



8 August 2011

Dear Shareholder

**Investment Letter for U.S. Eligible Shareholders
In Connection with the enclosed Rights Issue Booklet**

If you are a “U.S. person” as defined under the U.S. Securities Act of 1933 (the **1933 Act**)¹, and you have carefully reviewed the QRxPharma Rights Issue Booklet enclosed (the **Rights Issue Booklet**) and all other materials provided to you by QRxPharma Limited (**QRxPharma** or the **Company**), and you wish to subscribe to purchase the New Shares (as defined in the Booklet), **please complete the Investment Declaration set out in the schedule to this letter for the benefit of the Company.**

The information requested in this Investment Letter (this **Letter**) and the Investment Declaration is required in connection with the Company’s intended reliance upon certain exemptions from the registration and qualification requirements of United States federal and state securities laws. Any U.S. Person who is not an Accredited Investor, as defined in the Investment Declaration, shall not be entitled to participate in the below-defined Offer, and such Investment Declaration shall be rejected by the Company.

Defined terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Rights Issue Booklet.

Background

- A. Reference is made to the QRxPharma Rights Issue Offer (the **Offer**), pursuant to which the Company is making a pro rata non-renounceable offer of New Shares to Eligible Shareholders, who are on the register of Shareholders of the Company on the Record Date, being 7.00 pm on 2 August 2011, to acquire 1 New Share for every 20 Shares held on the Record Date, at an issue price of A\$1.45 per New Share.

¹ Under Regulation S of the 1933 Act, a “U.S. person” means:

- (i) any natural person resident in the U.S.;
- (ii) any partnership or corporation organized or incorporated under the laws of the U.S.;
- (iii) any estate of which any executor or administrator is a U.S. person;
- (iv) any trust of which any trustee is a U.S. person;
- (v) any agency or branch of a foreign entity located in the U.S.;
- (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the U.S.; and
- (viii) any partnership or corporation if it is: (A) organized or incorporated under the laws of any foreign jurisdiction; and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D of the Securities Act) who are not natural persons, estates or trusts.

- B. The transactions contemplated under the Offer, and the securities offered and subscribed to thereunder, relate solely to securities of QRxPharma Limited, an Australian limited company, and the listing and trading of such securities on the Australian Securities Exchange (ASX).
- C. If you are a United States “person”, as such term is defined under the 1933 Act, the Company has requested and you have agreed to make the additional representations and warranties set out in the Investment Declaration simultaneous with and as a condition to your submission of the Entitlement and Acceptance Form.

1. Investment Declaration

Further to the “Important Notices” section of the Rights Issue Booklet, no sale of the New Shares will be made to any U.S. Person who does not execute and deliver for the benefit of QRxPharma a declaration in the form of the Investment Declaration.

The Investment Declaration must be completed and returned before 5.00pm on Monday, 22 August 2011 (Sydney time).

The Investment Declaration must be completed and returned by email or fax to:

Chris Campbell
Company Secretary
QRxPharma Limited
Email: Chris.Campbell@QRxPharma.com
Fax: + 61 2 8920 0314

2. Payment

Further to section 2.4 of the Rights Issue Booklet, payment (if you are a US Eligible Shareholder) may also be made as follows:

By electronic bank transfer to:

Account Name: Pacific Custodian Pty Ltd – QRxPharma Rights Offer
Bank name: Commonwealth Bank of Australia
Branch address: 546 George Street
Sydney NSW 2000
Australia
BSB: 062-028
Account Number: 10764323
BIC Code: CTBAAU2SXXX

You should use your SRN or HIN to identify the payment. Please note that unidentified payments will not be accepted into the Offer.

If possible you should also email or fax a copy of your completed Entitlements and Acceptance Form to:

Email: capitalmarkets@linkmarketservices.com.au
Fax: +61 2 9287 0303



3. General

The general provisions concerning governing law, jurisdictions, severability and other such provisions contained in the Rights Issue Booklet shall be applicable in all respects to this Letter and the Investment Declaration.

