the Rights Issue will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

The Rights Issue and the New Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any "U.S. Person" (as defined in Regulation S under the Securities Act (**U.S. Person**) except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act and state or other securities laws.

QRxPharma is offering the Rights Issue and the New Shares offered under the Rights Issue only to a limited number of U.S. investors that are:

(a) Eligible Shareholders; and

(b) "Accredited Investors" within the meaning of Rule 501(a) of Regulation D of the Securities Act (**Accredited Investors**) (**US Eligible Shareholders**).

NO SALE OF THE NEW SHARES WILL BE MADE IN THE US OR TO ANY US PERSON WHO DOES NOT EXECUTE AND DELIVER, FOR THE BENEFIT OF QRxPHARMA, A DECLARATION IN THE FORM ACCOMPANYING THIS RIGHTS ISSUE BOOKLET SENT TO US ELIGIBLE SHAREHOLDERS ONLY (**Investment Declaration**).

IMPORTANT INFORMATION – NEW ZEALAND RESIDENTS

The New Shares being offered under this Rights Issue Booklet are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the *Securities Act* (*Overseas Companies*) *Exemption Notice* 2002 (New Zealand). This Rights Issue Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

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QRxPHARMA WEBSITE

To view annual reports, shareholder and company information, news announcements, background information on QRxPharma's business and historical information, please visit QRxPharma's website at **www.qrxpharma.com**

Chairman's Letter

16 November 2009

DEAR SHAREHOLDER

QRxPharma Limited – Renounceable Rights Issue

On behalf of QRxPharma Limited (**QRxPharma**), I am pleased to invite you to participate in a renounceable pro-rata rights issue which gives you the opportunity (an **Entitlement** or Right) to subscribe for 1 new QRxPharma ordinary share (**New Share**) for every 5 existing QRxPharma ordinary shares (**Shares**) you held, at an issue price of A$0.80 per New Share (the **Rights Issue**).

On 16 November 2009, QRxPharma announced it had completed a placement of shares to institutional investors (**Institutional Placement**) raising A$8 million. In addition to this QRxPharma has announced a Rights Issue to raise A$13.6 million.

The Placement and Rights Issue have been fully underwritten by RBS Morgans Corporate Limited, and will raise A$21.6 million.

All of the directors of QRxPharma intend to participate in the Rights Issue. Further, Michael Quinn, Peter Campbell and Peter Farrell intend to subscribe for all of the New Shares to which they are personally entitled.

QRxPharma intends to use the proceeds of the Rights Issue and the Institutional Placement for funding the Phase 3 drug development and expenditure programme of its MoxDuo™ IR (immediate release) dual opioid product inclusive of the lodgement of a New Drug Application with the US Food and Drug Administration, and for additional working capital purposes.

QRxPharma has made significant progress in recent months including:

- The completion of a pilot study which compared the efficacy and safety profile of MoxDuo™ IR to corresponding doses of oxycodone and morphine in patients experiencing moderate to severe pain following a scheduled bunionectomy procedure. Patient data found that MoxDuo™ IR reduced pain significantly more than its component doses; further, when compared to equianalgesic doses of morphine and oxycodone, MoxDuo™ IR produced fewer and less intense side effects.
- Successful completion of a second pilot study to evaluate the analgesic efficacy and safety profile of MoxDuo™ IR was conducted on patients following total knee replacement surgery. Results demonstrated that when compared at equianalgesic doses with Percocet®, MoxDuo™ IR demonstrated greater overall tolerability with substantially fewer incidences of moderate to severe nausea, vomiting, constipation and hypotension than Percocet®.
- The appointment of Patheon to manufacture clinical supplies of MoxDuo™ CR, the Company's controlled release formulation of MoxDuo™ to enable the initiation of Phase 1 clinical studies.
- The Company finalised a deal with Liaoning Nuokang Medicines Co Ltd, a Chinese biopharmaceutical company, to develop and commercialise QRxPharma's venomics assets for the Chinese market.

This capital raising will allow QRxPharma to continue its progress towards further important milestones including the commercialisation of MoxDuo™ for IR application which the Board believes will add significant shareholder value.

You will find enclosed in this mail pack important information, including:

- key dates for the Rights issue;
- the Investor Presentation materials released to the ASX with the announcement of the Rights Issue;
- instructions on "How to Apply" setting out how to accept all or part of your Entitlement or apply for additional New Shares in the Rights Issue if you choose to do so[1];
- instructions on selling some or all of your Entitlements, if you choose to do so (instead of accepting your full Entitlement by applying for New Shares or allowing your Entitlements to lapse); and
- an Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions on "How to Apply".

The Rights Issue closes at 5.00 pm (Sydney time) on Tuesday, 15 December 2009.

To participate, you need to ensure that your completed Entitlement and Acceptance Form (with your Application Monies) is received by QRxPharma **OR** that you have paid your Application Monies via BPAY® prior to the Rights Issue closing date and time, in line with the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions on "How to Apply" that accompany this letter for further information.

Entitlements are renounceable, which means that Eligible Shareholders who do not wish to participate in the Rights Issue will have the opportunity of trading their Entitlements on the ASX. In addition, shareholders are able to apply for more shares than their Entitlement.

QRxPharma has enjoyed very strong shareholder support since its listing in May 2007, and is conscious of providing all shareholders with the opportunity, where possible, to participate in the future growth of the company.

We look forward to your consideration of this Rights Issue and your continued support.

Yours faithfully
QRxPharma Limited

Peter Farrell
Chairman

1 There is no guarantee of the number of new shares (if any) that will be available for shareholders to take-up in addition to their entitlement under the Rights Issue. The allocation policy of any applications for additional shares will be determined by the Lead Manager and Underwriter and QRxPharma in their absolute discretion.

Key Dates for the Rights Issue

EVENT	DATE
Ex-Date and rights trading commences	Wednesday, 18 November 2009
Record Date for the Rights Issue	**6:00pm on Tuesday, 24 November 2009**
Mailing of Rights Issue Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Monday, 30 November 2009
Rights Issue opening date – mailing of Rights Issue Booklet and Entitlements and Acceptance Form to Eligible Shareholders	**Monday, 30 November 2009**
Rights trading ends	Tuesday, 8 December 2009
Deferred Settlement trading commences	Wednesday, 9 December 2009
Rights Issue closing date – last date for receipt of acceptances and payment of application money in full	**5:00pm on Tuesday, 15 December 2009**
Issue of New Shares under the Rights Issue	Monday, 21 December 2009
Despatch of holding statements and CHESS notices and Deferred Settlement trading ends	Monday, 21 December 2009
Normal trading of New Shares issued under the Rights Issue expected to commence on ASX	Tuesday, 22 December 2009

Note: Dates and times are indicative only and subject to change. All times and dates refer to Australian Eastern Daylight Savings Time (AEDST) (Sydney time).

Applicants are encouraged to submit their Entitlement and Acceptance Form and application moneys as soon as possible after the Rights Issue opens. QRxPharma, in conjunction with the Underwriter, reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary any of the above dates of the Rights Issue, including extending the Rights Issue or accepting late applications, either generally or in particular cases, without notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. No cooling off rights apply to the Rights Issue.

Your Entitlement is renounceable, which means that if you do not wish to acquire New Shares, you may sell your Entitlement on the ASX or otherwise deal with them. It is important that you accept all or part of your Entitlement or deal with your Entitlement as described in this Rights Issue Booklet. Shareholders who take no action in respect of their Entitlement will receive no benefit and their Entitlement will lapse.

If you are in doubt as to the course you should follow you should consult your stockbroker, accountant, solicitor or other independent professional adviser.

1. Details of the rights issue

1.1 INTRODUCTION

Eligible Shareholders are being offered the opportunity (**Entitlement**) to subscribe for 1 new QRxPharma ordinary share (**New Share**) for every 5 QRxPharma ordinary shares (**Shares**) held at 6.00 pm (Sydney time) on Tuesday, 24 November 2009, at the issue price of A$0.80 per New Share (**Issue Price**). The Rights Issue is underwritten by the Underwriter and will raise approximately A$13.6 million (before the deduction of related expenses) and result in the issue of 17,000,000 New Shares.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that New Shares in excess of Entitlements will only be allocated to Eligible Shareholders if and to the extent that QRxPharma and the Underwriter jointly so determine, in their absolute discretion, having regard to circumstances as at the time of the close of the Rights Issue. Any New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares available due to a shortfall in valid applications. QRxPharma may apply any scale-back (in its absolute discretion).

The Rights Issue is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus. As a result, it is important for Eligible Shareholders to read and understand the information on QRxPharma and the Rights Issue made publicly available, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please refer to this Rights Issue Booklet, QRxPharma's interim and annual reports and other announcements made available at www.qrxpharma.com and also at www.asx.com.au (including QRxPharma's Financial Report for the financial year ended 30 June 2009 that was released to ASX on 28 September 2009).

1.2 YOUR ENTITLEMENT

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 5 Shares you held as at the record date of 6.00 pm (Sydney time) on Tuesday, 24 November 2009, rounded up to the nearest whole New Share.

If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Shares issued pursuant to the Rights Issue will be fully paid and rank equally with existing QRxPharma ordinary shares on issue.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up.

1.3 ELIGIBLE SHAREHOLDERS

Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 6.00pm on Tuesday, 24 November 2009, (the **Record Date**);
- have a registered address in either Australia or New Zealand or have a registered address in the US and are US Eligible Shareholders; and
- are otherwise eligible under all applicable securities laws to receive an offer under the Rights Issue.

1.4 COMMENCEMENT OF THE RIGHTS ISSUE

The Rights Issue opens on Monday, 30 November 2009 and is expected to close at 5.00 pm (Sydney time) on Tuesday, 15 December 2009. QRxPharma reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates of the Rights Issue, including extending the Rights Issue or accepting late applications, either generally or in particular cases, without notice. No cooling off rights apply to the Rights Issue.

1.5 APPLICATIONS

Detailed information on how to apply for New Shares is set out in Section 2 of this Rights Issue Booklet in the section "How to Apply". Eligible Shareholders wishing to acquire New Shares under the Rights Issue are encouraged to submit their Entitlement and Acceptance Form and Application Monies or make their BPAY® payment as soon as possible after the Rights Issue opens.

1.6 UNDERWRITING

The Rights Issue is fully underwritten by RBS Morgans Corporate Limited (the **Underwriter**). For further information on the underwriting arrangements, including the circumstances entitling the Underwriter to terminate its underwriting obligations, please refer to Section 3.11 of this Rights Issue Booklet. The Underwriter has not authorised or caused the issue of, and takes no responsibility for, this Rights Issue Booklet.

1.7 INELIGIBLE SHAREHOLDERS

The Offer is being made to Eligible Shareholders with registered addresses in Australia, New Zealand and the US only.

In accordance with the ASX Listing Rules and the Corporations Act, QRxPharma has decided that it would be unreasonable to extend the Rights Issue to shareholders in countries other than Australia, New Zealand and the US, having regard to:

- the number of shareholders with a registered address in those countries;
- the number and value of New Shares that would be issued under the Rights Issue to shareholders with a registered address in those countries; and
- costs of complying with legal and other regulatory requirements in those countries.

