



Chairman's Letter

15 October 2010

Dear Shareholder

QRxPharma Limited – Share Purchase Plan

On behalf of QRxPharma Limited (**QRxPharma**), I am pleased to invite you to participate in a Share Purchase Plan which gives you the opportunity to subscribe for up to \$15,000 of new QRxPharma ordinary shares (**New Share**), at an issue price of A\$0.85 per New Share (the **SPP**).

On 1 October 2010, QRxPharma announced it had completed a placement of shares to institutional and sophisticated investors (**Placement**) raising A\$14 million. In addition to this QRxPharma has announced a Share Purchase Plan to allow its shareholders at the Record Date (30 September 2010) to participate in the capital raising at the same price paid by investors in the Placement.

The issue of the majority of the Placement shares is subject to shareholder approval at the company's Annual General Meeting to be held on Monday 8 November 2010. These shares are expected to be allotted on Tuesday 9 November 2010.

QRxPharma is very close to completing some very important milestones which the Board believes will add significant shareholder value. These milestones include the release of the results of the Phase 3 study for MoxDuo[®] IR due to be released in December 2010 and the company submitting its New Drug Application (NDA) to the US Food and Drug Administration (FDA) by the end of March 2011. The Company anticipates launching MoxDuo IR in 2012 into the US\$12 billion global market for opioids.

QRxPharma intends to use the proceeds of the SPP and Placement to fund a Phase 3 labelling claim study that will enable the Company to make marketing and advertising claims in Europe and the US for MoxDuo IR an immediate release Dual-Opioid[®] pain therapy. This is expected to distinguish MoxDuo IR in the opioid marketplace and increase the attractiveness of MoxDuo IR to patients, doctors and potential partners.

The funds will also be used to support QRxPharma as it approaches a major milestone, the filing of its NDA with the FDA. It will also provide funding as QRxPharma advances its Marketing Authorisation Application (MAA) in Europe for MoxDuo IR in CY2011, and further progresses the development programs of MoxDuo CR (controlled release) and MoxDuo IV (intravenous).

QRxPharma has made significant progress over the past year including:

MoxDuo IR (an immediate-release oral tablet for acute pain):

- In April 2010, the Company announced the successful completion of the first of two pivotal Phase 3 studies required for the submission of a NDA with the FDA. The trial enrolled 522 patients at six US clinical research sites and the primary and secondary endpoints were met.
- In February 2010, the Company initiated its second Phase 3 registrational trial to compare the effectiveness and safety of a flexible MoxDuo IR. The study is targeted to enrol 140 patients at eight US clinical research sites, and an interim analysis revealed that with half the patients enrolled, the study was likely to reach statistical significance without the addition of more patients. We expect to complete patient dosing in Q4 CY2010 in preparation for filing a NDA in Q1 CY2011.

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

MoxDuo IV (an intravenous formulation for moderate to severe hospital-based pain):

- The Company announced in August 2010 the results of a 40 patient Phase 2 comparative proof-of-concept study of MoxDuo IV versus IV morphine alone. The data has demonstrated that QRxPharma's formulation of MoxDuo IV resulted in fewer side effects and offered better pain relief than morphine alone.
- In February 2010, the Company announced a strategic alliance to collaborate in the development of MoxDuo IV with Aoxing Pharmaceutical Company (NYSE AMEX:AXN). Aoxing has also licensed MoxDuo IR for the Chinese marketplace, with QRxPharma providing the product for distribution.

MoxDuo CR (a controlled-release oral tablet for chronic pain):

- In May 2010, the Company successfully completed a Phase 1 trial for MoxDuo CR, which was conducted in 14 normal healthy volunteers at one US clinical research site. The results were consistent with expectations for a twice-daily formulation and keep QRxPharma on track to finalise the MoxDuo CR tablet in early 2011 and to initiate Phase 2 trials shortly thereafter.

The Placement and this SPP will allow QRxPharma to continue its progress towards further important milestones including the commercialisation of MoxDuo IR which the Board believes will add significant shareholder value.

You will find enclosed in this mail pack important information, including:

- key dates and terms for the SPP
- instructions on "How to Apply" setting out how to accept all or part of your Entitlement; and
- an SPP Application Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions on "How to Apply".

