

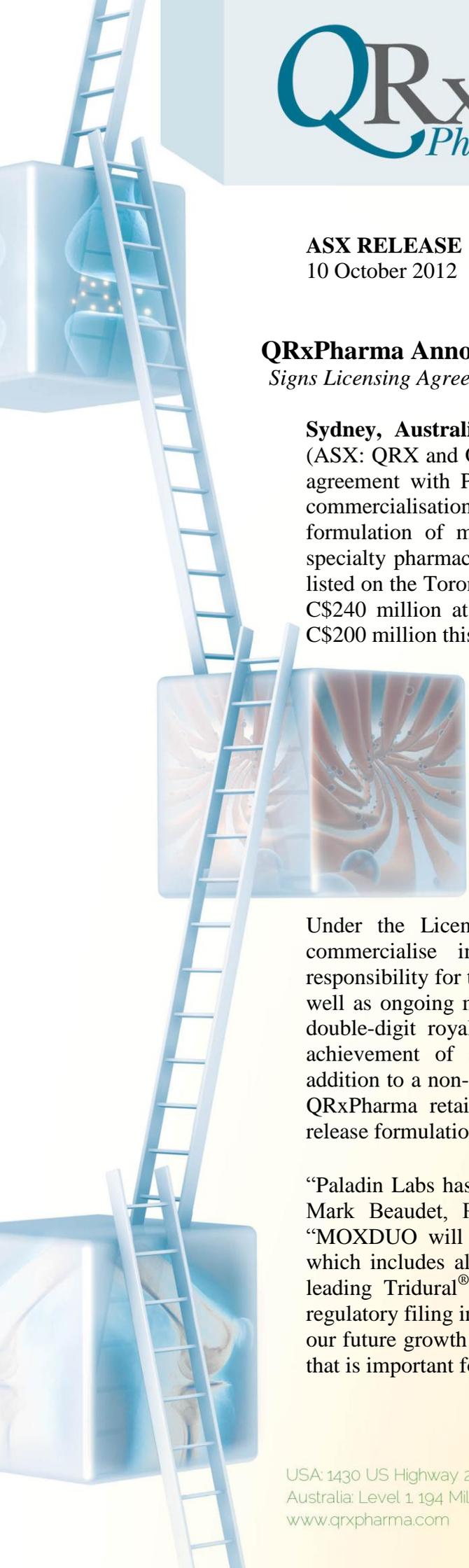


## ASX RELEASE

10 October 2012

### **QRxPharma Announces Strategic Collaboration with Paladin Labs** *Signs Licensing Agreement for Canadian Sales of Immediate Release MOXDUO®*

**Sydney, Australia and Bedminster, New Jersey** – QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) announced today execution of a licensing agreement with Paladin Labs Inc. (“Paladin”) (TSX:PLB) for the Canadian commercialisation rights to MOXDUO®, a patented, immediate release formulation of morphine and oxycodone. Paladin is a leading Canadian specialty pharmaceutical company headquartered in Montreal, Canada, and is listed on the Toronto Stock Exchange. Paladin has working capital in excess of C\$240 million at 30 June 2012 and expected consolidated sales of at least C\$200 million this calendar year.



“We are delighted to announce our strategic collaboration with Paladin,” said Dr. John Holaday, Managing Director and Chief Executive Officer, QRxPharma. “Their sector experience, consistent record of growth in branded pain products, and strong balance sheet to support the launch of MOXDUO made Paladin our best choice for the Canadian market.”

Under the License Agreement, Paladin will receive exclusive rights to commercialise immediate release MOXDUO in Canada and assume responsibility for the New Drug Submission (NDS), all product launch costs as well as ongoing marketing and sales efforts. QRxPharma will receive tiered double-digit royalties and up to US\$25 million in milestone payments on achievement of specific sales, regulatory and reimbursement targets, in addition to a non-refundable, non-creditable up-front payment of US\$500,000. QRxPharma retains the Canadian rights to the intravenous and controlled release formulations of MOXDUO, which are in clinical development.

“Paladin Labs has extensive experience growing branded pain products,” said Mark Beaudet, Paladin’s Interim President and Chief Executive Officer. “MOXDUO will complement our existing prescription portfolio in Canada which includes already launched products Metadol®, Pennsaid®, our market-leading Tridural® and Abstral®, as well as hydrocodone ER which awaits regulatory filing in Canada. MOXDUO will become another important piece of our future growth and continued expansion in a Canadian therapeutic category that is important for our business and future strategy.”

Holaday added, “QRxPharma will work closely with Paladin to submit an NDS application to Health Canada in the first half of 2013. The Canadian regulatory application will also incorporate efficacy and safety data from a recently completed respiratory safety study (Study 022), which was not part of the MOXDUO New Drug Application (NDA) submitted to the US Food and Drug Administration (FDA). This study, involving 375 patients, demonstrated that patients receiving MOXDUO had an appreciably lower risk of experiencing medically significant oxygen desaturations than patients receiving equi-analgesic doses of morphine or oxycodone.”

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**About QRxPharma**

QRxPharma Limited is a commercial-stage 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 immediate release MOXDUO<sup>®</sup> in the US acute pain market. Additionally, the Company’s clinical pipeline includes an intravenous (IV) and continuous release (CR) formulation of MOXDUO. For more information, visit [www.qrxpharma.com](http://www.qrxpharma.com).

**About Paladin Labs Inc.**

Paladin Labs Inc., headquartered in Montreal, Canada, is a specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian and select international markets. With this strategy, a focused Canadian national sales team and proven marketing expertise, Paladin has evolved into one of Canada's leading specialty pharmaceutical companies. For more information, please visit the Company's web site at [www.paladinlabs.com](http://www.paladinlabs.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.