

ASX RELEASE
24 July 2012

QUARTERLY OPERATING UPDATE
30 JUNE 2012

Sydney, Australia & Bedminster, NJ – QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) announced that the Company retains A\$23 million in cash reserves at 30 June 2012, as detailed in the Appendix 4C released today.

During the quarter, the Company announced the United States Food and Drug Administration (FDA) issued a Complete Response Letter (CRL) regarding the MOXDUO[®] New Drug Application (NDA) for the treatment of moderate to severe acute pain. The Company has since been granted a Review Meeting in August with the FDA to clarify the additional information required for approval. QRxPharma expects to provide an update once a path forward is determined for the NDA.

Whilst the CRL was both unexpected and disappointing, the Company remains confident in MOXDUO as a therapeutic option for patients and launching this immediate release Dual Opioid[®] into the \$2.5 billion US acute pain marketplace. Actavis Inc, QRxPharma's US commercialisation partner remains committed to both Company and product, and are supportive of QRxPharma's continued efforts to address the FDA's concerns.

During the quarter, QRxPharma also announced the United States Patent and Trademark Office (USPTO) issued the Company US Patent No 8,182,837, expiring in 2023. This newly issued patent is directed to a pain treatment method which utilises MOXDUO's composition as a defined ratio of morphine/oxycodone (3/2). The patent covers oral administration of two Dual Opioid compositions: (1) immediate release MOXDUO for the treatment of acute pain and (2) MOXDUO CR (Controlled Release) for the treatment of chronic pain.

The operating cash outflow for the quarter is in accordance with the expectations of the Board of Directors and resulted primarily from continuing research and development activities in the progression of the Company's pipeline candidates.

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About QRxPharma

QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) is a specialty pharmaceutical company focused on the development and commercialisation of new treatments for pain management. Based on a development strategy that focuses on enhancing and expanding the clinical utility of currently marketed compounds, the Company's product portfolio includes both late and early stage clinical drug candidates with the potential for reduced risk, abbreviated development paths, and improved patient outcomes. QRxPharma entered into a strategic collaboration with Actavis Inc. in December 2011 for the commercialisation of MOXDUO[®] in the US acute pain market. The Company's clinical pipeline includes an intravenous (IV) and continuous release (CR) formulation of MOXDUO. For more information, visit www.qrxpharma.com.

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.

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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 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(1,479)	(4,829)
(b) advertising and marketing	-	-
(c) research and development	(1,969)	(9,654)
(d) leased assets	-	-
(e) other working capital	(1,439)	(3,460)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	114
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund / (paid)	-	-
1.7 Other – License fee received	-	5,918
Other – Gain on sale of foreign currency option contracts	-	139
Net operating cash flows	(4,879)	(11,772)

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,879)	(11,772)
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	-	(59)
(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	-	(59)
1.14 Total operating and investing cash flows	(4,879)	(11,831)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	49	25,472
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	-	-
Net financing cash flows	49	25,472
Net increase (decrease) in cash held	(4,830)	13,641
1.21 Cash at beginning of quarter/year to date	27,323	7,291
1.22 Exchange rate adjustments to item 1.20	457	2,018
1.23 Cash at end of quarter	22,950	22,950

+ 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	\$331
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, directors' fees 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.

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

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	789	1,771
4.2	Deposits at call	7	7
4.3	Bank overdraft	-	-
4.4	Bank Accepted Commercial Bills and Term Deposits with maturity of less than 3 months	22,154	25,545
Total: cash at end of quarter (item 1.23)		22,950	27,323

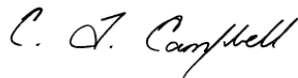
Acquisitions and disposals of business entities

		Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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: Date: 24 July 2012
(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.