The SPP closes at 5.00 pm (Sydney time) on Friday, 12 November 2010. To participate, you need to ensure that your completed SPP Application Form (with your Application Monies) is received by QRxPharma **OR** that you have paid your Application Monies via BPAY® prior to the SPP closing date and time, in line with the instructions that are set out on the SPP Application Form. Please refer to the instructions in the Terms and Conditions on "How to Apply" that accompany this letter for further information.

Participation in the SPP is optional. However, the offer under the SPP is non-renounceable. This means that you cannot transfer your right to purchase Shares under the SPP to another person or entity.

QRxPharma has continued to enjoy very strong shareholder support since its listing in May 2007, and is conscious of providing all shareholders with the opportunity, where possible, to participate in the future growth of the company.

We look forward to your consideration of this Share Purchase Plan and your continued support.

Yours faithfully

QRxPharma Limited



Peter Farrell
Chairman

QRxPHARMA LIMITED
ACN 102 254 151
(QRx)

SHARE PURCHASE PLAN (SPP) TERMS AND CONDITIONS

1. Eligible Shareholders

You are eligible to participate in the SPP if you were the registered holder of one of more fully paid ordinary shares in QRx (**Shares**) at 5:00pm (Sydney time) on 30 September 2010 with an address as recorded in QRx's register of ordinary shareholders in Australia and New Zealand.

Joint holders of Shares will be taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder.

2. The SPP

The SPP enables Eligible Shareholders to purchase up to \$15,000 of ordinary shares in QRx, without being required to pay brokerage fees or incurring additional transaction costs.

3. Participation in the SPP

Participation in the SPP is optional. However, the offer under the SPP is non-renounceable. This means that you cannot transfer your right to purchase Shares under the SPP to another person or entity.

4. Indicative Dates*

Record date to determine entitlements (5:00pm Sydney time)	30 September 2010
Announcement of SPP	1 October 2010
SPP opens	18 October 2010
Closing date for application for shares (5:00pm Sydney time)	12 November 2010
Date of allotment and despatch of uncertified statements to shareholders	19 November 2010

* QRx has the discretion to vary these dates by making an announcement to the ASX.

5. Issue Price and Variation in Market Price

The issue price for each Share is \$0.85 (**Issue Price**).

The market price of the Shares on the ASX may rise and fall between the SPP opening date, the closing date and the date when QRx allots the Shares to you under the SPP (**Allotment Date**). This means that the price you pay under the SPP offer may exceed the price at which Shares are trading on the ASX at the time the Shares are allotted to you under the SPP. Accordingly, you should seek your own financial advice in relation to this SPP offer and your participation in the SPP.

QRx recommends that you monitor its announcements and share price, which can be found on QRx's website at www.qrxpharma.com and on the ASX website at www.asx.com.au (ASX code: QRX). The share price can also be found in the financial pages of major Australian metropolitan newspapers.

6. Opening and Closing Dates of the SPP

The SPP offer opens on 18 October 2010 (**Opening Date**) and closes at 5:00pm (Sydney time) on 12 November 2010 (**Closing Date**), unless it is extended by QRx. QRx reserves the right to change at any time the Closing Date or the proposed Allotment Date, by making an announcement to the ASX. QRx also reserves the right to terminate the SPP at any time prior to the issue of Shares under the SPP. If QRx terminates the SPP, it will refund any money paid by Eligible Shareholders under the SPP. Interest will not be paid on any money refunded under this clause.

7. Amount of Shares Eligible Shareholders can Apply for Under the SPP

You may apply for a dollar amount of Shares under the SPP, not a number of Shares. You may apply for Shares in any of the following amounts:

- (a) \$2,000 (2,353 Shares);
- (b) \$5,000 (5,882 Shares);
- (c) \$7,500 (8,824 Shares);
- (d) \$10,000 (11,765 Shares); or
- (e) \$15,000 (17,647 Shares).

QRx will divide the dollar amount you have applied for by the Issue Price then round the result to the nearest whole number, in order to determine the number of Shares you have applied for.