In the case of shareholders with registered addresses outside Australia, New Zealand and the US (**Ineligible Shareholders**), QRxPharma has appointed the Underwriter as its nominee to sell their Entitlements (rights) on the ASX if there is a viable market in the Entitlements and a premium over the expenses of sale of the Entitlements can be obtained. Any such sale will be made at prices and in such a manner as the nominee in its absolute discretion may determine. Any interest earned on the proceeds of sale of Entitlements will be applied against expenses of such sale, including brokerage. The net proceeds of sale of Entitlements (if any), after deducting all costs involved in the sale process and subsequent distribution of such proceeds, will be distributed, in Australian dollars, proportionally to the Ineligible Shareholders on whose behalf those Entitlements have been sold.

Neither QRxPharma nor the nominee will be liable for any failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of Ineligible Shareholders, their Entitlements will be allowed to lapse with no payment to the Ineligible Shareholders and the Underwriter will subscribe for, or procure subscriptions for the relevant New Shares.

1.8 WHAT IS THE POSITION WITH NOMINEES?

The Rights Issue is being made to Eligible Shareholders. QRxPharma is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where any holder is acting as a nominee for a foreign person that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue is compatible with applicable foreign laws.

1.9 ENTITLEMENTS TRADING

Entitlements are renounceable and can be traded on the ASX. Entitlements will commence trading on Wednesday, 18 November 2009 and end on Tuesday, 8 December 2009. If you do not wish to take up any of your Entitlement, you may sell or transfer your Entitlement by following the instructions set out below.

To accept some of the New Shares offered and sell your remaining Entitlements through a stockbroker, insert in the boxes on the front of the Entitlement and Acceptance Form:

- the number of New Shares accepted; and
- the amount of your cheque for those New Shares,

or make a BPAY® payment for the number of New Shares accepted, in accordance with the instructions in the Entitlement and Acceptance Form.

Indicate in the "Instructions to Your Stockbroker" section of the Entitlement and Acceptance Form, the number of New Shares you are accepting, the amount of your payment for those New Shares and the number of Entitlements which you intend to sell. Send the Entitlement and Acceptance Form to your stockbroker (together with your cheque for the Shares accepted, if you are paying by cheque). The sale of your Entitlements must be completed by Tuesday, 8 December 2009 when Entitlements trading ceases.

To sell all of your Entitlements through a stockbroker, insert the information required in the "Instructions to Your Stockbroker" section of the Entitlement and Acceptance Form. Send the Entitlement and Acceptance Form to your stockbroker. The sale of your Entitlements must be completed by Tuesday, 8 December 2009 when Entitlements trading ceases.

To renounce some or all of your Entitlements other than through a stockbroker (issuer sponsored holders), obtain a Standard Renunciation Form from your stockbroker or Link Market Services. Complete the Standard Renunciation Form with the number of Entitlements you are renouncing, making sure that it is signed by both you and the buyer, and your SRN (Security Reference Number) is noted. If you are accepting some of the New Shares offered, insert in the boxes on the front of the Entitlement and Acceptance Form:

- the number of New Shares accepted; and
- the amount of your cheque for those New Shares,

or make a BPAY® payment for the number of New Shares accepted, in accordance with the instructions in the Entitlement and Acceptance From.

Lodge both the Standard Renunciation Form and the Entitlement and Acceptance Form with the Registry by 5.00 pm on Tuesday, 8 December 2009 together with your cheque for any New Shares you are accepting (if you are paying by cheque).

Entitlements trading commences on Wednesday, 18 November 2009 and ceases on Tuesday, 8 December 2009 by which time any sale of part or all of your Entitlement must be completed.

If you do nothing

If you do not take up or sell your Entitlement, it will lapse on Tuesday, 8 December 2009.

1.10 SHAREHOLDER ENQUIRIES

If you are in doubt as to the course you should follow you should consult your stockbroker, accountant, solicitor or other professional adviser.

If you:

- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the QRxPharma Shareholder Information Line on 1800 612 532 (free call from within Australia) or on +61 2 8280 7713 (from outside Australia) at any time from 8.30 am to 5.30 pm (Sydney time) Monday to Friday whilst the Rights Issue is open.

2. How to apply

2.1 CONSIDER THE RIGHTS ISSUE IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES

Please consult with your stockbroker, accountant, solicitor or other independent professional adviser if you have any queries or are uncertain about any aspects of the Rights Issue. You should also refer to the "Risks" disclosed in the Investor Presentation.

2.2 ACCEPTANCE OF ALL OR PART OF YOUR ENTITLEMENT

If you decide to take up all or part of your Entitlement then you must complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

In addition to these requirements, US Eligible Shareholders must return a signed Investor Declaration to QRxPharma (in the form accompanying this Rights Issue Booklet and as sent to US Eligible Shareholders) before 5:00pm on Tuesday, 15 December 2009.

Signed Investor Declarations must be emailed or faxed to the company secretary as follows:

- to Chris.Campbell@QRxPharma.com; or
- to +61 2 8920 0314

QRxPharma will treat you as applying for as many New Shares as your payment will pay for in full. Amounts received by QRxPharma in excess of your Entitlement may be treated as an application to apply for as many Additional New Shares as this excess amount will pay for in full.

If you decide to take up all or part of your Entitlement then you must ensure that you submit your personalised Entitlement and Acceptance Form with the requisite Application Monies (and your signed Investor Declaration for US Eligible Shareholders only) before the close of the Rights Issue at 5:00pm on Tuesday, 15 December 2009. New Shares will be issued on Monday, 21 December 2009.

2.3 ADDITIONAL NEW SHARES AND ALLOCATION POLICY

All Eligible Shareholders will be allocated New Shares applied for up to their Entitlement. Eligible Shareholders may also apply for New Shares in excess of their Entitlement. If you wish to apply for Additional New Shares, you are required to complete the Entitlement and Acceptance Form in accordance with the instructions on the form.

QRxPharma reserves the right to allot any Additional New Shares if, and to the extent that QRxPharma and the Underwriter jointly so determine, in their absolute discretion, having regard to circumstances as at the time of the close of the Rights Issue. Any New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares available due to a shortfall in valid applications.

If you apply for Additional New Shares then, subject to QRxPharma's absolute discretion to scale-back your application for Additional New Shares (in whole or part), you will be issued these on Monday, 21 December 2009. QRxPharma's decision on the number of New Shares to be allocated to you will be final.

No Additional New Shares will be issued to a Shareholder which will result in them increasing their voting power in QRxPharma above 20%.

The Underwriter will subscribe for, or procure subscriptions for, any remaining shortfall in accordance with the Underwriting Agreement.

2.4 PAYMENT METHODS

You may make payment of your Application Monies by BPAY® or by cheque, bank draft or money order.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form.

If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which that Reference Number applies.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5:00pm on Tuesday, 15 December 2009 (subject to any variation). You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares (only where the amount is A$1.00 or greater) will be refunded as soon as practicable. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by cheque, bank draft or money order

You should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "QRxPharma Rights Issue" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to A$0.80 multiplied by the number of New Shares and Additional New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application may not be accepted. Please note that post dated cheques may not be accepted.

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares (only where the amount is A$1.00 or greater) will be refunded as soon as practicable. No interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

To participate in the Rights Issue, your payment must be received by the Registry no later than the close of the Rights Issue, at **5:00pm on Tuesday, 15 December 2009** (subject to any variation). Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies to:

QRxPharma Limited Offer
C/O Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

A reply paid envelope is enclosed for the convenience of Eligible Shareholders based in Australia. Eligible shareholders in New Zealand and the US will need to affix the appropriate postage.

2.5 REPRESENTATIONS BY ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form with Application Monies or making a payment by BPAY®, you will be deemed to have represented that you are an Eligible Shareholder. You will also be deemed to have represented on behalf of each person on whose account you are acting that you acknowledge that the New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares (and the New Additional Shares) may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

2.6 BROKER STAMPING FEES

A broker stamping fee of 1.5% (plus GST) will be paid on the value subscribed pursuant to a stamped Entitlement and Acceptance Form, subject to the following conditions:

- the broker stamping fee will be limited to A$500 in respect of any one Entitlement and Acceptance Form;
- where an Eligible Shareholder lodges more than one Entitlement and Acceptance Form, the fee is only payable on one Entitlement and Acceptance Form;
- if an individual is applying on behalf of more than one beneficial holder, a list of beneficial holders must be provided in order to receive up to the maximum amount of A$500 per beneficial holder;
- broker stamping fees will only be paid to participating organisations of the ASX and members of the Financial Planning Association of Australia Limited; and
- broker stamping fees will only be paid on BPAY® applications where a Broker Stamping Fee Claim Form and schedule is submitted to the Registry no later than 5:00pm on Tuesday, 15 December 2009. The Broker Stamping Fee Claim Form and schedule (including details of how to submit this form) is available from the Registry on 1800 612 532 (free call from within Australia) or +61 2 8280 7713 (outside Australia) at any time from 8.30 am to 5.30 pm (Sydney time) Monday to Friday during the Rights Issue offer period.

3. Additional important information

3.1 INVESTMENT DECISIONS AND RISKS

You should read this Rights Issue Booklet carefully and in its entirety before deciding whether to invest in New Shares or Additional New Shares.

In particular, you should consider the risk factors outlined in the "Risks" section of the Investor Presentation (enclosed in this Rights Issue Booklet as an Annexure). Those risk factors could affect the operating and financial performance of QRxPharma or the value of an investment in QRxPharma.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Rights Issue.

3.2 ASX QUOTATION OF NEW SHARES

QRxPharma has applied for the grant by ASX of official quotation of the New Shares. It is expected that normal trading will commence in relation to the New Shares issued under the Rights Issue on Tuesday, 22 December 2009. QRxPharma disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the Official List of ASX or receiving their confirmation of issue, whether on the basis of confirmation of the allocation provided by QRxPharma, the Registry or the Underwriter.

3.3 NO COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw your application once it has been accepted.

3.4 NOT INVESTMENT ADVICE

This Rights Issue Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. QRxPharma is not licensed to provide financial product advice in respect of the New Shares or Additional New Shares. The Rights Issue Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares or Additional New Shares.

Before deciding whether to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Rights Issue Booklet, you have any questions about the Rights Issue, you should contact your stockbroker, accountant, solicitor or other independent professional adviser.

3.5 TAXATION

There may be tax consequences for shareholders who decide to participate in the Rights Issue and receive New Shares or to transfer or sell their Entitlement (in whole or in part). QRxPharma does not consider that it is appropriate to give advice regarding the taxation consequences of applying for New Shares under the Rights Issue or the sale of Entitlements. The taxation consequences will depend on the circumstances of each applicant or seller. Applicants and sellers should consult their own professional adviser in connection with the taxation implications of subscribing for New Shares offered in the Rights Issue or the sale of Entitlements.

3.6 ROUNDING OF ENTITLEMENTS

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

3.7 INFORMATION AVAILABILITY

Eligible Shareholders in Australia, New Zealand and the US can obtain a copy of this Rights Issue Booklet during the period of the Rights Issue on the QRxPharma website at www.qrxpharma.com or by calling the QRxPharma Shareholder Information Line on 1800 612 532 (free call from within Australia) or +61 2 8280 7713 (outside Australia) at any time from 8.30 am to 5.30 pm (Sydney time) Monday to Friday during the Rights Issue offer period. Persons who access the electronic version of this Rights Issue Booklet should ensure that they download and read the entire Rights Issue Booklet. The electronic version of this Rights Issue Booklet on the QRxPharma website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the QRxPharma Shareholder Information Line or by visiting the Link Market Services website at http://www.linkmarketservices.com.au/public/home.html.

