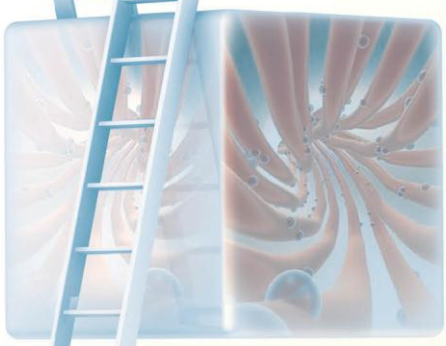
**ASX RELEASE**
21 December, 2011

# QRxPharma Announces Strategic Partnership with Actavis

*Agreement for US sales of MoxDuo® IR to address the $2.5 billion acute pain market in 2012*

**Sydney, Australia and Bedminster, New Jersey** – QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) announced today execution of a binding Letter of Intent (LOI) with Actavis Inc. for the formation of a strategic partnership to commercialise MoxDuo IR in the US acute pain marketplace.



MoxDuo IR is a patented 3:2 ratio fixed dose combination of morphine and oxycodone. Actavis Inc. is a subsidiary of Actavis Group, hf a privately held company based in Europe with 10,000 employees and annual global sales in excess of EUR 1.8 billion. Actavis Group is the world's fourth largest generic pharmaceutical company with a growing franchise in branded products.

The launch of MoxDuo IR in the US is projected to occur in 3Q CY2012, and pre-launch preparations will begin immediately.

**Investor Conference Call**
An investor conference call will be held today, 21 December at 9.15am Australian EDST (United States: Tuesday 20 December at 5.15pm EST / 2.15pm PST) with Dr John Holaday, Managing Director and CEO QRxPharma and Doug Boothe, CEO Actavis Inc.

Conference participant ID 38664578

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**Strategic partnership highlights include:**

1. Actavis will receive exclusive rights to commercialise and further develop MoxDuo IR for the US market while assuming all costs for product launch as well as ongoing marketing and sales efforts in the US.
2. Commencing at MoxDuo IR launch, Actavis will pay QRxPharma royalties of 10% up to 30% depending on net sales thresholds, except for a period starting 3-6 months following launch where QRxPharma will receive a 50% royalty on US$150 million in cumulative sales.
3. QRxPharma retains a co-promotion/profit-share right, whereby QRxPharma can create its own sales force and provide up to 25% of the effective selling effort to US prescribers at any time following the first 12 months after product launch.
4. QRxPharma retains full flexibility to market MoxDuo IR outside the US.
5. The binding LOI has been secured by the payment of a non-refundable upfront signing fee of US$6 million to QRxPharma.

The parties expect to execute a more detailed agreement by 15 March 2012.

"We are delighted to announce our partnership with Actavis," said Dr. John Holaday, Managing Director and Chief Executive Officer, QRxPharma.

"After analysis of several other licensing proposals, it was clear Actavis was the strategic choice for QRxPharma. Actavis' experience in the manufacturing, distribution, marketing and sales of both patented and generic opioid products enabled a partnership structure with QRxPharma that will accelerate revenues and maximise shareholder value. In addition, the agreement offered by Actavis provided the most flexibility as it only covers the domestic US market for MoxDuo IR with an option for MoxDuo CR and MoxDuo IV."

Actavis' Chief Executive Officer for the US, Doug Boothe, added: "Actavis Inc. is a company with deep experience and solid results in pain management. Building on the success of Kadian®, we believe the QRxPharma partnership offers significant opportunity to leverage the talent of our team to establish MoxDuo IR as a preferred option in the US acute pain marketplace. We believe MoxDuo IR has tremendous sales potential."

Actavis US operations are highlighted by sales of Kadian®, an extended release morphine sulfate product for chronic pain manufactured and marketed by Actavis since 2008. Actavis intends for MoxDuo IR to be a flagship product as Kadian® transitions into the generic market. Actavis' analgesic sales force for its branded products will expand significantly and have MoxDuo IR as a primary focus in the US pain market.

As one of the world's largest manufacturers of branded and generic opioids, Actavis may serve as a contract supplier for MoxDuo IR in the US market. Under the terms of the LOI, QRxPharma retains ownership of manufacturing and the New Drug Application (NDA), as well as out-licensing, marketing and sales opportunities in the rest of the world. Marketing approvals and regulatory clearances for sales in Europe, Australia, Canada and elsewhere will be coordinated to follow the US launch. While current arrangements are restricted to the US, Actavis Inc, through its parent Actavis Group hf, also has a strong European presence.

The agreement also provides Actavis an option to negotiate for US marketing and sales rights of QRxPharma's chronic pain controlled release Dual-Opioid, MoxDuo CR, as well as its hospital-based intravenous formulation, MoxDuo IV. The exercise of the option for MoxDuo CR by Actavis is contingent upon its achievement of certain sales milestones for MoxDuo IR. The option for MoxDuo IV is time-based with expiry on 31 January 2013.

"The Actavis strategic partnership is a validation of the MoxDuo technology platform. With this agreement, we move significantly closer to a successful launch of MoxDuo IR into the $2.5 billion acute pain market, a segment of the $8 billion spent annually on prescription opioids in the US," said Holaday.

"We have efficiently developed our acute pain product MoxDuo IR, had its application for registration accepted by the United States Food and Drug Administration (FDA), and received a PDUFA date of 25 June 2012 as the FDA target date for action on the approval of the MoxDuo IR NDA."

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**About MoxDuo® IR**
MoxDuo is a patented 3:2 ratio fixed dose combination of morphine and oxycodone. In head-to-head comparisons with morphine, oxycodone, Percocet® and placebo, more than 700 patients have been treated with MoxDuo IR in seven clinical trials over QRxPharma's successful Phase 3 programme.

**About Actavis**
Actavis Inc. is the US subsidiary of Actavis Group hf; approximately one third of Actavis Group hf's sales are generated in North America, Actavis' single largest market. Actavis, Inc. has been manufacturing Kadian for 15 years, and US sales for that product have grown 50% in the last 5 years to approximately $275 million for the 12 months ending September 30, 2011, according to IMS Health. Based in Morristown, NJ, Actavis Inc. has manufacturing facilities in Elizabeth, NJ and Lincolnton, NC. Actavis also has research and development facilities in Elizabeth, NJ, Owings Mills, MD and Sunrise, FL. Actavis Group is one of the world's leading generic pharmaceutical companies specialising in the development, manufacture and sale of generic pharmaceuticals. Actavis has operations in 40 countries, with 10,000 employees. For more information, visit www.actavis.us.

**About QRxPharma**
QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) is a commercial-stage specialty pharmaceutical company focused on the development and commercialisation of new treatments for pain management and central nervous system (CNS) disorders. Based on a development strategy that focuses on enhancing and expanding the clinical utility of currently marketed compounds, QRxPharma'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 intends to co-promote its products in the US and seeks strategic partnerships for worldwide markets. QRxPharma's lead product candidate, immediate release MoxDuo, now awaits approval by the US Food and Drug Administration (FDA). Additionally, QRxPharma's clinical pipeline includes an intravenous (IV) and continuous release (CR) formulation of MoxDuo, as well as other pipeline technologies in the fields of pain management, neurodegenerative disease and venomics. 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.