



ASX/MEDIA ANNOUNCEMENT

QRXPHARMA ON TRACK AS DUAL OPIOID PHASE III TRIALS APPROACH FULL CLINICAL READINESS

Sydney, 15 August 2007

In its first financial report since listing on the Australian Securities Exchange (ASX) in May 2007, specialty pharmaceutical company QRxPharma Limited ('QRxPharma') announced today that in the year ended 30 June 2007 the Company recorded a financial result in line with its expectations.

Key features of the result:

- A loss for the year of \$0.4 million (2006: loss of \$3.5 million)
- A net cash and short-term investment position of \$46.2 million at year end

Chairman of QRxPharma, Dr Peter Farrell AM, noted that the result reflects the Company's efforts to conserve cash, minimising spending on research and development ahead of the Company's IPO and listing.

"We have structured and funded QRxPharma to achieve US FDA approval of the New Drug Application (NDA) for the 'dual opioid' drug Q8003IR (for the treatment of moderate to severe pain) by 2009, with a planned product launch by 2010," Dr Farrell said.

Q8003IR is an immediate release formulation of morphine and oxycodone and was discovered by Dr Maree Smith at the University of Queensland. Dr Smith's observations have been borne out in six clinical studies to date and the Company is ready to initiate Phase III trials for Q8003IR before the end of 2007.

QRxPharma's second dual opioid, Q8011CR, is on track to complete Phase I clinical trials by mid-2008. This controlled release drug targets the chronic pain market via a formulation designed to provide twelve hours of pain relief, with abuse prevention technology incorporated into the final product.

"QRxPharma's international patent-protected dual opioid technology combines existing opioid treatments, creates a lower dosage formulation and achieves pain relief with fewer side effects and lower associated risks," Dr Farrell said.

"The Board of QRxPharma has decided to recalibrate slightly the Company's business priorities by directing Q8003IR towards the acute (as distinct from chronic) pain market, thereby providing the opportunity to broaden market reach, reduce development cost and abbreviate the regulatory process," he said.

Activity Since Listing

The \$50 million raised through the IPO is to fund QRxPharma's pipeline of pharmaceuticals (in particular Q8003IR and Q8011CR) and to, selectively, continue research and development relating to the Company's other clinical and pre-clinical pipeline.

"Since our IPO, we have made significant progress in the complex process of drug development for Q8003IR and Q8011CR by exploring manufacturing options, refining clinical protocols, selecting Clinical Research Organisations to conduct studies and submitting regulatory filings to the FDA," said Dr John Holaday, Managing Director and CEO.

"Also, we have fulfilled the Company's Prospectus undertaking to invest in research and development by making initial payments under the terms of a five-year collaborative research and licensing Agreement with the University of Alabama as part of our Torsin program," he said.

The QRxPharma-sponsored research program, to be conducted at the University and supported in part through grants from the Michael J. Fox Foundation for Parkinson's Research, is directed towards the development of novel treatments for neurodegenerative diseases.

Outlook

"Overall, the company is very pleased with progress to date," said Dr Farrell. "We will continue to focus on realising the commercial potential of our dual opioid products and on ensuring that existing planned timelines are met. The next stage of clinical trials for both the Q8003IR and Q8011CR products is expected to commence during the 2008 financial year. As this process progresses, and as we complete our planned management appointments, reported losses will increase. The Company is comfortable, however, that the IPO proceeds are adequate to fully fund the clinical trial process for Q8003IR, as outlined in the Prospectus.

"We remain confident that our business plan will create long term value for shareholders as we bring new drugs into the market for the treatment of pain and central nervous system diseases," Dr Farrell concluded.

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About QRxPharma

QRxPharma is a clinical-stage specialty pharmaceutical company with a primary focus on the development and commercialisation of pain therapy products. The company's lead products comprise a patented combination of existing drugs, with a well defined path to regulatory approval and sales. QRxPharma's lead drug compound, Q8003IR, is intended to begin Phase III clinical trials in 2007. The company's preclinical and clinical pipeline includes other technologies in the fields of neurodegenerative disease and venomics.