QRx reserves the right to scale back allocations under the SPP in its sole discretion. Any necessary refund will be paid by QRx to Eligible Shareholders shortly after the Closing Date of the SPP or the date to which it may be extended. No interest will be paid on any money refunded.

If you are an Eligible Shareholder and have received more than one offer under the SPP (for example because you are the joint holder of shares or hold more than one shareholding under separate share accounts), **you may not apply for Shares with an aggregate value exceeding \$15,000 under the SPP**. QRx reserves the right (exercisable at its sole discretion) to reject any application for Shares where it believes this requirement has not been met. Any necessary refund will be paid by QRx to Eligible Shareholders shortly after the Closing Date or the date upon which the Closing Date is extended. Interest will not be paid on any money refunded under this clause.

If a trustee or nominee is expressly noted on the QRx share register as holding Shares on behalf of another person (**the Beneficiary**), the Beneficiary is taken to be the registered holder of the Shares for the purpose of the SPP and any application by the trustee or nominee is taken to be an application and certification by the Beneficiary (**although a Beneficiary who is resident outside of Australia or New Zealand is not eligible to participate in the SPP.**)

8. How to Apply for Shares under the SPP and Payment

If you wish to apply for Shares under the SPP, you can either:

- (a) complete the enclosed personalised application form (**Application Form**) and return it together with a cheque, bank draft or money order made payable to 'QRxPharma SPP Offer Account'; or
- (b) make a BPAY® payment by using the personalised reference number shown on your enclosed Application Form. You do not need to return your application form.

Please do **not** send cash.

Applications may only be made for parcels of QRx Shares in the amounts set out on your Application Form.

8.1 Payment by cheque, bank draft or money order

If you choose to pay by cheque, bank draft or money order, you should complete your Application Form in accordance with the instructions on the form and return it together with a cheque, bank draft or money order in Australian dollars, payable to "QRxPharma SPP Offer Account" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- (a) for an amount equal to either \$2,000, \$5,000, \$7,500, \$10,000 or \$15,000; and
- (b) in Australian currency drawn on an Australian branch of a financial institution.

If the payment received is not for the exact amount required to buy the number of Shares the Eligible Shareholder elected to purchase under the SPP, QRx reserves the right to round down your application to the closest number of shares by dividing your payment by the Issue Price. In these circumstances QRx will amend the Eligible Shareholder's Application Form for the number of Shares applied for.

Application Forms together with the appropriate payment must be received by QRx's Share Registry by the Closing Date, currently 5:00pm (Sydney time) on 12 November 2010. **Application Forms received after the Closing Date will not be accepted.**

Please send your Application Form to:

By post:

QRxPharma Limited Offer
c/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

By hand delivery:

QRxPharma Limited Offer
c/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2001

(Please do not use had delivery address for mailing purposes)

A reply paid envelope is enclosed for Eligible Shareholders based in Australia. Eligible shareholders in New Zealand will need to affix the appropriate postage stamp.

If your Application Form is incomplete, contains errors or is otherwise invalid or defective, QRx may, in its sole discretion, accept, reject, correct or amend your Application Form, issue such number of Shares to you as it considers appropriate, refund your application money, or take any combination of these actions. Any necessary refund will be paid to you shortly after the Closing Date. No interest will be paid on any refund.

Should your cheque for payment of the Shares not clear, your Application Form will not be accepted and you agree to be responsible for any dishonour fees or other costs incurred.

You will not be able to withdraw or revoke your Application Form once you have sent it in.

8.2 Payment by BPAY®

If you choose to pay by BPAY®:

- (a) you do not need to submit your Application Form but are taken to have made the declarations on that Application Form; and
- (b) please follow the instructions on your Application Form (and use the specific Biller Code and your unique Reference Number listed). If you receive more than one Application Form, please only use the Reference Number specific to each form.

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

New Zealand shareholders will not be able to make a payment using BPAY.

You must ensure that your BPAY® payment is received by QRx's share registry by the Closing Date, currently 5:00pm (Sydney time) on 12 November 2010.

9. Broker fees

A handling fee equal to 2% of the application amount (plus GST) of new shares issued under the SPP will be paid by QRx to stockbrokers (being those entities listed as full service brokers or non-advisory brokers by ASX) who submit a valid claim for a broker handling fee on valid applications.

