ASX RELEASE
28 April 2008

THIRD QUARTER OPERATING UPDATE

Early completion of patient enrolment in a Phase 3 Clinical Trial for Dual-Opioid Pain Product

QRxPharma (ASX: QRX), confirms the early completion of patient enrolment in its first study conducted as part of the Phase 3 development program for its lead product candidate Q8003IR, an immediate release dual-opioid pain therapy for treatment of acute pain. It is anticipated that the initial results of this study will be available by early May, capping off a successful quarter of development activity for the Q8003IR programme.

Cash utilisation in the quarter ending 31 March 2008, as detailed in the Appendix 4C released today, is aligned with prior expectations, and the Company retains A$36.2 million in cash reserves and short-term investments with the Company maintaining its confidence on sufficient funding being available to fully fund the Phase 3 clinical trials and New Drug Application (NDA) submission for Q8003IR in the US market.

"Having initiated our Phase 3 studies before the end of 2007, we completed enrolment of 263 patients with moderate to severe post-surgical pain in our placebo controlled dose ranging study of Q8003IR. Data are now being evaluated to determine pain relief and side effect profiles" said Dr. John Holaday, Managing Director and CEO of QRxPharma.

Specific events since 31 December 2007 relating to the Q8003IR clinical trial program include:

- Completion of patient enrolment in our first Phase 3 clinical trial. This double-blind, placebo-controlled clinical trial compared the efficacy and safety of four different dosages of Q8003IR vs. placebo in post-surgical pain following a scheduled surgical procedure (bunionectomy). The study, conducted at six US clinical research sites with 263 patients experiencing moderate to severe pain, was completed ahead of schedule.

- We are nearing completion of the second Phase 3 study, a placebo controlled, and double blind safety extension clinical trial designed to collect longer-term patient safety data.

Additional clinical trials with Q8003IR will begin in the next few months to comply with the US Food and Drug Administration's (FDA) requirement for the combination product Q8003IR to be compared to its individual components in acute post-surgical pain. These data will further support submission of the Company's planned NDA to the FDA in 2009.

QRxPharma Limited ABN 16 102 254 151
Level 1, 194 Miller St, North Sydney, NSW 2060 Australia Tel: 61 2 9492 8021 Fax: 61 2 8920 0314
Postal Address: PO Box 1810 North Sydney, NSW 2059 Australia
www.qrxpharma.com

QRxPharma can also confirm quarterly progress relating to its other clinical pipeline candidates and preclinical stage drugs. Since 31 December 2007:

- Q8011CR, a formulation of QRxPharma dual opioids designed to provide 12 hours of pain relief in patients with moderate to severe pain, is being formulated to initiate Phase I studies. The Company expects these trials to begin in 2008.

- A development plan is underway for an intravenous formulation of QRxPharma's dual opioid Q8012IV, for the immediate post-surgical treatment of hospital-based pain. The intravenous formulation would represent an exciting addition to the QRxPharma pain franchise and would be complementary to Q8003IR. The initial clinical trials would commence in 2009 and these trials would be funded from expected cost savings associated with the Q8003IR development programme augmented by grant funding.

- QRxPharma's Dystonia and Parkinson's Disease development program represents a family of small molecules that are shown to be effective in several preclinical models. Work continues under a collaborative research agreement with the University of Alabama on lead molecule selection.

###

For more information please contact:
John Holaday
Managing Director and Chief Executive Officer
Tel: +1 301 908 3086
Email: john.holaday@qrxpharma.com

Chris J Campbell
Chief Financial Officer and Company Secretary
Tel: +61 2 9492 8021
Email: chris.campbell@qrxpharma.com

About QRxPharma

QRxPharma (ASX: QRX) 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 focused business strategy to expand the clinical utility and commercial value of marketed compounds, the Company's product portfolio includes both late and early stage clinical drug candidates, with the focus being on achieving accelerated development paths, reduced development risk and improved patient outcomes. QRxPharma's lead compound, Q8003IR, began Phase 3 clinical trials in November 2007. The Company's preclinical and clinical pipeline includes other technologies in the fields of pain management, neurodegenerative disease and venomics. For more information: www.QRxPharma.com

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

QRxPharma Limited

ABN

16 102 254 151

Quarter ended ("current quarter")

31 March 2008

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from customers	-	-
1.2	Payments for (a) staff costs	(877)	(1,826)
	(b) advertising and marketing	-	(126)
	(c) research and development	(2,775)	(6,461)
	(d) leased assets	-	-
	(e) other working capital	(110)	(1,625)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	447	1,249
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refund/(paid)	-	125
1.7	Other	-	-
	Net operating cash flows	(3,315)	(8,664)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	(3,315)	(8,664)
	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	(47)	(78)
	(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 with maturity greater than 3 months – **see Note (i) below)**	-	10,021
	Net investing cash flows	(47)	9,943
1.14	**Total operating and investing cash flows**	(3,362)	1,279
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other	-	(31)
	Net financing cash flows	-	(31)
	Net increase (decrease) in cash held	(3,362)	1,248
1.21	Cash at beginning of quarter/year to date	39,882	35,690
1.22	Effect of exchange rate changes on cash	(1,152)	(1,570)
1.23	**Cash at end of quarter – see Note (ii) below**	35,368	35,368

Note (i) – A Bank Accepted Commercial Bill of $9.7 million matured in December 2007. The proceeds together with interest of $0.3 million, were converted into US dollars and reinvested in Term Deposits having maturities of less than 3 months from original investment date. Accordingly these Term Deposits have been classified and disclosed as cash and cash equivalents in accordance with AASB 107 "Cash Flow Statements".

+ See chapter 19 for defined terms.

Note (ii) – The Company has a Term Deposit of $0.8 million (maturity 18 May 2008), having a maturity of greater than 3 months from original investment date, has been classified as a short term investment and excluded from disclosure as cash and cash equivalents in accordance with AASB 107 "Cash Flow Statements". On maturity, if these funds are not reinvested for a period of greater than 3 months they will be reclassified and disclosed as part of cash and cash equivalents in accordance with AASB 107 "Cash Flow Statements".

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	$273
1.25	Aggregate amount of loans to the parties included in item 1.11	$ -

1.26 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

Nil.

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

Nil.

Financing facilities available

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

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

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	1,133	970
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Bank Accepted Commercial Bills and Term Deposits with maturity of less than 3 months – **see Note (iii) below**	34,235	38,912
	Total: cash at end of quarter (item 1.23)	35,368	39,882

Note (iii) – The Company has a Term Deposit of $0.8 million (maturity 18 May 2008), having a maturity of greater than 3 months from original investment date, has been classified as a short term investment and excluded from disclosure as cash and cash equivalents in accordance with AASB 107 "Cash Flow Statements". On maturity, if these funds are not reinvested for a period of greater than 3 months they will be reclassified and disclosed as part of cash and cash equivalents in accordance with AASB 107 "Cash Flow Statements".

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 ~~/does not* (delete one)~~ give a true and fair view of the matters disclosed.

Sign here: ..... C J Campbell ..... Date: 28 April, 2008
Company Secretary

Print name: Chris J Campbell

Notes

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

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

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

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

+ See chapter 19 for defined terms.