3.8 FUTURE PERFORMANCE AND FORWARD LOOKING STATEMENTS

Neither QRxPharma nor any other person warrants or guarantees the future performance of the New Shares, Additional New Shares or any return on any investment made pursuant to this Rights Issue Booklet. Forward looking statements, opinions and estimates provided in the Rights Issue Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of QRx, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Rights Issue Booklet.

3.9 PAST PERFORMANCE

Investors should note that the past share price performance of QRxPharma's Shares provides no guidance as to future share price performance.

3.10 GOVERNING LAW

This Rights Issue Booklet, the Rights Issue and the contracts formed on acceptance of Entitlements are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

3.11 UNDERWRITING

QRxPharma has entered into an underwriting agreement with RBS Morgans Corporate Limited (**Underwriter**) which has agreed to fully underwrite the Rights Issue and act as lead manager in respect of the Rights Issue. Customary with these types of arrangements:

- The obligations of the Underwriter under the Underwriting Agreement to subscribe, or procure subscription for, New Shares under the Rights Issue are subject to the satisfaction of several conditions precedent which are common for transactions of this nature. The Underwriting Agreement also contains a number of customary termination events, and an indemnity, in favour of the Underwriter.
- The Underwriter will be remunerated by QRxPharma for providing these services at market rates.

3.12 OTHER INTERESTS

Persons holding rights or interests in relation to Shares, other than Shares, will not be entitled to participate in the Rights Issue in respect of those rights or interests unless they have become entitled to exercise their right or interest under the terms of their issue and do so such that they become the holder of Shares and an Eligible Shareholder in respect of those Shares.

3.13 PRIVACY

As an existing Shareholder in QRxPharma, QRxPharma and the Registry have already collected personal information about you. If you apply for New Shares, QRxPharma and the Registry may update that personal information or collect additional personal information about you. Such information may be used to assess your acceptance of New Shares, service your needs as a QRxPharma shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, QRxPharma and the Registry may disclose your personal information for purposes related to your shareholding to their agents, contractors or third party service providers to whom they outsource services, including to the Underwriter in order to assess your acceptance of New Shares, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of shareholder information and for handling of mail, or as otherwise authorised under the *Privacy Act 1988* (Cth).

If you do not provide QRxPharma or the Registry with your personal information then your application may not be able to be processed.

You can request access to your personal information by contacting QRxPharma through the Registry as follows:

- 1800 612 532 (free call from within Australia)
- +61 2 8280 7713 (outside Australia)

3.14 DISCLAIMER OF REPRESENTATIONS

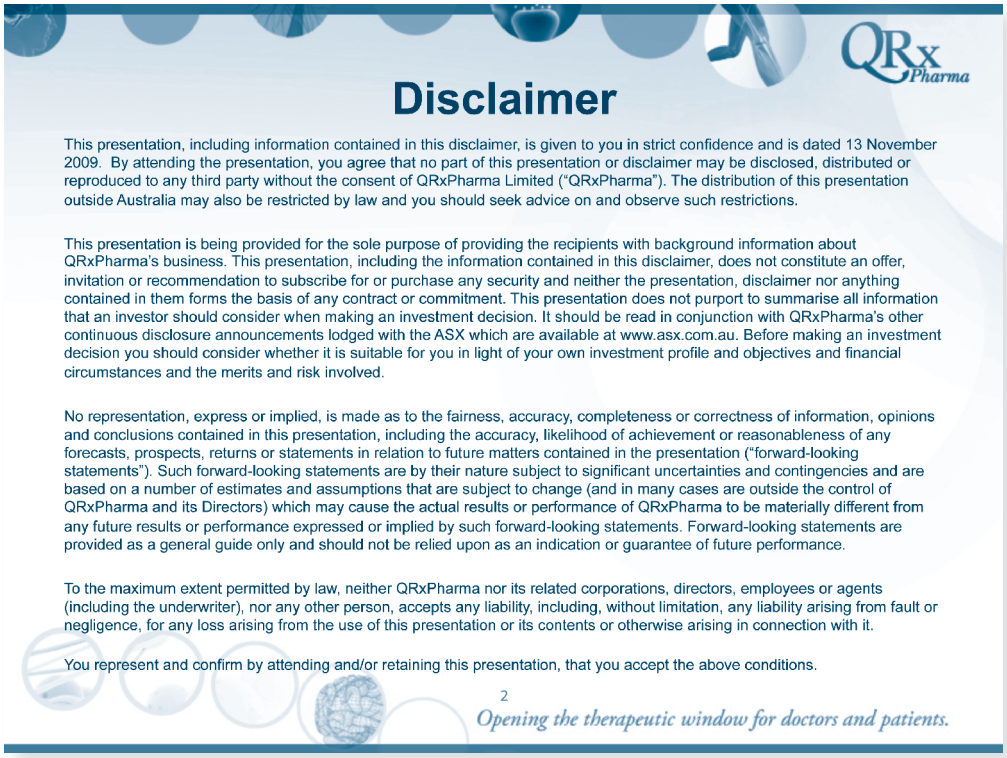
No person is authorised to give any information, or to make any representation, in connection with the Rights Issue that is not contained in this Rights Issue Booklet.

Any information or representation that is not in this Rights Issue Booklet may not be relied on as having been authorised by QRxPharma, or its related bodies corporate in connection with the Rights Issue. Except as required by law, and only to the extent so required:

- none of QRxPharma, or any other person (including the Underwriter), warrants or guarantees the future performance of QRxPharma or any return on any investment made pursuant to the Rights Issue Booklet; and
- QRxPharma, its officers, employees and advisers (including the Underwriter) disclaim all liability that may otherwise arise due to the Rights Issue Booklet being inaccurate or incomplete in any respect.

The Underwriter has not authorised, permitted or caused the issue, lodgement or submission of this Rights Issue Booklet.

4. Annexure – Investor Presentation



Executive Summary

Investor update	QRxPharma is a clinical-stage specialty pharmaceutical company focused on the development and commercialisation of therapies for pain management and central nervous system (CNS) disorders • Study results for MoxDuo™IR have demonstrated fewer side effects than observed with morphine alone, oxycodone alone and now with Percocet ® (APAP plus oxycodone) • The Company has to complete two pivotal Phase 3 studies and one Phase 1 pharmacokinetic trial prior to finalising a New Drug Application filing with the US Food and Drug Administration in 2010 • Plan to commence sales 2011 into large market
Equity raising	• A$21.6 million to be raised by way of a fully underwritten Placement and Renounceable Rights Issue
Offer structure	• Placement of 10 million new shares (13.3% of issued capital) at A$0.80 per share followed by a 1 for 5 renounceable rights issue (totalling 17 million shares) to take total raising to $21.6 million. • Placement price of A$0.80 per share represents a 33.3% discount to the last closing price of A $1.20 per share on 10 November 2009. The Rights Issue price will be the same as the Placement Price. • Rights will be traded on the ASX. • To be fully underwritten by RBS Morgans Corporate Limited
Use of proceeds	• The proceeds will be used to fund Phase 3 drug development and expenditure programme and provide additional working capital
Key Offer dates	• ASX announcement of Placement and Rights issue: 16 November 2009; Settlement of Placement: 19 November 2009; Placement Shares to trade on ASX: 20 November 2009; Rights Issue Record Date: 24 November 2009; Rights Issue Closing Date: 15 December 2009

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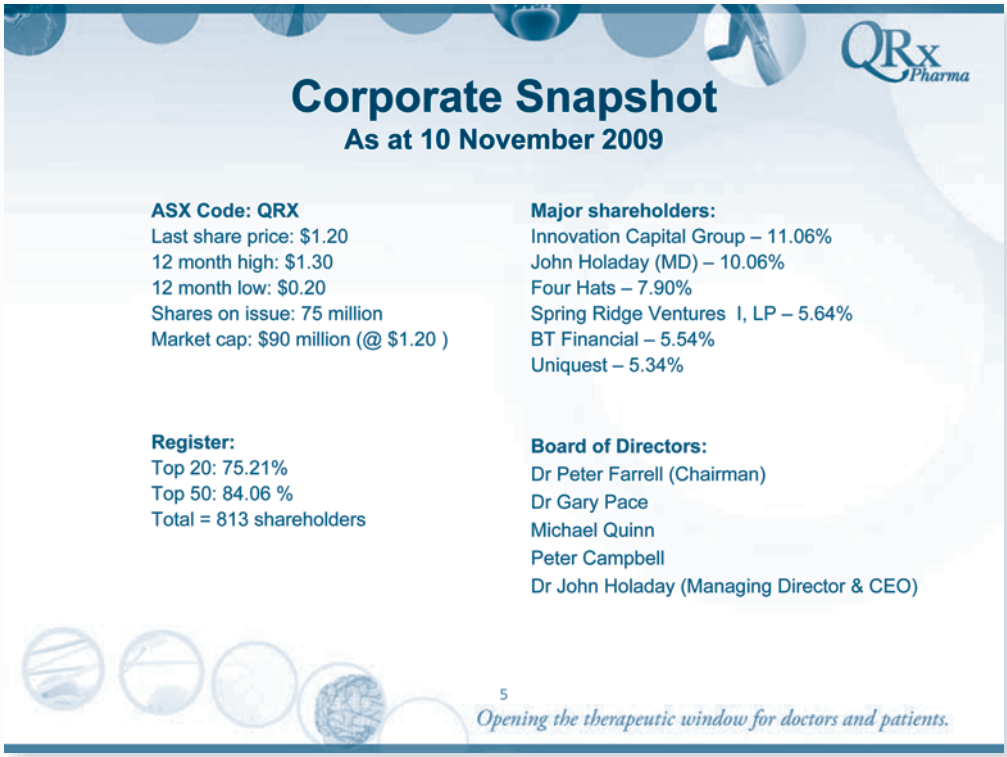
Corporate Snapshot
As at 10 November 2009
ASX Code: QRX
Last share price: $1.20
12 month high: $1.30
12 month low: $0.20
Shares on issue: 75 million
Market cap: $90 million (@ $1.20)
Major shareholders:
Innovation Capital Group – 11.06%
John Holaday (MD) – 10.06%
Four Hats – 7.90%
Spring Ridge Ventures I, LP – 5.64%
BT Financial – 5.54%
Uniquest – 5.34%
Register:
Top 20: 75.21%
Top 50: 84.06 %
Total = 813 shareholders
Board of Directors:
Dr Peter Farrell (Chairman)
Dr Gary Pace
Michael Quinn
Peter Campbell
Dr John Holaday (Managing Director & CEO)
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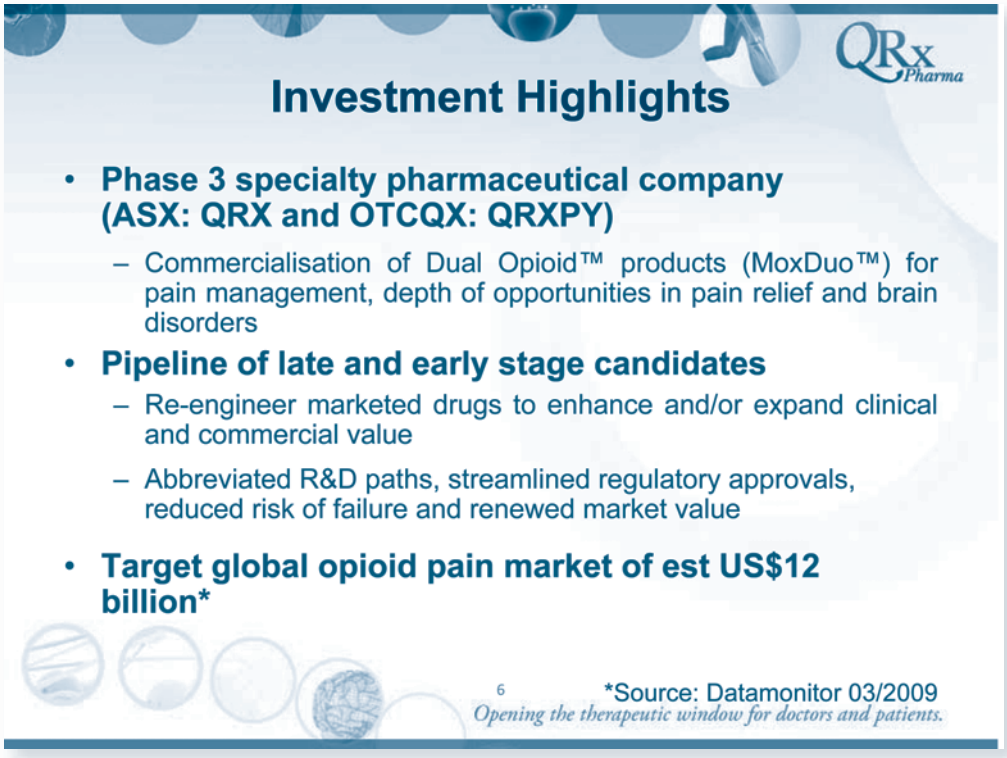
Opening the therapeutic window for doctors and patients.