Yours faithfully

QRxPharma Limited

Chris J Campbell
Company Secretary

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**- Schedule -
Investment Declaration**

To be completed and returned by email or facsimile **5.00pm on Monday, 22 August 2011 (Sydney time)** to:

Chris Campbell
Company Secretary
QRxPharma Limited
Email: Chris.Campbell@QRxPharma.com
Fax: + 61 2 8920 0314

In consideration of the terms, provisions and conditions contained in the Offer, the undersigned hereby agrees as follows:

1. Recitations Incorporated

All of the matters and facts herein above stated and set forth in the “Background” section of the Investment Letter for U.S. Eligible Shareholders In Connection with the enclosed Rights Issue Booklet (**Letter**) are incorporated herein, made a part of this Investment Declaration and are affirmed, confirmed and ratified as being true and accurate by you. Capitalised terms not otherwise defined herein shall have the meanings provided for such terms in the Letter.

2. Representations and Warranties

You (**Investor**) hereby represent and warrant to the Company that:

(a) **Accredited Investor.** Investor is an “Accredited Investor” as defined in Rule 501(a) of Regulation D promulgated under the 1933 Act. My qualification is based on the following (each “accredited investor” must initial the appropriate item or items):

- _____ 1. I had an individual income (exclusive of the income of my spouse) in excess of \$200,000 for each of the two most recent years, or joint income with my spouse in excess of \$300,000 in each of those years, and reasonably expect the same income level for the current year; or
- _____ 2. as of the date of the Entitlement and Acceptance Form, I (either individually or with my spouse) have a net worth in excess of \$1,000,000, excluding the value of my (or my and my spouse’s) primary residence;

OR

I am:

- _____ 3. an executive officer or director of the Company;
- _____ 4. a bank (as defined in Section 3(a)(2) of the 1933 Act) or savings and loan institution (as defined in Section 3(a)(5)(A), whether acting in its individual or fiduciary capacity;
- _____ 5. an insurance company (as defined in Section 2(a)(13) ;
- _____ 6. an investment company registered under the Investment Company Act of 1940;



- _____ 7. a business development company as defined in the Investment Advisors Act of 1940;
- _____ 8. a private business development company as defined in the Investment Advisors Act of 1940;
- _____ 9. a Small Business Investment Company licensed by the U.S. Small Business Administration;
- _____ 10. an employee benefit plan within the meaning of Title I of the Employment Retirement Income Security Act of 1974 (**ERISA**), if the investment decision with respect to this investment is made by a plan fiduciary which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000, or if a self-directed plan, with investment decisions made solely;
- _____ 11. an employee benefit plan established and maintained by a state or state agency, if the plan has total assets in excess of \$5,000,000;
- _____ 12. any tax exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- _____ 13. an entity of which the owners are: (a) institutional investors described in the foregoing subparagraphs 1-12; (b) "Individuals" who meet certain suitability standards²; or (c) or a combination of both;
- _____ 14. a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities, whose purchase is directed by a person with knowledge and experience in financial matters, capable of evaluating the merits and risks of the prospective investment;

OR

- _____ 15. I am not an "accredited investor" (initial, if appropriate).
- (b) **Experience.** Investor has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company and Investor acknowledges that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests.
 - (c) **Access to Information.** Investor has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the New Shares (for purposes hereof, **Shares**) and had adequate opportunity to ask

² For purposes of paragraph 2(a) above, "**Individuals**" shall mean natural persons, each of whom: (i) has a net worth individually, or jointly with his or her spouse, of more than \$1,000,000, excluding the value of his or his and his spouse's primary residence; or (ii) has had individual annual gross income from all sources in excess of \$200,000, or joint income with a spouse in excess of \$300,000, in each of the two most recent years and a reasonable expectation of reaching the same income level in the current year; or (iii) is an Officer or Director of the Company; or (iv) is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; or (v) in most cases, may reasonably be deemed by the Company to have such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.

questions of and receive answers from the Company and its officers concerning the terms and conditions of the investment to be made pursuant to the Offer, and to obtain any additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of information previously furnished.

- (d) **Restricted Securities.** Investor understands that the Shares have not been, and will not be, registered under the 1933 Act, by reason of a specific exemption from the registration provisions of the 1933 Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Investor's representations as expressed herein. Investor understands that the Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Shares may not be offered, sold, transferred within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the 1933 Act.
- (e) **No General Solicitation.** Investor has not, either directly or indirectly, including through a broker or finder: (a) engaged in any general solicitation; or (b) published any advertisement in connection with the offer and sale of the Shares.
- (f) **Distribution.** Investor is purchasing the Shares for its own account and not with a view towards distribution.

If Individual

(Sign here)

(Print name here)

Date: _____

If Entity

(Name of Entity)

(Sign here)

(Print name here)

(Title)

Date: _____