QRx Pharma

Capital Raising Presentation

11 November 2013

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QRxPharma Snapshot

- Commercial-stage specialty pharma company
  - offices in Sydney and Bedminster, NJ (ASX:QRX, OTCQX:QRXPY)
- Comprehensive proprietary 'hospital to home' MOXDUO pain management portfolio
- Potential: $14 billion annual global market opportunity[1]
- Multiple, major market commercialisation collaborations, including Stealth Beadlets™
- Lead product, MOXDUO immediate release (IR) for acute pain, planned for launch in multiple markets in the near term (subject to regulatory approvals)
  - United States (launch in 2H CY2014) - EU, Australia and Canada (launch in 2015)
- US Regulatory Pathway for MOXDUO IR for acute pain management:
  - August 2013 - Complete Response Letter (CRL) issued by US FDA
  - October 2013 - FDA encouraged refiling so they could fully consider MOXDUO respiratory safety advantages from Study 022
  - November 2013 - Refiling of NDA after which FDA will confirm new PDUFA and Advisory Committee dates (expected in Q2 CY 2014)
- Capital raising will ensure QRxPharma is funded through to the new PDUFA date and will provide working capital through to the approval and commercialisation date if approval is successful [2]

[1] Source: Avos Life Sciences (Decision Resources), 2011
[2] Assumes $8m received through the Placement and SPP

Overview of the Equity Raising

Offer	• Institutional Placement to raise approximately $5.0m (5.75% of issued capital) • Placement to be followed by a Share Purchase Plan ("SPP") • Placement and SPP to be undertaken at an Offer Price of $ 0.60 per new share
Use of proceeds	• Funds raised from the Placement and SPP will provide funding for QRxPharma through the anticipated PDUFA date for MOXDUO IR and provide working capital required for commercialisation of MOXDUO IR if FDA approval received
Pricing	• The Placement and SPP will be undertaken at an Offer Price of $ 0.60 per share: - 15.5% discount to the last traded price of $0.71 on 8 November 2013 - 15.1% discount to the 5 day VWAP of $0.707 - 13.9% discount to the 4 week VWAP of $0.697
Timing	• Trading Halt and Placement undertaken – 11 & 12 November 2013 • SPP Record Date – 8 November 2013 • SPP Offer Period – 19 November to 6 December 2013
SPP	• Up to $15,000 of new shares per eligible shareholder
Shares on issue	• Current shares on issue 144.8m • Placement Shares 8.3m • **Shares on issue post Placement*** **153.1m**
Other	• New shares issued through the Placement and SPP will be fully paid ordinary shares, ranking pari passu with existing QRxPharma shares

*Assumes issue of 8.3m new shares in placement but does not include new shares issued through the SPP

Use of Proceeds

Funds raised through Placement and SPP	A$8.0 million
Use of Capital Raising Proceeds	
External R&D, clinical and regulatory costs [(1)]:	A$2.5 million
Fixed costs and working capital [(2)]:	A$5.0 million
Offer costs:	A$0.5 million
Total:	**A$8.0 million**

Pro forma Cash Balance as at 30 September 2013	A$16.5 million
External R&D, clinical and regulatory costs:	A$5.4 million
Fixed costs and working capital:	A$10.6 million
Offer costs:	A$0.5 million
Total:	**A$16.5 million**

Assumptions: A$5m raised through Placement and A$3m in SPP; AUD:USD $0.94.

[(1)] Additional external regulatory costs to be incurred with ownership of NDA including Safety Reporting and Pharmacovigilance activities

[(2)] Includes post approval commercialisation costs (additional headcount and overhead) associated with ownership of NDA and supply of immediate release MOXDUO to Actavis

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Indicative Timetable

Key Dates - Placement	
Trading halt and Capital Raising	Monday, 11 November 2013
QRxPharma shares recommence trading	Wednesday, 13 November 2013
Settlement of Placement	Monday, 18 November 2013
Allotment of Placement shares	Monday, 18 November 2013
Placement shares trade on ASX	Tuesday, 19 November 2013

Key Dates – Share Purchase Plan	
SPP Record Date	Friday, 8 November 2013
SPP offer documents dispatched	Friday, 15 November 2013
SPP offer opens	Tuesday, 19 November 2013
SPP offer closes	Friday, 6 December 2013
Allotment of SPP shares	Friday, 13 December 2013
SPP shares commence trading	Monday, 16 December 2013

All dates are indicative only and subject to change at the discretion of QRxPharma

Leadership Team

Senior Management

- John Holaday, PhD (CEO)
- Ed Rudnic, PhD (COO)
- Chris Campbell (CFO)
- Warren Stern, PhD (Strategic Advisor)
- Janette Dixon, PhD (VP Global BD)
- Patricia Richards, MD, PhD (CMO)
- Beth Burnside, PhD (SrVP, QA)