Investment Highlights
• Phase 3 specialty pharmaceutical company (ASX: QRX and OTCQX: QRXPY)
– Commercialisation of Dual Opioid™ products (MoxDuo™) for pain management, depth of opportunities in pain relief and brain disorders
• Pipeline of late and early stage candidates
– Re-engineer marketed drugs to enhance and/or expand clinical and commercial value
– Abbreviated R&D paths, streamlined regulatory approvals, reduced risk of failure and renewed market value
• Target global opioid pain market of est US$12 billion*
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*Source: Datamonitor 03/2009
Opening the therapeutic window for doctors and patients.


QRx Pharma
Investment Highlights
• Strategic relationships
• Strong IP; broad international protection
– Patent applications lodged which if granted are expected to extend market exclusivity through 2029; IV (intravenous), IR (immediate release) and CR (controlled release) formulations
• Experienced board and executive team
– Industry veterans
• Significant near term news flow
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Opening the therapeutic window for doctors and patients.


QRx Pharma
Experienced Board
• Dr Peter Farrell PhD, ScD, AM (Non-Executive Chairman)
Chairman and founder of ResMed Inc; other directorships include Pharmaxis Limited and Nuvasive Inc.
• Dr Gary Pace PhD (Non-Executive & Consultant)
Founder of QRxPharma; other directorships include ResMed Inc and Peplin Limited
• Peter Campbell FCA, FTIA (Non-Executive)
Other directorships include Sonic Healthcare Limited and Silex Systems Limited
• Michael Quinn MBA (Non-Executive)
Other directorships include ResMed Inc, CAP-XX Limited and Innovation Capital Group
• Dr John Holaday PhD (Managing Director and Chief Executive Officer)
Co-founded Medicis Pharmaceutical Corporation (NYSE) and EntreMed Inc (NASDAQ)
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Opening the therapeutic window for doctors and patients.


QRx Pharma
Experienced Management Team
• Chris Campbell CA (CFO and Company Secretary)
Three decades of financial experience including "Big 4" accounting firm and as CFO of publicly traded companies
• Dr Warren Stern PhD (Executive VP, Drug Development)
Over three decades of experience in central nervous system drug development and performing preclinical and clinical trials in psychopharmacology
• Dr. Patricia Richards MD, PhD (Chief Medical Officer)
Three decades of experience as anesthesiologist/pain doctor and manager of clinical trails in pain and psychopharmacology
• Philip Magistro MBA, MS (Chief Commercial Officer)
Marketing specialist with over 25 years experience in the pharmaceutical industry with specific expertise in product launch
• Dr Solomon Snyder MD (Chairman of the Scientific Advisory Board)
Regarded as one of the world's leading neuroscientists, awarded the Lasker prize for identifying the opioid receptor
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Opening the therapeutic window for doctors and patients.


QRx Pharma
Pain Therapy Market
• Limited product innovation to date; reliance on older therapies - Opioids are the 'gold standard' in treating moderate to severe pain, but limited by side effects
• Clear need for Opioids with fewer side effects and risk factors - Nausea, vomiting, somnolence, dizziness, constipation, respiratory depression
• Complementary offering of Dual-Opioids™IV (intravenous), IR (immediate release) and CR (controlled release) formulations - Products from hospital to home in a global marketplace of est US$12 billion, with CAGR 2004-07 in excess of 6% (volume/revenue)*
*Source: Datamonitor 03/2009
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Opening the therapeutic window for doctors and patients.

Pain Therapy Market

No one player "owns" the global moderate to severe pain market.

In the US*:

- **Immediate Release (IR) US$1.5 billion:** Generic and branded led by generic Vicodin® US$483 million together generic Percocet US$388 million and branded Percocet® US$135 million (Endo)
- **Intravenous (IV) US$260 million:** 220 million vials dominated by generic Morphine, Fentanyl and Hydromorphone
- **Controlled Release (CR) US$4.6 billion:** Branded and generic led by US$2.2 billion OxyContin® (Purdue Pharma) followed by generic US$0.7 billion Fentanyl

*Source: IMS 2008

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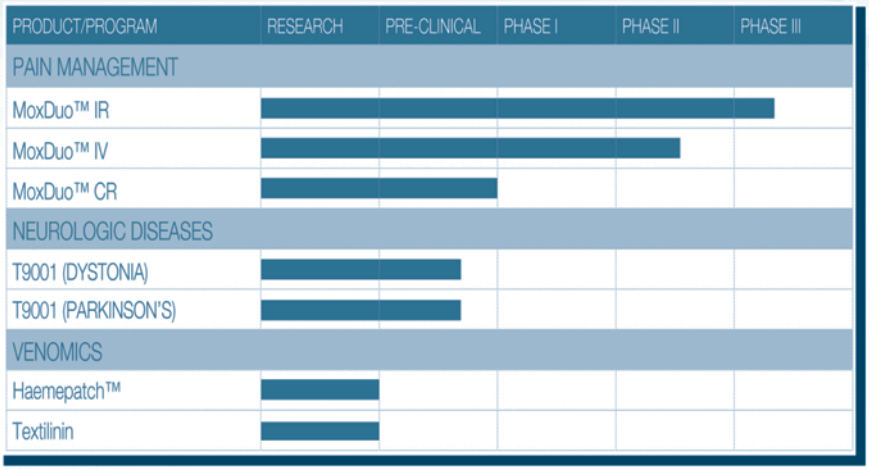
Opening the therapeutic window for doctors and patients.

Product Pipeline 2009



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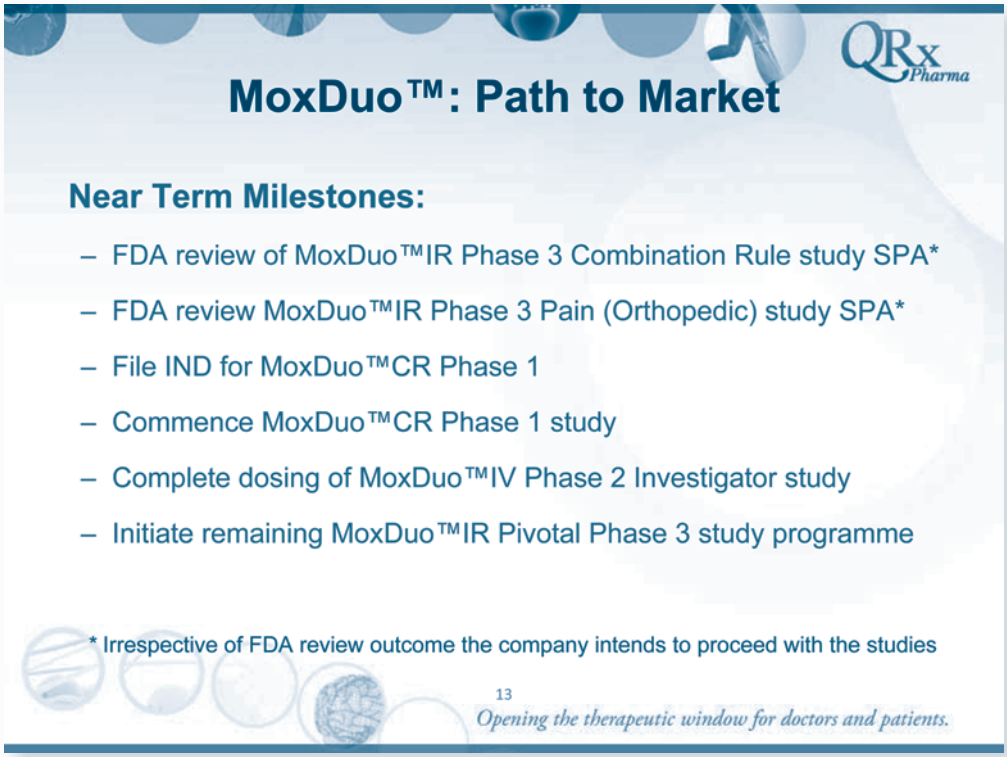
Opening the therapeutic window for doctors and patients.


MoxDuo™: Path to Market
Near Term Milestones:
– FDA review of MoxDuo™IR Phase 3 Combination Rule study SPA*
– FDA review MoxDuo™IR Phase 3 Pain (Orthopedic) study SPA*
– File IND for MoxDuo™CR Phase 1
– Commence MoxDuo™CR Phase 1 study
– Complete dosing of MoxDuo™IV Phase 2 Investigator study
– Initiate remaining MoxDuo™IR Pivotal Phase 3 study programme
* Irrespective of FDA review outcome the company intends to proceed with the studies
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Opening the therapeutic window for doctors and patients.


