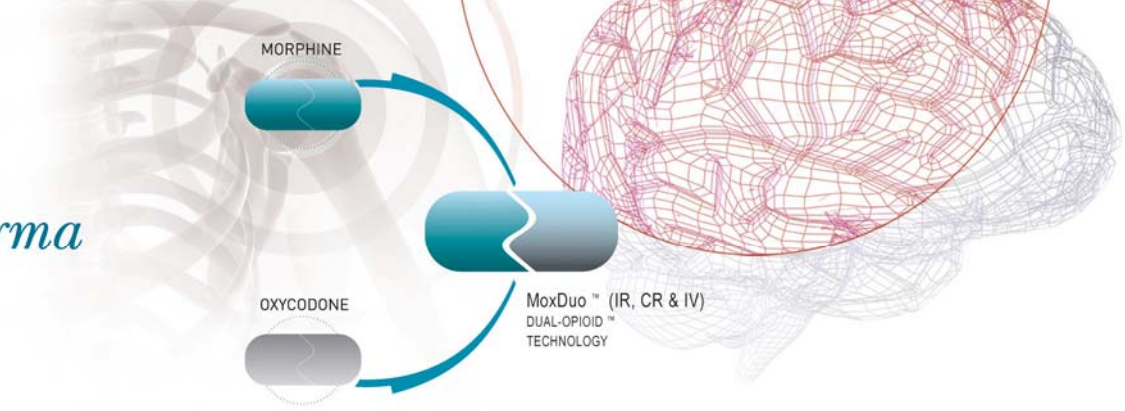

ASX RELEASE
26 October 2009

FIRST QUARTER OPERATING UPDATE

Study results for MoxDuo™IR have consistently demonstrated fewer side effects than observed with morphine alone, oxycodone alone and now with Percocet®.

Sydney, Australia & Bedminster, NJ – QRxPharma Limited (ASX: QRX and OTCQX: QRXPY), announced that the Company retains A$13.5 million in cash reserves at 30 September 2009, as detailed in the Appendix 4C released today.

"QRxPharma is delighted with the clinical progress of its lead product candidate – MoxDuo™IR (immediate release) during the quarter," said Dr. John Holaday, Managing Director and CEO of QRxPharma. "The successful completion of our second pilot study to evaluate the analgesic efficacy and safety profile of MoxDuo™IR capsules in patients with moderate to severe pain has provided corroboration of earlier clinical findings."

This study, conducted on patients following total knee replacement surgery, demonstrated that when compared at equianalgesic doses with Percocet®, the second most widely prescribed opioid in the US; MoxDuo™IR demonstrated greater overall tolerability with substantially fewer incidences of moderate to severe nausea, vomiting, constipation, and hypotension than Percocet®.

These results are consistent with those of the pilot study completed earlier in the year, which compared the efficacy and safety profile of MoxDuo™IR to corresponding doses of oxycodone and morphine in patients experiencing moderate to severe pain in the first 24 hours 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.

Study results for MoxDuo™IR have consistently demonstrated fewer side effects than observed with morphine alone, oxycodone alone and now with Percocet®. At this time, the Company has two pivotal Phase 3 studies to complete prior to finalising a New Drug Application filing with the US Food and Drug Administration in 2010. MoxDuo™IR is scheduled for launch in 2011 targeting the acute pain market; a $2.5 billion segment of the $8 billion spent annually on prescription opioids in the US.

MoxDuo™IR is part of a larger Dual-Opioid™ portfolio including intravenous (MoxDuo™IV) and controlled release (MoxDuo™CR) formulations.

During the quarter, QRxPharma initiated a Phase 2 comparative proof-of-concept study to evaluate the efficacy and safety of MoxDuo™IV versus IV morphine alone for the treatment of moderate to severe post-operative pain in patients following hip replacement surgery. This study is being conducted at the Cologne-Merheim Medical Centre, a part of Witten/Herdecke University, and Cologne University Hospital, both in Cologne, Germany. Data from this study will serve as a significant predictor of MoxDuo™IV's clinical benefits. The Company expects to complete dosing of patients in this investigator study before the end of 2009.

Preliminary Phase 3 data demonstrate the Company's MoxDuo™IR oral formulation consistently yields superior pain relief with a lower frequency of side effects than morphine and oxycodone alone. The Company believes its intravenous formulation will demonstrate similar benefits. The absence of sedation as well as reduced nausea and vomiting may permit accelerated patient recovery while providing superior pain relief. This will enable physical therapy to begin sooner, saving time and money for both patient and payer.

QRxPharma recently announced a contractual agreement with Patheon to manufacture clinical supplies of MoxDuo™CR. QRxPharma's controlled release formulation is designed to provide 12 hours of pain relief in patients suffering from moderate to severe chronic pain (including cancer, lower back, osteoarthritis and neuropathic). This agreement rounds out the MoxDuo™ product portfolio for managing moderate to severe pain in patients dealing with acute and chronic medical problems. QRxPharma is on track to initiate its first Phase 1 study of MoxDuo™CR by the end of 2009.

During the quarter, QRxPharma also finalised a deal with Liaoning Nuokang Medicines Co Ltd, a Chinese biopharmaceutical company based in Shenyang, China to develop and commercialise QRxPharma's venomics assets for the Chinese market. The strategic alliance provides QRxPharma shareholders the opportunity to extract value from the venomics assets without diverting management's attention away from QRxPharma's main prospect with its Dual Opioid™ development programme in the area of pain management.

The Company continues to pursue business development opportunities but remains committed to progressing the development of its product portfolio, while closely managing the cash burn.

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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.

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.

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 September 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from customers	-	-
1.2	Payments for (a) staff costs	(1,321)	(1,321)
	(b) advertising and marketing	-	-
	(c) research and development	(2,117)	(2,117)
	(d) leased assets	-	-
	(e) other working capital	(529)	(529)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	27	27
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refund / (paid)	-	-
1.7	Other (provide details if material)*	-	-
	Net operating cash flows	(3,940)	(3,940)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities admitted on the basis of commitments

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	(3,940)	(3,940)
	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	-	-
	(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	-	-
1.14	**Total operating and investing cash flows**	(3,940)	(3,940)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	579	579
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 (provide details if material)	-	
	Net financing cash flows	579	579
	Net increase (decrease) in cash held	(3,361)	(3,361)
1.21	Cash at beginning of quarter/year to date	17,773	17,773
1.22	Exchange rate adjustments to item 1.20	(922)	(922)
1.23	**Cash at end of quarter**	13,490	13,490

+ 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	176
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	1,462	527
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	12,028	17,246
	Total: cash at end of quarter (item 1.23)	13,490	17,773

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: C. J. Campbell Date: 26 October, 2009
(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.