



22 July 2011

Dear Shareholder

QRxPharma Limited – Non-Renounceable Rights Issue

On 22 July 2011, QRxPharma Limited (**QRxPharma**) announced a non-renounceable rights issue of up to 7,153,275 new fully paid ordinary shares (**Rights Issue**) under which its eligible shareholders will be offered 1 fully paid ordinary share in QRxPharma (**New Share**) for every 20 fully paid ordinary shares held on the record date, at an issue price of A\$1.45 per share.

This Rights Issue offer will be made to those shareholders of QRxPharma with registered addresses in Australia, New Zealand and the US only (**Eligible Shareholders**). The Rights Issue is not underwritten.

The Rights Issue (if fully subscribed) will raise up to approximately \$10.4 million before costs. QRxPharma intends to use the proceeds from the Rights Issue to progress MoxDuo[®] IR through FDA approval and commercialisation leading to product launch expected in 2012, to progress the development of MoxDuo controlled release (CR) and to provide additional working capital.

QRxPharma has decided that it is unreasonable to make the offer to shareholders with registered addresses outside of Australia, New Zealand and the US (**Ineligible Shareholders**) due to:

1. the small number of shareholders with registered addresses outside of these countries;
2. the number and value of shares those shareholders would be offered; and
3. the cost of complying with the legal and other regulatory requirements in each of the countries concerned.

The Rights Issue will not be extended to Ineligible Shareholders and they will not receive a copy of the Rights Issue booklet or an Entitlement and Acceptance Form.

No action has been taken to register or qualify the Rights Issue booklet and Entitlement and Acceptance Form, the Rights Issue or the New Shares or to otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia, New Zealand or the US.

QRxPharma expects to despatch the Rights Issue booklet and Entitlement and Acceptance Forms to Eligible Shareholders on or around Monday, 8 August 2011. The Rights Issue booklet has been lodged with the ASX and is available on the ASX website at www.asx.com.au.

The key dates for the Rights Issue are set out below:

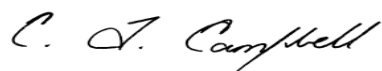
Event	Date
Announcement of Rights Issue	Friday, 22 July 2011
Ex-Date	Tuesday, 26 July 2011
Record Date for the Rights Issue	7.00pm on Tuesday, 2 August 2011
Mailing of Rights Issue Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Monday, 8 August 2011
Rights Issue opening date – mailing Rights Issue Booklet and Entitlements and Acceptance Form to Eligible Shareholders	Monday, 8 August 2011
Rights Issue closing date – last date for receipt of acceptances and payment of application money in full	5.00pm on Monday, 22 August 2011
Issue of New Shares under the Rights Issue	Tuesday, 30 August 2011
Despatch of holding statements and CHESS notices and Deferred Settlement trading ends	Tuesday, 30 August 2011
Normal trading of New Shares issued under the Rights Issue expected to commence on ASX	Wednesday, 31 August 2011

This timetable is indicative only and may be subject to change, subject to the ASX Listing Rules.

Existing option holders may participate in the Rights Issue upon exercise of their vested options. QRxPharma sent a letter to its option holders on the date of this letter to notify them of their right to participate in the Rights Issue upon exercise of their vested options.

For further information about the Rights Issue please contact 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.

Yours faithfully
QRxPharma Limited



Chris Campbell
Company Secretary