MoxDuo™: Path to Market
Targeted Milestones:
First Half CY 2010
– Results MoxDuo™IR Pivotal Phase 3 Combo Rule study
– Strategic Partnership(s) Europe / ROW
Second Half CY 2010
– Results MoxDuo™IR Pivotal Phase 3 TKR study
– Lodge NDA MoxDuo™IR
– Implement strategies for bringing MoxDuo™IR to market in 2011
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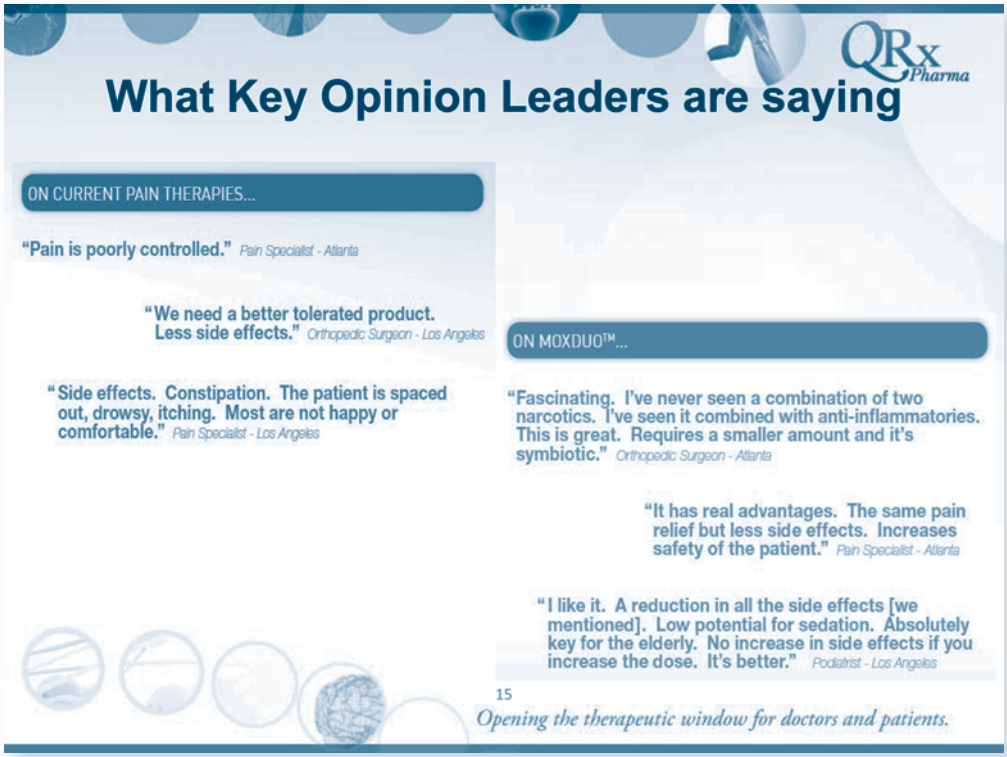
Opening the therapeutic window for doctors and patients.


What Key Opinion Leaders are saying
ON CURRENT PAIN THERAPIES...
"Pain is poorly controlled." Pain Specialist - Atlanta
"We need a better tolerated product. Less side effects." Orthopedic Surgeon - Los Angeles
"Side effects. Constipation. The patient is spaced out, drowsy, itching. Most are not happy or comfortable." Pain Specialist - Los Angeles
ON MOXDUO™...
"Fascinating. I've never seen a combination of two narcotics. I've seen it combined with anti-inflammatories. This is great. Requires a smaller amount and it's symbiotic." Orthopedic Surgeon - Atlanta
"It has real advantages. The same pain relief but less side effects. Increases safety of the patient." Pain Specialist - Atlanta
"I like it. A reduction in all the side effects [we mentioned]. Low potential for sedation. Absolutely key for the elderly. No increase in side effects if you increase the dose. It's better." Podiatrist - Los Angeles
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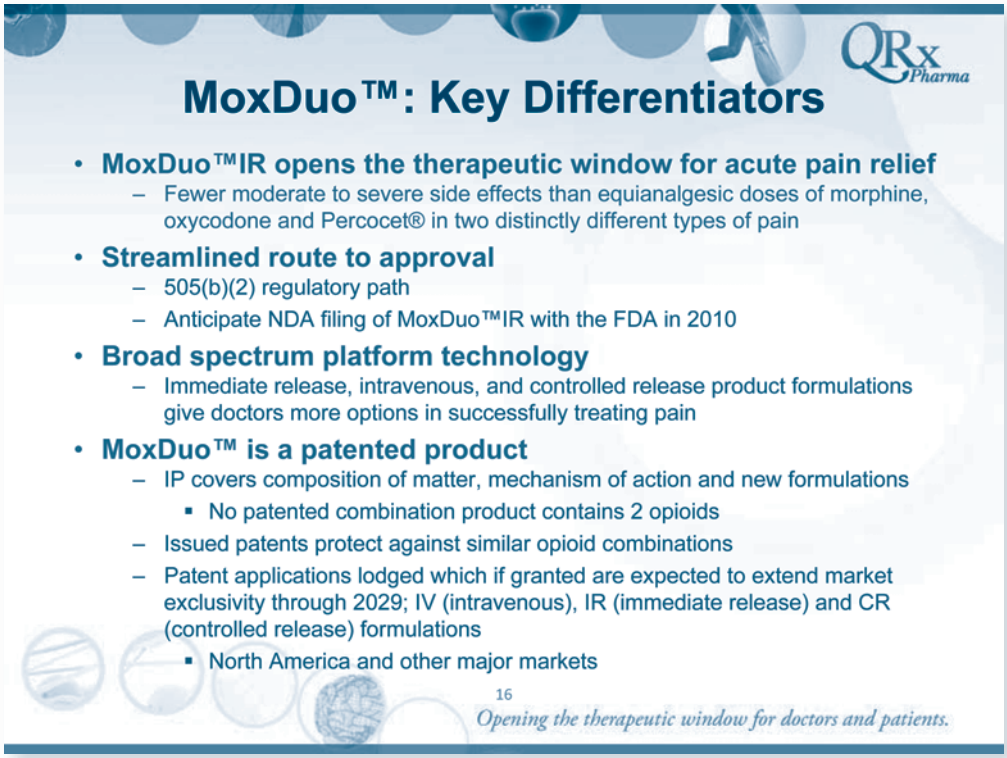
Opening the therapeutic window for doctors and patients.


MoxDuo™: Key Differentiators
• MoxDuo™IR opens the therapeutic window for acute pain relief
– Fewer moderate to severe side effects than equianalgesic doses of morphine, oxycodone and Percocet® in two distinctly different types of pain
• Streamlined route to approval
– 505(b)(2) regulatory path
– Anticipate NDA filing of MoxDuo™IR with the FDA in 2010
• Broad spectrum platform technology
– Immediate release, intravenous, and controlled release product formulations give doctors more options in successfully treating pain
• MoxDuo™ is a patented product
– IP covers composition of matter, mechanism of action and new formulations
▪ No patented combination product contains 2 opioids
– Issued patents protect against similar opioid combinations
– Patent applications lodged which if granted are expected to extend market exclusivity through 2029; IV (intravenous), IR (immediate release) and CR (controlled release) formulations
▪ North America and other major markets
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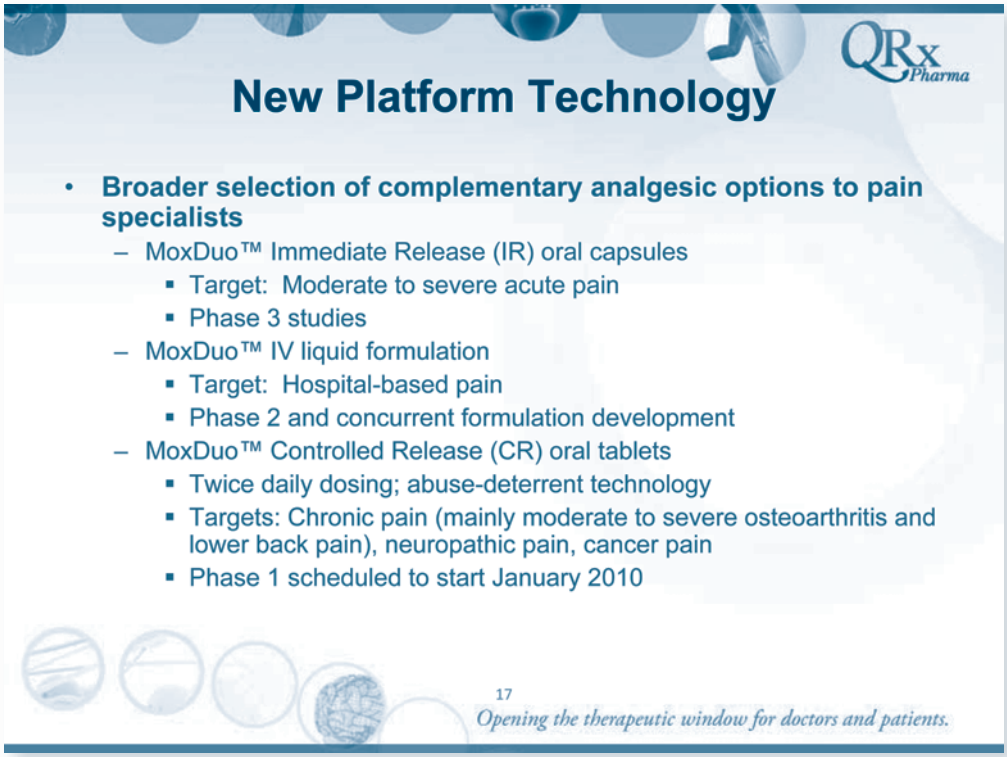
Opening the therapeutic window for doctors and patients.


QRx Pharma
New Platform Technology
• Broader selection of complementary analgesic options to pain specialists
– MoxDuo™ Immediate Release (IR) oral capsules
▪ Target: Moderate to severe acute pain
▪ Phase 3 studies
– MoxDuo™ IV liquid formulation
▪ Target: Hospital-based pain
▪ Phase 2 and concurrent formulation development
– MoxDuo™ Controlled Release (CR) oral tablets
▪ Twice daily dosing; abuse-deterrent technology
▪ Targets: Chronic pain (mainly moderate to severe osteoarthritis and lower back pain), neuropathic pain, cancer pain
▪ Phase 1 scheduled to start January 2010
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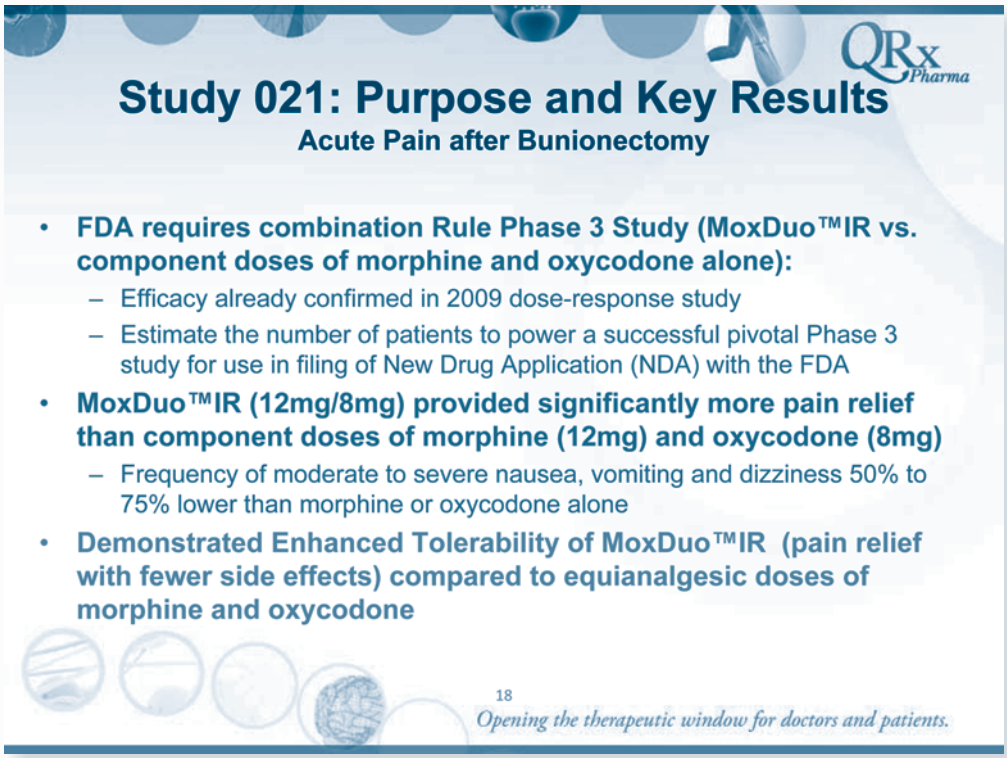
Opening the therapeutic window for doctors and patients.


