



ASX RELEASE

22 May 2015

Appointment of Voluntary Administrator

We were elected as Directors of QRxPharma Limited (QRx) on the 9 July 2014 and immediately commenced a full review with Management of the position of the Company. Following this review and the unanimous recommendation of Management, we announced on 14 August 2014 that QRx was to halt all development of the Moxduo portfolio of products.

Over a period of 4 months the Board and Management undertook a comprehensive programme to examine what value could potentially be recovered from the assets within the QRx portfolio. This process unfortunately has not delivered any results. The terms of employment, incentives and severance of all staff and contractors were reviewed by the previous Directors in June 2014 and funds covering these liabilities had been placed in the hands of an escrow agent. All staff and contractors other than two Sydney based administrative staff have since been terminated in accordance with their contracts.

All operational expenses have been reduced to an absolute minimum. Notwithstanding these actions, the Company's current funds are insufficient to contemplate any form of future development of the QRx portfolio or take advantage of other business opportunities. Hence, the ability to move forward in any way will require that additional capital be introduced into the Company.

During the last 9 months, whilst reviewing all aspects of the Company's operations we have become aware of certain historical matters that in our opinion may expose the Company to liabilities arising from potential litigation. Consequently we have reached a view that we are unable to introduce third party capital into QRx without disclosing this contingent liability, which in our view significantly increases the potential investment risk.

Given the inability to in anyway move forward we have examined all the options in front of the Company and in particular referencing the objective of protecting and enhancing shareholder value. We have sought and received legal advice on a wide range of matters to fully understand the range of alternatives and the likely implications.

After due consideration we have come to the conclusion that the Company's circumstances render its ongoing solvency unlikely and, therefore, the best possible interests of shareholders can be achieved by placing the Company into Voluntary Administration and to assist the Administrator in any way we can to restore shareholder value.

Accordingly we have today resolved to place QRx into Voluntary Administration and have appointed Timothy Heesh and Amanda Lott of TPH Insolvency to act as Joint and Several Administrators. We expect that Mr Heesh and Ms Lott will communicate with creditors and shareholders as soon as possible.

Bruce A Hancox
Director

Dr Richard S Treagus
Director