



ASX RELEASE
29 October 2014

2014 ANNUAL GENERAL MEETING

Sydney, Australia - QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) is conducting its Annual General Meeting today at the offices of DibbsBarker, Lawyers, of Level 8, 123 Pitt Street, Sydney commencing at 10.00 am (Sydney time). Please find attached the address to be delivered by Mr Bruce Hancox, the Chairman of the Meeting.

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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.

Chairman's Address – Mr Bruce Hancox
29 October 2014

Ladies and gentlemen,

This is my first opportunity to speak with you after being elected to the board of QRxPharma in July of this year.

As Dr Richard Treagus and I noted to you in the Company's 2014 Annual Report, this has been a profoundly disappointing year for the Company given the receipt of the US Food and Drug Administration's (FDA) second Complete Response letter (CRL) in August last year, a negative outcome from the Advisory Committee Meeting in April 2014, followed shortly thereafter by a third CRL in May, in which the FDA concluded that there is insufficient evidence to support approval of immediate release Moxduo[®] at this time.

Following the Advisory Committee Meeting Dr John Holaday stepped down as CEO and Managing Director, and on 9 July the former board of Directors comprising Dr Peter Farrell, Dr Gary Pace, Peter Campbell and Michael Quinn announced their resignations.

After Dr Richard Treagus and I were elected as Directors of QRxPharma, we initiated with the senior management team, a comprehensive review of the business. This review has taken in a detailed assessment of the Moxduo technology, the regulatory and commercial landscape for opioid development, the intellectual property that underpins the dual-opioid products, as well as the financial position of the Company. As part of the review it was important to give careful consideration to the FDA's requirements for possible future drug approvability, as well as the agency's clear position that agreement on a Special Protocol Assessment (SPA) would be unlikely.

In concluding the review, management made a recommendation to the board to halt all further development of the Moxduo IR, CR and IV programs. The board agreed with and accepted this recommendation and this decision was announced to the market on 14 August.

Subsequent to that announcement the Company has moved quickly to implement a sharp cost reduction program and an assessment of all strategic alternatives for the Company and its assets, with a clear view to maximising residual value for its shareholders.

With respect to the cost reductions the Company has moved to close its US operations and with that implemented a headcount reduction with termination notices having now been issued to all US based employees and consultants. This includes the current Chief Executive Officer Dr Edward Rudnic who will be leaving the Company on 30 December 2014. On 4 July 2014 the Company entered into an Escrow Deed arrangement with its current employees, consultants and the former CEO, covering potential liabilities arising from i) Notice entitlements, ii) Termination payments and where applicable, iii) Retention payments, for an aggregate amount of A\$3.62 million. The Company has deposited these funds into a bank account under the administration of an escrow agent in accordance with the terms of the Escrow Deed. This headcount reduction programme is being funded through this Escrow arrangement.

In addition, the Company had been carrying as a liability excess annual leave entitlements. During July the Company paid down A\$0.43 million of this liability.

The Company has reported a closing cash position (excluding the Escrowed funds) of A\$4.4 million at 30 September 2014 with Free Cash of A\$3.1 million. The closing cash position (excluding the Escrowed funds) at 30 June 2015 is estimated to be approximately A\$1.9 million with Free Cash of A\$1.2 million.

The Company has mutually agreed to terminate its license with Teva Pharmaceuticals for the commercialisation of immediate release Moxduo in Israel and is in discussion with the remaining strategic partners with respect to the fate of their respective license arrangements. The Company does not expect, and is not aware of any contingent liabilities arising from the termination of the Moxduo development program.

The Company has actively approached a number of parties seeking “expressions of interest” with regard to the acquisition of its intellectual property and to date no offers have been received for either the Moxduo or Stealth BeadletsTM technologies.

In addition the Company has reviewed a number of potential “in licensing” opportunities however no suitable prospects have yet been identified. The board will continue to consider all reasonable strategic alternatives for the Company and will report back to shareholders in due course with respect to these considerations.

I would like to thank our shareholders for their ongoing patience, commitment and support, which are greatly appreciated.