QRx Pharma
Study 021: Purpose and Key Results
Acute Pain after Bunionectomy
• FDA requires combination Rule Phase 3 Study (MoxDuo™IR vs. component doses of morphine and oxycodone alone):
– Efficacy already confirmed in 2009 dose-response study
– Estimate the number of patients to power a successful pivotal Phase 3 study for use in filing of New Drug Application (NDA) with the FDA
• MoxDuo™IR (12mg/8mg) provided significantly more pain relief than component doses of morphine (12mg) and oxycodone (8mg)
– Frequency of moderate to severe nausea, vomiting and dizziness 50% to 75% lower than morphine or oxycodone alone
• Demonstrated Enhanced Tolerability of MoxDuo™IR (pain relief with fewer side effects) compared to equianalgesic doses of morphine and oxycodone
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Opening the therapeutic window for doctors and patients.

Study 020: Purpose and Key Results

Pilot Total Knee Replacement (TKR)

- **Compare MoxDuo™IR vs. Percocet®, a widely prescribed opioid**
  - Addresses FDA requirement to show efficacy in second pain model
  - Select a control group of MoxDuo™IR fixed low dose (3/2mg) for the pivotal Phase 3 TKR study (009)
  - Estimate the number of patients to power successful pivotal Phase 3 study for use in filing of New Drug Application (NDA) with the FDA
  - Open label, randomized comparison of MoxDuo™IR 12/8mg (flexible regimen) and versus Percocet® given as standard of care.
- **Demonstrated Enhanced Tolerability of MoxDuo™IR (pain relief with less nausea, vomiting, hypotension and constipation) compared to equianalgesic dose of Percocet®**

Financial Overview

	*Audited Balance Sheet 30 Jun 2009 AUD $'000	**Unaudited Balance Sheet 30 Sep 2009 AUD $'000	Pro Forma Adjustments (i) AUD $'000	Pro Forma Adjustments (ii) AUD $'000	ProForma Balance Sheet 30 Sep 2009 AUD $'000
ASSETS					
Current Assets					
Cash & cash equivalents	17,773	12,911	579	20,166	33,656
Trade & other receivables	66	31			31
Other current assets	566	336			336
Total	18,405	13,278			34,023
Non-current Assets					
Other fi nancial assets	0	0	407		407
Property, plant & equipment	274	265			265
Intangible assets	0	0			0
Total	274	265			672
Total Assets	18,679	13,543			34,695
LIABILITIES					
Current Liabiliti es					
Trade & other payables	(1,684)	(1,617)			(1,617)
Total Liabiliti es	(1,684)	(1,617)			(1,617)
Net Assets	16,995	11,926			33,078
EQUITY					
Contributed equity	79,694	79,694		20,166	99,860
Reserves	5,737	5,782	986		6,768
Outside Equity Interest	0	0			0
Accumulated losses	(68,436)	(73,550)			(73,550)
Total equity	16,995	11,926			33,078

Notes:
(i) Issue of equity to outside parti es in Venomics Pty Ltd and recogniti on of gain associated with investment by Nuokong Medicines Co Ltd in Venomics Hong Kong Ltd
(ii) Net proceeds of off ering
* The Audited Balance Sheet should be read in conjuncti on with the informati on, disclosures and accounti ng policies contain within the annual report for year ended 30 June 2009
** The Unaudited Balance Sheet has been prepared with policies that are consistent with those published in the annual report 30 June 2009

Offer Details

Pricing	
Closing price on 10 November 2009	$1.20
Equity raising price	$0.80
Discount to closing price of A$1.20	33.3%

Equity raising details	
Placement	
Placement (13.3%)	10.0m shares
Placement proceeds	$8.0m
Entitlement offer	
Ratio	1 for 5
Number of shares issued	17.0m shares
Entitlement offer proceeds	$13.6m
Total equity raised	**$21.6m**
Shares on issue	
Current shares on issue	75.0m
Placement shares	10.0m
Entitlement offer shares	17.0m
Shares on issue after capital raising	**102.0m**

Offer Structure & size

Placement

Followed by a fully underwritten renounceable rights issue (new placement shares to participate in rights issue)

Rights may be traded on the ASX

Shareholders are able to apply for additional shares in excess of their rights

Ranking

Shares issued under the placement and rights issue will rank equally in all respects with existing ordinary shares from allotment

Underwriting

Placement & Rights issue to be fully underwritten by RBS Morgans Corporate Limited

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Opening the therapeutic window for doctors and patients.

Use of Funds

FX Rate USD: AUD	$0.9100
	AUD$000
Source of Funds	
Proceeds of Placement and Rights Issue	$21,600
Expenses of the Offer	($1,434)
Net proceeds of the Offer	**$20,166**
Use of Funds	
Drug development expenditure programme - external costs	
Phase 3 clinical trials and submission of an NDA for MoxDuo™IR	$15,549
Additional working capital for drug expenditure programme, business development and G & A	$4,617
Total	**$20,166**

	AUD$000
Proforma Cash Balance 30 September 2009	**$33,656**
Drug development expenditure programme	
Phase 3 clinical trials, CMC & Packaging, NDA for MoxDuo™IR inclusive of headcount and overhead to support clinical programme	$25,140
Advancement of clinical programme for MoxDuo™IV & CR	$2,310
Research and development of other preclinical drugs	$666
Other working capital to support business development and G & A	$5,540
Total	**$33,656**

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Opening the therapeutic window for doctors and patients.

Timetable

Event	Dates
Announcement Date - 708AA Cleansing Notice, Rights Issue Offer Document and Appendix 3B lodged with ASX	Monday 16 November 2009
Settlement of Placement and Allotment of Placement Shares	Thursday 19 November 2009
Placement Shares trade on ASX	Friday 20 November 2009
Rights begin trading and Shares quoted ex-rights	Wednesday 18 November 2009
Record Date for the Rights Issue	6pm (Sydney time) Tuesday 24 November 2009
Rights trading ends	Wednesday 8 December 2009
Deferred settlement trading	Thursday 9 December 2009
Rights Issue closes	Tuesday 15 December 2009
ASX notified of under-subscriptions	Friday 18 December 2009
Despatch date (deferred settlement trading ends)	Monday 21 December 2009
Normal trading commences	Tuesday 22 December 2009

The above timetable is indicative only and subject to change without notice.

Ineligible Shareholders

- Ineligible Shareholders are those Shareholders with registered addresses outside of Australia, New Zealand and United States of America (USA)* as at the Record Date. QRxPharma have decided not to make an offer to these Shareholders in accordance with the ASX Listing Rules. Entitlement and Acceptance Forms are not being sent to Ineligible Shareholders.
- QRxPharma will appoint a nominee for Ineligible Shareholders.
- QRxPharma will issue the nominee with the Entitlements that would have been available for subscription by Ineligible Shareholders had they been eligible to participate in the Rights Issue.
- The nominee will endeavour to sell the Entitlements of these Ineligible Shareholders to purchasers that are sophisticated investors for the purposes of s708(8) of the Corporations Act or professional investors for the purposes of s708(11) of the Corporations Act.
- QRxPharma will remit the proceeds of any such sales (net of expenses) proportionately to Ineligible Shareholders.

* Non Accredited Investors in the USA are ineligible.


The Opportunity . . . .
• Compelling data as part of its Phase 3 programme in est US$12 billion global opioid pain market*
• Late and early stage clinical pipeline - commercialisation of first product MoxDuo™IR in 2011
• Strategic partnerships in negotiations
• Portfolio of early and late products
• Experienced management and board
*Source: Datamonitor 03/2009
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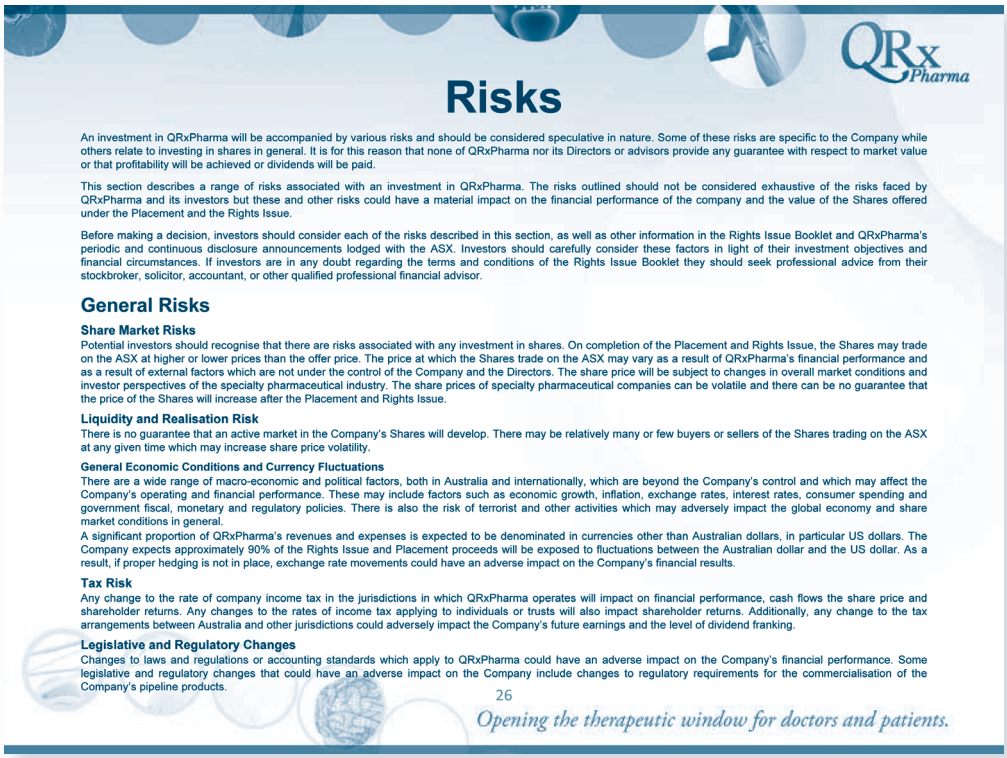
Opening the therapeutic window for doctors and patients.


