



ASX RELEASE
29 January 2014

QUARTERLY OPERATING UPDATE

31 DECEMBER 2013

Sydney, Australia and Bedminster, New Jersey - QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) announced the Company retains A\$17.2 million in cash reserves at 31 December 2013, as detailed in the Appendix 4C released today.

The Company's cash position was bolstered during the quarter with the closing of a capital raising which included a Share Placement to institutional and sophisticated investors, and a Share Purchase Plan (SPP) that together raised a total of A\$11.6 million before expenses.

During the quarter the Company announced the resubmission of its New Drug Application (NDA) with the United States Food and Drug Administration (FDA) for immediate release Moxduo[®]. The FDA established 25 May 2014 as the new Prescription Drug User Fee Act (PDUFA) date for action, and the Company expects the FDA to schedule an Advisory Committee meeting in April, 2014.

Assuming approval by the FDA in May 2014, the Company intends to launch immediate release Moxduo with Actavis, its US commercialisation partner, into the US\$2.5 billion acute pain prescription opioid market in the United States in the second half of CY2014. Under the strategic agreement, Actavis provides for the launch costs and sales force, whilst the Company co-ordinates regulatory and manufacturing efforts.

The data in the revised NDA which QRxPharma believe demonstrates the respiratory safety advantages of Moxduo will also provide the basis for the regulatory submissions for Moxduo in Europe, Australia, and Canada planned for the coming months by either the Company or its strategic collaborators.

Importantly, assuming FDA approval is received in May 2014, the proceeds from the Share Placement and the SPP will provide working capital through the launch phase of Moxduo, as well as funding the Company's costs associated with its regulatory filing in Europe.

Also during the quarter, the Company announced the extension of its strategic collaboration with Aspen to include South Africa as well as the execution of a licensing agreement with ABIC Marketing, the Israeli domestic subsidiary of Teva Pharmaceutical Industries Limited, for the commercialisation rights to immediate release Moxduo in Israel.

The operating cash flow for the quarter is in accordance with the expectations of the Board of Directors and resulted primarily from the Company's continuing efforts to secure NDA approval for immediate release Moxduo in the US.

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About QRxPharma

QRxPharma Limited is an Australian based, commercial-stage specialty pharmaceutical company focused on the development and commercialisation of new pain management and abuse prevention products. Based on a development strategy that focuses on enhancing the clinical utility of currently approved compounds as well as bringing new products to market, the Company's product portfolio includes both late and early stage clinical drug candidates with the potential for reduced risks and improved patient outcomes. The Company's refiled New Drug Application for its lead product candidate immediate release Moxduo[®] for the treatment of acute pain, is presently under review at the US Food and Drug Administration. QRxPharma has entered into strategic agreements with Actavis Inc., Paladin Labs Inc., Aspen Group and Teva for the commercialisation of immediate release Moxduo in the US, Canada, Australia (including New Zealand and Oceania), South Africa and Israel. The Company's clinical pipeline includes an intravenous (IV) and controlled release (CR) formulation of Moxduo. QRxPharma is also collaborating with Aesica Formulation Development Limited, for the worldwide promotion of QRxPharma's proprietary Stealth Beadlets[™] abuse deterrence technology. 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.

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")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(808)	(1,609)
(b) advertising and marketing	-	-
(c) research and development	(1,585)	(3,579)
(d) leased assets	-	-
(e) other working capital	(727)	(1,360)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	37
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund / (paid)	-	-
1.7 Other – Cost recoveries received	549	549
Net operating cash flows	(2,542)	(5,962)

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,542)	(5,962)
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	(4)	(60)
(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	(4)	(60)
1.14 Total operating and investing cash flows	(2,546)	(6,022)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. ⁽ⁱ⁾	10,884	10,884
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	10,884	10,884
Net increase (decrease) in cash held	8,338	4,862
1.21 Cash at beginning of quarter/year to date	8,508	11,960
1.22 Exchange rate adjustments to item 1.20	313	337
1.23 Cash at end of quarter	17,159	17,159

- (i) During the quarter the Company completed a Share Placement and Share Purchase Plan raising \$11.6 million before expenses of \$0.7 million.

+ 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	232
1.25	Aggregate amount of loans to the parties included in item 1.11	\$-
1.26	<p>Explanation necessary for an understanding of the transactions</p> <div style="border: 1px solid black; padding: 5px;"> Payments include salary and wages, directors' fees and consultancy fees on normal commercial terms. </div>	

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	1,773	916
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	15,379	7,585
Total: cash at end of quarter (item 1.23)		17,159	8,508

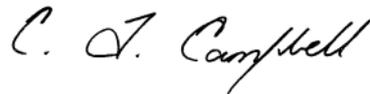
Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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: 29 January 2014
(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.