



8 August 2011

Dear Shareholder

QRxPharma Limited – Non-Renounceable Rights Issue – Notice to Ineligible Shareholders

On 22 July 2011 QRxPharma Limited (**QRxPharma**) announced a non-renounceable rights issue (**Rights Issue**) of 1 fully paid ordinary share in QRxPharma (**New Share**) for every 20 QRxPharma shares held by shareholders at an issue price of \$A1.45 per New Share. The Record Date for the Rights Issue is Tuesday, 2 August 2011 (**Record Date**).

The Rights Issue is to be implemented under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by ASIC Class orders CO07/571 and CO08/35. The Rights Issue (if fully subscribed) will raise up to approximately \$10.4 million before costs.

Documents for the Rights Issue were lodged with the ASX on 22 July 2011 and are being mailed to Eligible Shareholders.

1. You Are Not Entitled to Participate in the Non-Renounceable Rights Issue

The Rights Issue is only being made to Eligible Shareholders, on the basis of 1 New Share for every 20 QRxPharma shares held.

You are not entitled to participate in the Rights Issue and subscribe for New Shares as you are an ineligible shareholder.

QRxPharma has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A of the Corporations Act, that it would be unreasonable to make offers to QRxPharma shareholders in all countries under the Rights Issue.

2. Eligibility Criteria

Only shareholders who meet the following criteria can participate in the Rights Issue (**Eligible Shareholders**):

- (a) are registered as a holder of QRxPharma shares as at 7.00 pm on the Record Date; and
- (b) have a registered address in either Australia or New Zealand or have a registered address in the United States and are '*Accredited Investors*' (as defined in Rule 501(a) of Regulation D of the US Securities Act; and
- (c) are otherwise eligible under all applicable securities laws to receive an offer under the Rights Issue.

3. Not an Offer to Issue New Shares to You

This notice is to inform you about the Rights Issue. It is **not** an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

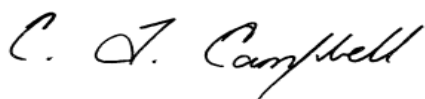
You are not required to do anything in response to this letter.

If you have any questions in relation to this letter, please contact the QRxPharma Offer Information Line on 1800 612 532 (free call from within Australia) or +61 2 8280 7713 (outside Australia) from 8.30 am to 5.30 pm (AEST/Sydney time) Monday to Friday.

On behalf of the Board and management of QRxPharma, thank you for your continued support.

Yours faithfully

QRxPharma Limited

A handwritten signature in cursive script that reads "C. J. Campbell".

Chris J Campbell
Company Secretary