10. Allotment Date

It is anticipated that the Shares will be allotted under the SPP on 19 November 2010 and application for quotation of your Shares on the ASX will be made at the same time. You should receive your allotment statement, or confirmation advice, shortly after this date.

11. What Rights Attach to the Shares?

Shares issued under the SPP will rank equally with existing fully paid ordinary shares in QRx and will carry the same voting rights, dividend rights and other entitlements as at the date of allotment.

12. Modification, Waiver, Suspension and Termination of the SPP

The directors of QRx may resolve to change the terms and conditions of this SPP from time to time. QRx reserves the right to issue fewer Shares than an Eligible Shareholder applied for under the SPP (or none at all) if it believes that the allotment of the Shares

would contravene any law or rules of any stock exchange on which QRx's Shares are listed.

In addition, QRx reserves the right to waive compliance with any provision of the terms and conditions of the SPP and suspend, withdraw or terminate the SPP at any time.

Any amendment, variation, suspension, withdrawal or termination of the SPP will be binding on all Eligible Shareholders even where QRx does not notify the Eligible Shareholders of that event.

QRx is not liable for any exercise of its discretions under the terms and conditions of the SPP. Any refund made to you is despatched at your own risk.

13. Dispute Resolution

QRx may settle in any manner it thinks fit any disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application for shares. The decision of QRx will be conclusive and binding on all Eligible Shareholders and any other persons to whom the decision relates. QRx reserves the right to waive compliance with any provision of the SPP terms and conditions, subject to compliance with the Corporations Act, the ASX Listing Rules and ASIC Class Order CO09/425.

14. Further Information

If you have any questions in relation to the Terms and Conditions of the SPP or how to make an application, you may phone QRx on (within Australia) 1800 612 532 or (outside Australia) +61 2 8280 7713.

QRx will not provide financial, investment or taxation advice.

15. Independent Financial or Investment Advice Recommended

We recommend that you contact your stockbroker, accountant or professional adviser before investing in QRx's Shares under the SPP.

16. Declaration and Acknowledgement

By forwarding and completing an Application Form for Shares under the SPP and by making payment, each Eligible Shareholder:

- (a) acknowledges that he/she has read, understands and agrees to be bound by the Terms and Conditions of the SPP;
- (b) certifies that (except where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on QRx's register of shareholders) the aggregate of the application price for:
 - (i) the Shares or interests the subject of the Application Form; and
 - (ii) any other Shares or interests in the class applied for by or on behalf of the Shareholder under the SPP or any similar plan operated by QRx in the 12 months prior to date of the Application Form,

does not exceed \$15,000;

(c) certifies that where Shares are held as trustee or nominee on account of a beneficiary which is expressly noted on QRx's register of shareholders (**Beneficiary**) the aggregate of the application price for:

- (i) the Shares or interest the subject of the Application Form; and
- (ii) any other Shares or interest in the class applied for by, or on behalf of, the Beneficiary under the SPP or any similar plan in the 12 months prior to the application,

does not exceed A\$15,000.

17. Governing Law

The terms and conditions of the SPP are governed by the laws in place in New South Wales, Australia and you submit to the non-exclusive jurisdiction of the courts of New South Wales, Australia.



QRxPharma Limited

ABN 16 102 254 151

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1800 612 532
From outside Australia: +61 2 8280 7713
ASX Code: QRX
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Record Date: 30 September 2010

Offer Opens: 18 October 2010

Offer Closes
5:00pm (Sydney time): 12 November 2010

SHARE PURCHASE PLAN ("SPP") APPLICATION FORM

How do I apply for Shares under this offer?

- Carefully read the SPP Terms and Conditions accompanying this form.
- Decide on the amount you wish to apply for.
- Pay for the Shares in accordance with the instructions outlined in the Terms and Conditions Booklet and further important instructions on the reverse of this form.
 - Option 1: Paying by BPAY®.
 - Option 2: Paying by Cheque, Bank Draft or Money Order.
- Payments must be in Australian dollars.