Risks
An investment in QRxPharma will be accompanied by various risks and should be considered speculative in nature. Some of these risks are specific to the Company while others relate to investing in shares in general. It is for this reason that none of QRxPharma nor its Directors or advisors provide any guarantee with respect to market value or that profitability will be achieved or dividends will be paid.
This section describes a range of risks associated with an investment in QRxPharma. The risks outlined should not be considered exhaustive of the risks faced by QRxPharma and its investors but these and other risks could have a material impact on the financial performance of the company and the value of the Shares offered under the Placement and the Rights Issue.
Before making a decision, investors should consider each of the risks described in this section, as well as other information in the Rights Issue Booklet and QRxPharma's periodic and continuous disclosure announcements lodged with the ASX. Investors should carefully consider these factors in light of their investment objectives and financial circumstances. If investors are in any doubt regarding the terms and conditions of the Rights Issue Booklet they should seek professional advice from their stockbroker, solicitor, accountant, or other qualified professional financial advisor.
General Risks
Share Market Risks
Potential investors should recognise that there are risks associated with any investment in shares. On completion of the Placement and Rights Issue, the Shares may trade on the ASX at higher or lower prices than the offer price. The price at which the Shares trade on the ASX may vary as a result of QRxPharma's financial performance and as a result of external factors which are not under the control of the Company and the Directors. The share price will be subject to changes in overall market conditions and investor perspectives of the specialty pharmaceutical industry. The share prices of specialty pharmaceutical companies can be volatile and there can be no guarantee that the price of the Shares will increase after the Placement and Rights Issue.
Liquidity and Realisation Risk
There is no guarantee that an active market in the Company's Shares will develop. There may be relatively many or few buyers or sellers of the Shares trading on the ASX at any given time which may increase share price volatility.
General Economic Conditions and Currency Fluctuations
There are a wide range of macro-economic and political factors, both in Australia and internationally, which are beyond the Company's control and which may affect the Company's operating and financial performance. These may include factors such as economic growth, inflation, exchange rates, interest rates, consumer spending and government fiscal, monetary and regulatory policies. There is also the risk of terrorist and other activities which may adversely impact the global economy and share market conditions in general.
A significant proportion of QRxPharma's revenues and expenses is expected to be denominated in currencies other than Australian dollars, in particular US dollars. The Company expects approximately 90% of the Rights Issue and Placement proceeds will be exposed to fluctuations between the Australian dollar and the US dollar. As a result, if proper hedging is not in place, exchange rate movements could have an adverse impact on the Company's financial results.
Tax Risk
Any change to the rate of company income tax in the jurisdictions in which QRxPharma operates will impact on financial performance, cash flows the share price and shareholder returns. Any changes to the rates of income tax applying to individuals or trusts will also impact shareholder returns. Additionally, any change to the tax arrangements between Australia and other jurisdictions could adversely impact the Company's future earnings and the level of dividend franking.
Legislative and Regulatory Changes
Changes to laws and regulations or accounting standards which apply to QRxPharma could have an adverse impact on the Company's financial performance. Some legislative and regulatory changes that could have an adverse impact on the Company include changes to regulatory requirements for the commercialisation of the Company's pipeline products.
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Specific Risks to QRxPharma

Clinical Development

QRxPharma is in late stage clinical development for its lead product and has additional products at an earlier stage of development. There are inherent risks involved with the development of pharmaceutical products including failure during clinical trials or failure to achieve sufficient robustness and reliability. QRxPharma is yet to commercialise any products from its development programmes and cannot guarantee that its research and development activities will lead to the development and successful commercialisation of its products. There is also no guarantee that QRxPharma will succeed in bringing its products to market at a time that allows it to capture market opportunities.

Regulatory Risks

To obtain regulatory approval for the commercial sale of any one of its products, QRxPharma must prove that its products are both safe and effective for use in each proposed indication. There can be no guarantees that large scale clinical trials will reinforce the findings of earlier clinical research or prove the products to be safe and effective in any event. FDA approval to conduct Phase 3 trials for MoxDuo™IR does not mean NDA approval from the FDA to sell MoxDuo™IR will be forthcoming. Unexpected delays to regulatory approval and commercialisation may therefore occur.

As with any company involved in developing pharmaceutical products, QRxPharma must comply with the regulatory framework in any country in which it intends to market the product in question. These requirements vary depending on the relevant product and the nature of approvals or changes being considered. In general, established agents which have less significant proposed changes will face less substantial requirements for demonstration of safety and efficacy. Consequently, regulatory requirements may vary depending on the product in question.

Equally, FDA approval of MoxDuo™IR does not necessarily mean that approval will automatically be obtained for MoxDuo™IV or MoxDuo™CR .

The Company has submitted Special Protocal Assessments (SPAs) however approval is not certain and even if obtained final regulatory approval is not guaranteed.

Future Funding Requirements

The Directors believe that QRxPharma will have sufficient cash reserves to fund its activities through to completion of Phase 3 trials and submission of a NDA for FDA regulatory approval of MoxDuo™IR . However, QRxPharma may need to raise additional funds from time to time to meet its future funding requirements. The Company may not be successful in raising adequate funds on favourable terms and this could have a material adverse impact on QRxPharma's prospects.

Reliance on Partners and Commercial Agreements

QRxPharma does not have and does not intend to obtain facilities capable of manufacturing its proposed products in commercial quantities. QRxPharma will be dependent on third parties to manufacture any products (or constituent parts) that it develops. There can be no assurance that the Company will succeed in establishing a supply chain through contract manufacturing and supply arrangements on favourable terms or that such a supply chain would remain uninterrupted. This exposes QRxPharma to potential delay and pricing issues.

The success of QRxPharma's product development and commercialisation is in part dependant on its technology and discovery relationships. These relationships expose the Company to some risks - its collaborators may disrupt the manufacturing or distribution of the Company's products, terminate or fail to renew agreements with the Company, experience financial difficulty, become insolvent or enter into partnerships with the Company's competitors.

Specific Risks to QRxPharma

Reliance on Key Personnel

QRxPharma has a number of key personnel at the Board, executive and scientific/operational level. While QRxPharma is committed to providing attractive employment conditions and prospects, there can be no guarantee that the Company can retain these key personnel. The loss of the services of any of these individuals could have a material adverse impact on the Company's research, product development and commercialisation success.

There can be no assurance that QRxPharma will be able to attract and retain the services of additional scientific, technical, manufacturing, sales and managerial staff as the need arises. This is due to the specialised and competitive nature of the specialty pharmaceuticals industry and it may also have a material adverse impact on QRxPharma's success.

Protection of Proprietary Technology and Trade Secrets

The commercial success of QRxPharma partly depends on its ability to obtain patent protection of its products and technologies in its main markets and to protect its trade secrets. There can be no guarantee that technologies or products developed by the Company will be patentable, that patents will be granted for products currently in development or that its patents will be sufficient to protect QRxPharma from competition from third parties with similar technology.

Current Patents

It is possible that third parties may assert IP claims against the Company under copyright, trade secret, patent or other laws. The Company is not aware of any such claims in relation to the IP rights in which it has interest. If such claims were to arise, there may be an adverse effect on the Company's business, including costly litigation and the diversion of Management attention, which could occur regardless of the outcome of any proceedings.

Litigation

QRxPharma is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, personal injury claims or employee claims. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company. An employee has recently made a claim against QRxPharma. However, the Board: (a) does not consider that the claim is valid; and (b) considers that if the claim was upheld, it would not have a material effect on the financial performance, financial position, cash flow or share price of the Company . QRxPharma has had no other actual or threatened litigation or legal disputes.

Use of Net Proceeds of the Offer

QRxPharma has indicated the current anticipated use of net proceeds of the Placement and Rights Issue proceeds earlier in this presentation. However, the Board will have total discretion in the allocation of the funds. A failure to apply the funds effectively could have an adverse impact on the business.

Dividends

The ability of QRxPharma to pay dividends in the future will depend on the success of its clinical trials and its ability to commercialise its products in development. In addition, considerations such as future capital requirements and the Company's financial position will impact the amount, timing and payment of any dividend. There may also be factors outside of QRxPharma's control which affect the ability of the Company to pay dividends and as such the Directors are unable to give any guarantee regarding the payment of dividends in the future.

Competition

QRxPharma competes with several large organisations, some of which are multi-national and have worldwide distribution networks. The Company believes that the major competitors in the drug market for the treatment of moderate to severe pain include Endo Pharmaceuticals, Abbott, Purdue Pharma, Mundipharma, Cephalon, King Pharmaceuticals and Johnson & Johnson. Compared to QRxPharma the Directors believe that several of these firms have substantially greater financial resources and greater technical and market strength. Companies that would be likely to lose market share may develop strategies to resist the introduction and sales growth of QRxPharma's products.

In addition, there can be no guarantee that the Company's competitors will not be successful in developing technologies and products that are more effective or cost efficient than those technologies and products that the Company is currently developing. As a result, the Company's products may become uncompetitive and the business would suffer.

Appendix: Clinical Data and CNS Programme

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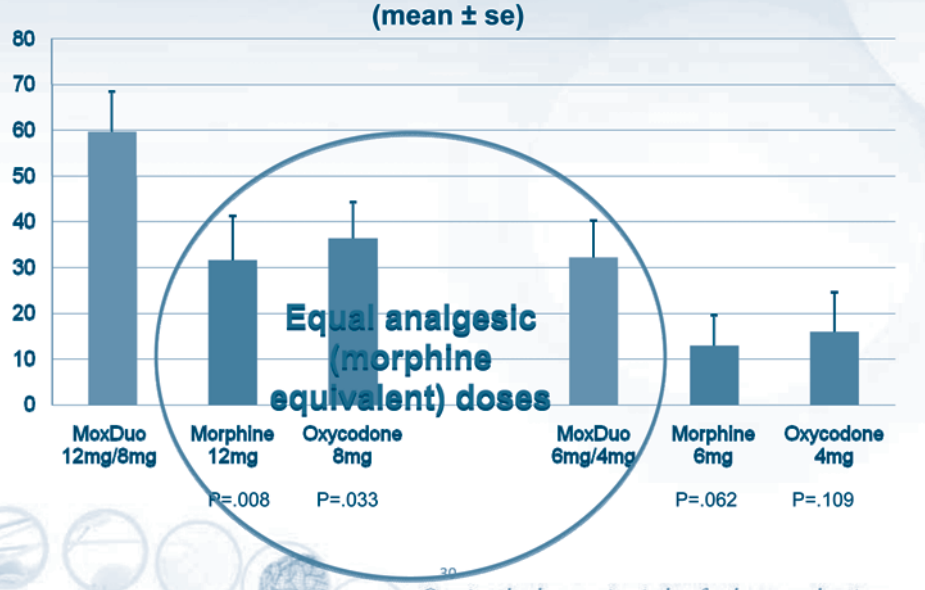
Study 021: Summary of SPID$_{24}$ Score by Treatment

(mean ± se)



