ASX RELEASE
28 July 2011

QUARTERLY OPERATING UPDATE
30 JUNE 2011

Achievement of significant milestone with initiation of the filing of NDA for MoxDuo® IR

Sydney, Australia & Bedminster, NJ – QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) announced that the Company retains A$7.3 million in cash reserves at 30 June 2011, as detailed in the Appendix 4C released today.

Subsequent to 30 June 2011, the cash balance has been significantly increased with an oversubscribed placement to institutions and professional investors, raising A$25 million as announced to the ASX on 22 July 2011. The Placement was very well supported by both existing and new investors with the Company welcoming a number of new Australian, US and UK based fund managers to the share register.

The Company has also launched a 1 for 20 non-renounceable rights issue to raise up to an additional A$10.4million. The combined Placement and Rights Issue (if fully subscribed) will raise gross proceeds of up to A$35.4 million. Post the Placement and Rights Issue (if fully subscribed), the Company's pro-forma net cash position (after expenses of the capital raising) at 30 June 2011 would be approximately A$41 million.

The issue price under the Rights Issue is A$1.45 per share (same as the Placement price) with the record date being 7.00pm, Tuesday 2 August 2011. The Rights Issue opens on Monday 8 August, 2011 and closes on 5.00pm, Monday 22 August 2011.

The Company has recently delivered on a significant milestone with the initiation of the filing of its New Drug Application (NDA) with the United States Food and Drug Administration (FDA). The Company commenced filing its NDA on 18 July 2011 for its MoxDuo Immediate Release (IR) formulation, a patented 3:2 ratio fixed dose combination of morphine and oxycodone, for managing moderate to severe acute pain. Later this year, the Company will augment the filing with additional safety information derived from the recently completed Study 022. The Company believes that this is only the second NDA filed with the FDA by a stand-alone Australian therapeutics company over the past decade.

This NDA submission initiates the regulatory approval process for MoxDuo IR, and moves the Company significantly closer to entering the $2.5 billion market for prescription opioids to treat moderate to severe acute pain, a segment of the $8 billion spent annually on prescription opioids in the US. Approval of an NDA typically takes 10-12 months from submission.

Results of Study 022 were released in June 2011. This Phase 3 study compared the respiratory effects of MoxDuo IR to equi-analgesic doses of either morphine or oxycodone in 375 patients experiencing moderate to severe postoperative pain following bunionectomy surgery at 4 US clinical research sites.

The study highlighted an important clinical advantage of MoxDuo with respect to respiratory depression. In Study 022, respiratory impairment in these patient groups was measured by decreases in blood oxygen levels from the healthy normal range of 96-100% seen at baseline prior to the start of dosing. Oxygen values below 90% (a "desaturation" of hemoglobin) are usually considered clinically significant, and it is widely accepted that the greater the decline in blood oxygen saturation levels and the longer the desaturation lasts, the more severe the clinical outcome if no therapeutic intervention occurs.

To further evaluate such oxygen desaturation, the Company analysed data from patients experiencing the worst (10th percentile) of all observed desaturations. The results demonstrated that the risk of the occurrence of such potentially dangerous desaturations was significantly greater in patients receiving morphine ($p<0.009$) or oxycodone ($p<0.002$) alone than in those receiving equal analgesic doses of MoxDuo. Such desaturations occurred in 12% of the morphine, 15% of the oxycodone and 3% of the MoxDuo treated patients. These findings translate to a relative risk ratio of approximately 4:1 or 5:1 for the either morphine or oxycodone vs. MoxDuo.

Respiratory depression is the leading cause of death from opioid treatment. The Company's breakthrough results indicate that MoxDuo provides a significant safety benefit with less clinical respiratory risk than either morphine or oxycodone, and further augments MoxDuo's established safety profile from earlier studies demonstrating a 50-75% reduction in nausea, vomiting, dizziness and constipation when compared to these widely prescribed opioids.

The operating cash outflow for the quarter is in accordance with the expectations of the Board of Directors and resulted from continuing research and development activities in the progression of the Company's clinical pipeline candidates and preclinical stage drugs.

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About QRxPharma

QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) is a clinical-stage specialty pharmaceutical company focused on the development and commercialisation of new treatments for pain management and central nervous system (CNS) disorders. Based on a development strategy that focuses on enhancing and expanding the clinical utility of currently marketed compounds, 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 intends to co-promote its products in the U.S. and seeks strategic partnerships for worldwide markets. QRxPharma's lead product candidate, immediate release MoxDuo, successfully completed pivotal Phase 3 studies and the Company has filed its New Drug Application (NDA) with the US Food and Drug Administration (FDA). The Company's clinical pipeline includes an intravenous (IV) and continuous release (CR) formulation of MoxDuo, as well as other technologies in the fields of pain management, neurodegenerative disease and venomics. 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 2011

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	(830)	(4,176)
	(b) advertising and marketing	-	-
	(c) research and development	(5,559)	(15,536)
	(d) leased assets	-	-
	(e) other working capital	(827)	(3,206)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	25	177
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refund / (paid)	-	-
1.7	Other – Foreign Currency Option Premium	-	(204)
	- Qualifying Therapeutic Discovery Grant	-	749
	Net operating cash flows	(7,191)	(22,196)

+ 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)	(7,191)	(22,196)
	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	-	(23)
	(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	-	(23)
1.14	**Total operating and investing cash flows**	(7,191)	(22,219)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	31	18,840
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	31	18,840
	Net increase (decrease) in cash held	(7,160)	(3,379)
1.21	Cash at beginning of quarter/year to date	14,913	12,760
1.22	Exchange rate adjustments to item 1.20	(462)	(2,090)
1.23	**Cash at end of quarter**	7,291	7,291

+ 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	$195
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, director 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	888	2,207
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	6,396	12,699
	Total: cash at end of quarter (item 1.23)	7,291	14,913

Acquisitions and disposals of business entities

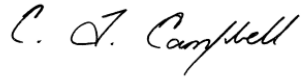
		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Nil	Nil
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

+ 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: 28 July 2011
(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.