PAYMENT OPTIONS

Option 1: Paying by BPAY®

If paying by BPAY®, you do **NOT** need to complete or return the Acceptance Slip attached to this Application Form below. Payment must be received by the Registry by BPAY® by 5:00pm (Sydney time) on 12 November 2010. By paying by BPAY®, you will be deemed to have completed an Application Form for the number of Shares the subject of your Application Payment. If you make a payment by BPAY® and QRxPharma Limited receives an amount which is not equal to either A\$2,000, A\$5,000, A\$7,500, A\$10,000 or A\$15,000, QRxPharma Limited may round down the dollar amount of Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of A\$2,000.



Billers Code:
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account.
More info: www.bpay.com.au

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Option 2: Paying by Cheque, Bank Draft or Money Order

If paying by cheque, bank draft or money order, complete and return the Acceptance Slip attached to this Application Form with your Application Payment.

- Tick the box beside the amount you wish to apply for, either A\$2,000, A\$5,000, A\$7,500, A\$10,000 or A\$15,000.
- Enter your cheque, bank draft or money order details. The amount of your Application Payment should be equal to the amount applied for in section A of the Acceptance Slip. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "QRxPharma SPP Offer Account" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque, bank draft or money order for an amount that is not equal to either A\$2,000, A\$5,000, A\$7,500, A\$10,000 or A\$15,000, QRxPharma Limited may round down the dollar amount of Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of A\$2,000.
- Enter your contact telephone number at which we may contact you regarding your application for Shares, if necessary.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment

SRN/HIN:

Entitlement Number:



A I/we wish to purchase a parcel of Shares to the dollar amount of (tick one box only):

A\$2,000 OR A\$5,000 OR A\$7,500 OR A\$10,000 OR A\$15,000

B Make your cheque, bank draft or money order payable to "QRxPharma SPP Offer Account" and crossed "Not Negotiable"

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/> .00

C Telephone Number – Business Hours Telephone Number – After Hours Contact Name

<input type="text"/>	<input type="text"/>	<input type="text"/>
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IMPORTANT INFORMATION

1. This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this Application Form, please consult a professional adviser.
2. If you do not wish to purchase additional Shares under this SPP, there is no need to take action.
3. Please ensure you have read and understood the SPP Terms and Conditions and this Important Information, before you make the Application Payment by BPAY® or you submit your Acceptance Slip with your Application Payment.
4. This SPP is non-renounceable. Applications can only be accepted in the name printed on the Application Form.
5. If you are a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] you must complete and submit an additional Schedule that contains additional certifications and details that must be provided ("the Schedule") before your Application will be received. The Schedule can be obtained by contacting the QRxPharma Limited SPP Offer Information Line. Applications received by custodians that are not accompanied by the Schedule will be rejected.
6. For applicants that are not required to complete the Schedule, by submitting the Acceptance Slip (with a cheque, bank draft or money order) or making payment by BPAY®, you certify that the aggregate of the Application Payment paid by you for:
 - the parcel of New Shares indicated on this Application Form or BPAY® payment; and
 - any other Shares applied for by you, or which you have instructed a Custodian to acquire on your behalf under the SPP or any other similar arrangement in the 12 months prior to the date of submission of the Acceptance Slip or payment by BPAY® does not exceed A\$15,000.
7. QRxPharma Limited reserves the right to make amendments to this Application Form where appropriate.
8. Applicants are not assured of receiving the Shares for which they have applied as QRxPharma Limited may scaleback applications in its discretion.

SAMPLE

How to Lodge your Acceptance Slip and Application Payment

A reply paid envelope is enclosed for you to return your Acceptance Slip and Application Payment. No postage stamp is required if it is posted in Australia.

Acceptance Slip and the payment for New Shares must be received by the Registry no later than the closing date shown overleaf. If paying by BPAY® you do not need to complete or return the Application Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

QRxPharma Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

or

Hand Delivery

QRxPharma Limited
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and Application Payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Sydney time) on 12 November 2010. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. QRxPharma Limited reserves the right not to process any Acceptance Slips and Application Payments received after the Closing Date.

If you require information on how to complete this Acceptance Slip please contact the QRxPharma Limited SPP Offer Information Line on 1800 612 532 if calling within Australia or +61 2 8280 7713 if calling from outside of Australia.