10 December 2009

Dear Shareholders,

QRxPharma Corporate Update and Reminder - Rights Issue closes on Tuesday 15 December 2009

Although 2009 was a year of turmoil in the world economy, I am proud to report that this is a very positive year for QRxPharma.

In recent times, QRxPharma has announced significant Phase 3 development programme pilot study findings, commenced an underwritten A$21.6 million capital raising and initiated pivotal trials necessary for New Drug Application (NDA) approval by the US Food and Drug Administration (FDA).

For those shareholders who have access to a web browser, the below detailed link provides the opportunity to listen to a Boardroom Radio audio broadcast of 7 December 2009 titled "QRxPharma Initiates Pivotal Phase 3 Study of MoxDuo™IR". This audio broadcast also discusses aspects of the Company's renounceable rights issue which **closes on 15 December 2009**.

To listen, copy the following details into your web browser: **brr.com.au/event/63055**

Otherwise let me share with you the progress of our capital raising and summary of recent clinical developments.

Capital Raising

On 16 November 2009, we announced a fully underwritten placement of shares (**Placement**) and a 1 for 5 renounceable rights issue (**Rights Issue**). The combined Placement and Rights Issue will raise A$21.6 million (before expenses) – funding sufficient to advance Phase 3 drug development for MoxDuo™ IR through NDA filing. The Placement which was significantly oversubscribed has raised A$8.0 million (before expenses), and the Rights Issue will raise an additional A$13.6 million (before expenses).

The issue price under the Placement and Rights Issue is A$0.80 per share; a 33.3% discount to the last closing price of QRxPharma shares on 10 November 2009 (being the last day that the Company's shares traded prior to the launch of the capital raising). Importantly, shareholders may also apply for additional shares in excess of their entitlement under the Rights Issue[1].

The Placement and Rights Issue are fully underwritten by RBS Morgans Corporate Limited (**RBS Morgans**).

RBS Morgans has recently published a research report on QRxPharma. This report can be downloaded from their website at: **rbsmorgans.com/qrxpharma**

The Rights Issue closes on Tuesday 15 December 2009.

This Rights Issue offer has been made to those shareholders of QRxPharma with registered addresses in Australia, New Zealand and the US only (Eligible Shareholders).

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The Rights Issue Offer Booklet was despatched to Eligible Shareholders on Monday 30 November 2009, and this document should be read carefully. If you are an Eligible Shareholder and have not yet received your copy, please call the Offer Information Line on 1800 612 532 (from Australia) or +61 2 8280 7713 (outside Australia).

For information on the Rights Issue please also contact our Offer Information Line on 1800 612 532 (from Australia) or +61 2 8280 7713 (outside Australia).

Pivotal Trial Start

On 30 November 2009, we announced the initiation of MoxDuo™IR pivotal Phase 3 trials – a critical step in the regulatory process required for filing an NDA with the FDA. This clinical trial compares the efficacy and safety profiles of our proprietary dual-opioid™, MoxDuo™IR, against component doses of morphine and oxycodone alone.

This study follows our recent clinical successes in Phase 3 development programme pilot studies demonstrating the superiority of MoxDuo™IR in terms of efficacy and tolerability in the management of acute post-operative pain: significant pain relief with significantly less nausea, vomiting, dizziness and constipation than standards of care (morphine, oxycodone or Percocet®). The final Phase 3 registration trial, a study to evaluate the effectiveness of MoxDuo™IR in patients following total knee replacement surgery, is scheduled to begin in Q1 2010.

We expect to complete Phase 3 trials by Q3 2010, file an NDA for MoxDuo™IR by EOY 2010, and launch of MoxDuo™ IR into the acute pain segment of the US$12 billion global marketplace for treating patients with moderate to severe pain in 2011. This Phase 3 development programme will proceed during 2010 in parallel with strategic partnering discussion efforts.

The level of support we have seen from the capital markets is very encouraging, and we look forward to sharing our progress with you as we prepare for the commercialisation of our product candidates.

John W. Holaday, Ph.D.
Managing Director and CEO

1. Additional shares will be subject to availability. Applications for additional shares may be scaled at the sole discretion of QRxPharma Limited and RBS Morgans Corporate Limited

Forward Looking Statements

This letter and the linked audio broadcast contain 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 letter and linked audio broadcast that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement.

Forward looking statements, opinions and estimates provided in this letter and the linked audio broadcast 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 letter and the linked audio broadcast.

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.

About QRxPharma

QRxPharma (ASX: QRX and OTCQX: QRXPY) is a clinical-stage specialty pharmaceutical company focused on the development and commercialisation of therapies for pain management and central nervous system (CNS) disorders. Based on a business strategy to expand the clinical utility and commercial value of marketed and/or existing compounds, QRxPharma's product portfolio includes both late and early stage clinical drug candidates with well-defined paths to regulatory approval and sales. The Company intends to directly commercialise its products in the US and seek strategic partnerships for worldwide markets. QRxPharma's lead compound, MoxDuo™IR (Q8003IR), is in Phase 3 clinical development and has successfully completed multiple comparative studies evaluating its efficacy and safety against equianalgesic doses of morphine, oxycodone and Percocet® for the treatment of acute pain. Study results consistently demonstrate MoxDuo™IR's greater overall tolerability, achieving better pain relief with substantially fewer incidences of moderate to severe side effects. The Company's preclinical and clinical pipeline includes other technologies in the fields of pain management, neurodegenerative disease and venomics. For more information: www.QRxPharma.com.

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