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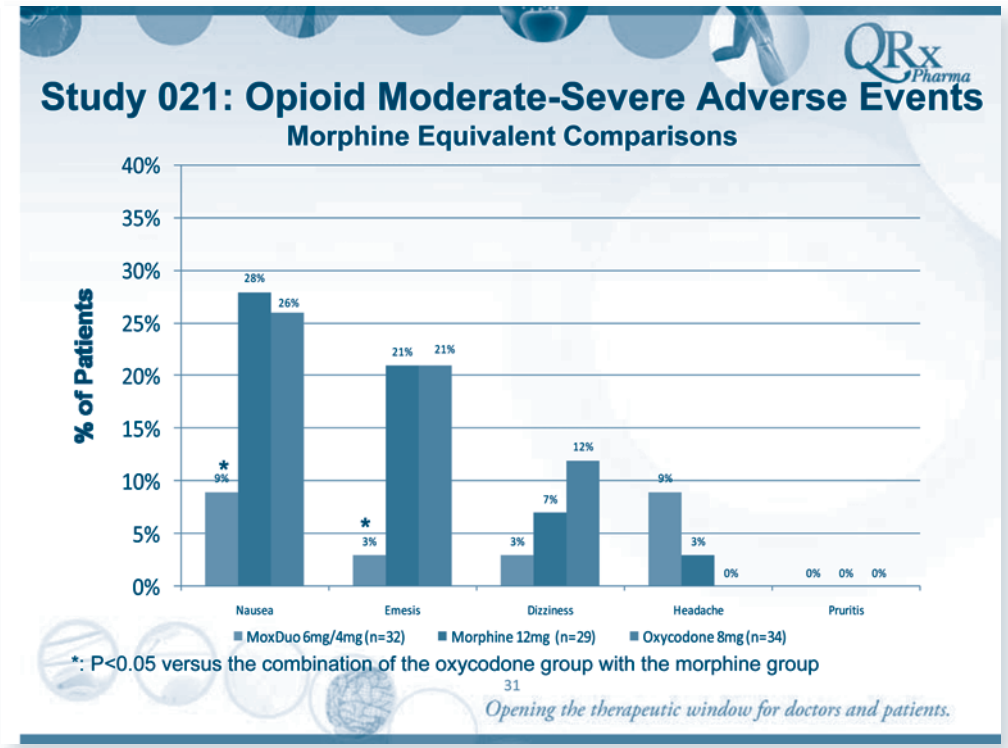
Study 021: Opioid Moderate-Severe Adverse Events
Morphine Equivalent Comparisons
% of Patients
40%
35%
30%
25%
20%
15%
10%
5%
0%
28%
26%
21%
21%
12%
9%
7%
3%
3%
3%
9%
3%
0%
0%
0%
0%
*
*
Nausea
Emesis
Dizziness
Headache
Pruritis
MoxDuo 6mg/4mg (n=32)
Morphine 12mg (n=29)
Oxycodone 8mg (n=34)
*: P<0.05 versus the combination of the oxycodone group with the morphine group
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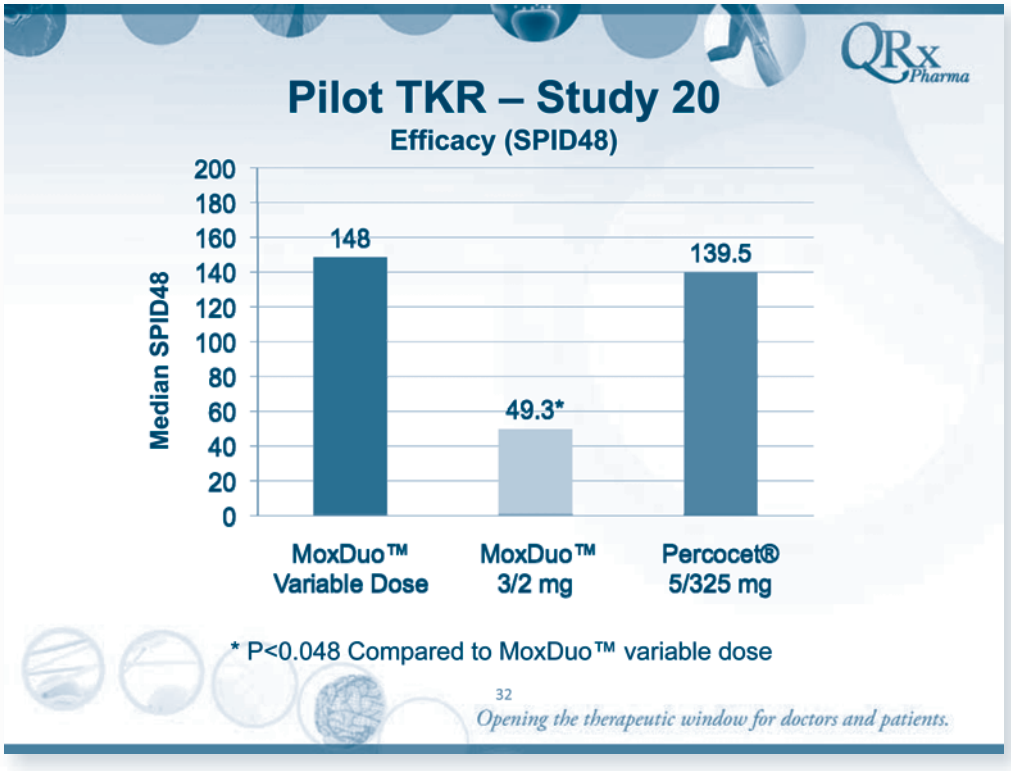
Opening the therapeutic window for doctors and patients.


Pilot TKR – Study 20
Efficacy (SPID48)
Median SPID48
200
180
160
140
120
100
80
60
40
20
0
148
49.3*
139.5
MoxDuo™ Variable Dose
MoxDuo™ 3/2 mg
Percocet® 5/325 mg
* P<0.048 Compared to MoxDuo™ variable dose
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Pilot TKR – Study 20

Moderate-Severe Adverse Events

Adverse Event	MoxDuo™	Percocet®
	N=14	N=15
Any GI AE	**14%**	**47%**
Nausea	**0%**	**27%**
Emesis	**0%**	**20%**
Constipation	**7%**	**13%**
Hypotension	**0%**	**13%**
O2 Desaturation	0%	0%
Somnolence	0%	0%
Headache	0%	0%
Dizziness	0%	0%

Lower percentage of patients with moderate-severe AEs in the MoxDuo™ arm than in the Percocet arm, despite receiving higher morphine equivalent total doses (202mg vs. 79.5mg, respectively)

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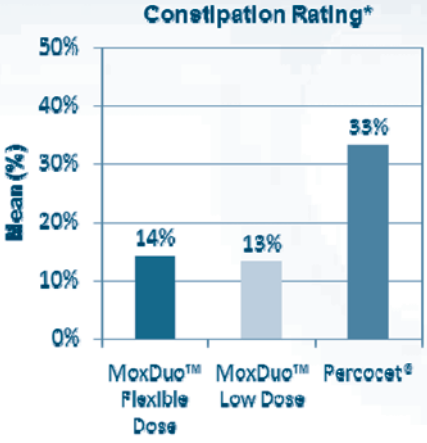
Pilot TKR – Study 20

Bowel Function Measures



*** Percent of Patients with Somewhat–Very Bothersome Ratings**

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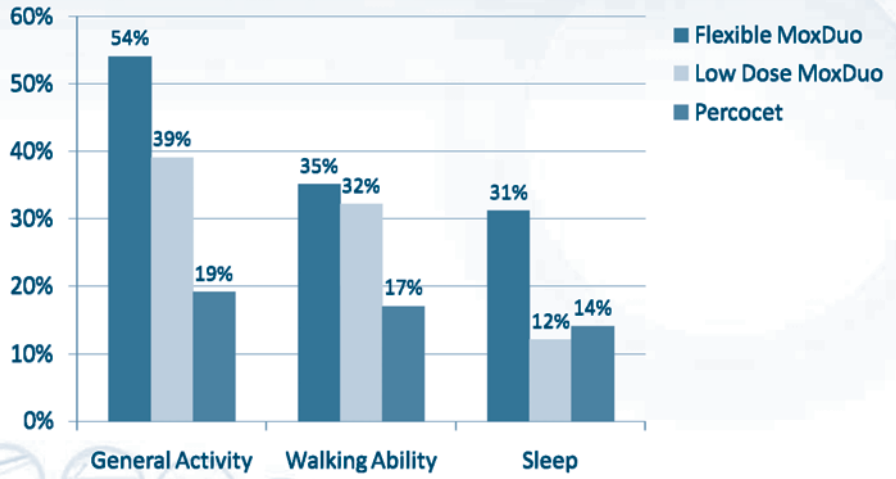
Study 020: Brief Pain Inventory

Mean % Improvement from Baseline to End of Treatment



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Central Nervous System Programme

- **Focus on reducing protein misfolding linked to neurodegenerative diseases**
  - Dystonia, Huntington's, Parkinson's and Alzheimer's
- **Treat at causative level; not provide temporary symptomatic relief**
  - Exclusive rights to novel IP; sponsored research agreement with the University of Alabama
  - Drug targets to increase activity of normal Torsin A
- **Development approach**
  - NCE discovery
  - Fast-track repositioning of known chemical entities because the FDA already knows these drugs

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Opening the therapeutic window for doctors and patients.

Glossary

Accredited Investors mean Accredited Investors as defined in Rule 501(a) of Regulation D of the Securities Act.

Additional New Shares mean New Shares in excess of an Entitlement.

AEDST means Australian Eastern Daylight Savings Time (Sydney time).

Application Monies mean the application monies payable for an Entitlement.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Board means the board of directors of QRxPharma.

Corporations Act means the Corporations Act 2001 (Cth).

Eligible Shareholders mean those holders of Shares who:

- are registered as a holder of Shares at the Record Date; and
- have a registered address in either Australia or New Zealand or have a registered address in the US and are US Eligible Shareholders; and
- are otherwise eligible under all applicable securities laws to receive an offer under the Rights Issue.

Entitlement or **Right** means the opportunity to participate in the Rights Issue.

Ineligible Shareholders mean shareholders with registered addresses outside of Australia, New Zealand and the US.

Institutional Placement means the placement of shares to institutional investors, as announced by QRxPharma on Monday, 16 November 2009.

Investment Declaration means the investment declaration accompanying this Rights Issue Booklet sent to US Eligible Shareholders only.

Investor Presentation means the investor presentation annexed to this Rights Issue Booklet.

Issue Price means the issue price of A$0.80 per New Share.

Listing Rules mean the Listing Rules of the ASX.

New Share means 1 new QRxPharma ordinary share for every 5 existing QRxPharma ordinary shares held.

QRxPharma means QRxPharma Limited (ACN 102 254 151).

Record Date means 6.00pm on Tuesday, 24 November 2009.

Registry means Link Market Services Limited of Level 12 680 George Street, Sydney NSW 2000.

Rights Issue means the renounceable pro-rata rights issue conducted by QRxPharma to subscribe for 1 new QRxPharma ordinary share for every 5 existing QRxPharma ordinary shares held at the Issue Price per New Share.

Rights Issue Booklet means this rights issue booklet.

SEC means the U.S. Securities and Exchange Commission.

Securities Act means the U.S. Securities Act of 1933, as amended.

Shares mean existing QRxPharma ordinary shares held.

US Eligible Shareholders mean shareholders of QRxPharma who have a registered address in the US and are Accredited Investors.

U.S. Person means U.S. Person as defined in Regulation S under the Securities Act.

Underwriter means RBS Morgans Corporate Limited.

Corporate Directory

Registered Office

Level 1
194 Miller Street
North Sydney NSW 2060
Australia

Share Registry

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Sydney NSW 2000

http://www.linkmarketservices.com.au/public/home.html

Lead Manager and Underwriter

RBS Morgans Corporate Limited
Level 7
88 Phillip Street
Sydney NSW 2000

www.rbsmorgans.com

Legal Adviser

DibbsBarker
Level 8
Angel Place
123 Pitt Street
Sydney NSW 2000

www.dibbsbarker.com

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(02) 8280 7713 (outside Australia)