Scientific Advisory Board

- Solomon Snyder, MD (Chair)
- Lester Crawford, DVM, PhD
- Robert Lenox, MD
- Michael J Cousins, MD, AM
- Horace H Loh, PhD
- Gavril Pasternak, MD, PhD
- Richard Payne, MD

Board of Directors

- Peter Farrell, PhD - Chairman (ResMed)
- Michael Quinn (Innovation Capital)
- Peter Campbell (Sonic Healthcare)
- Gary Pace, PhD (ResMed, founder QRxPharma)
- John Holaday, PhD - CEO

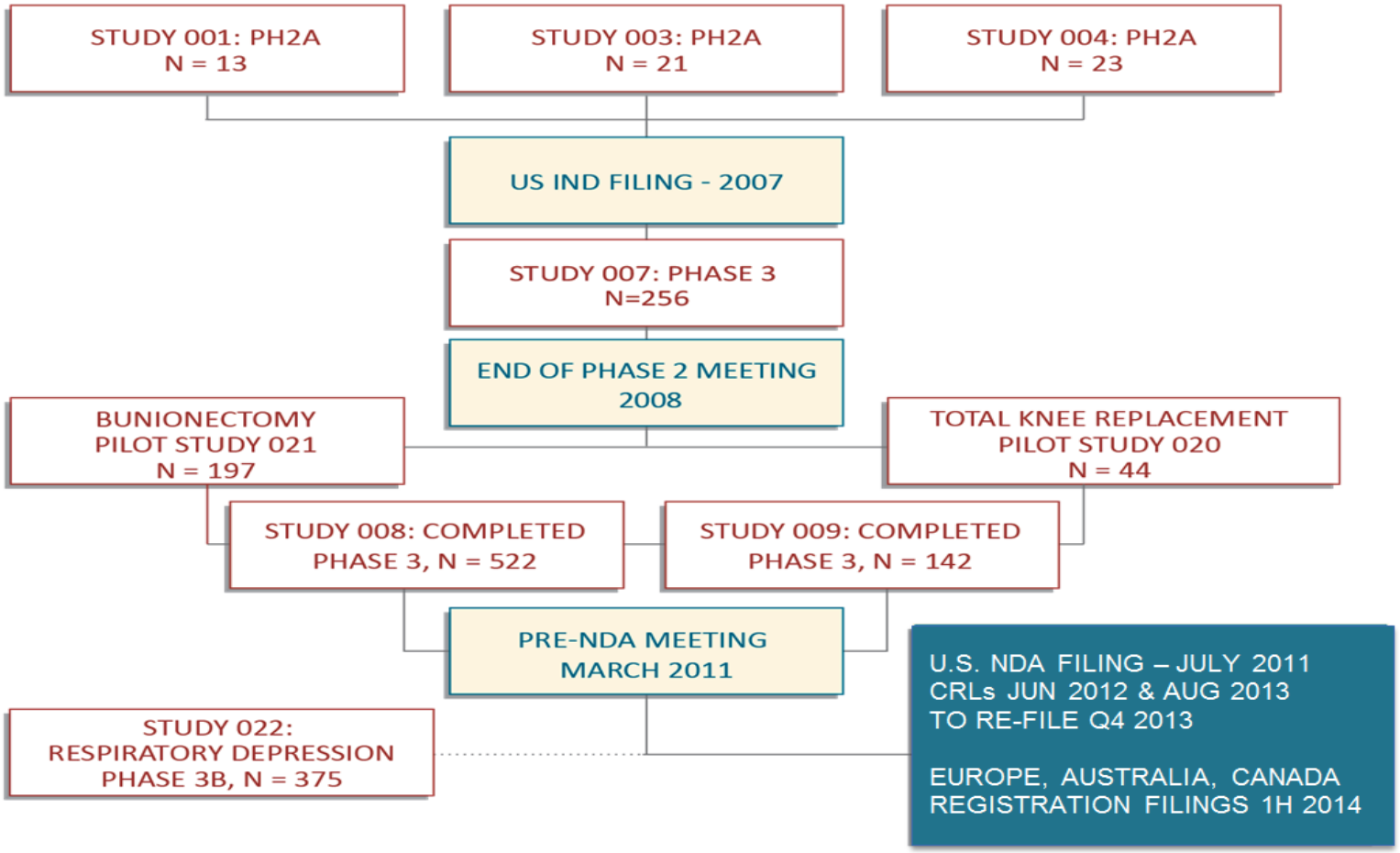
Solid Foundation for Growth in Place

- MOXDUO delivers equal or better pain relief with fewer side effects than current therapies
- More flexible dose titration to achieve optimal analgesic effect than available monotherapies
- Outsourced manufacturing, marketing, sales and distribution channels in place for US and other markets – US reimbursement also advanced
- Near term double digit royalties on sales of MOXDUO IR in the US, Canada, Australia, New Zealand and South Africa
- Global patent portfolio with expected exclusivity in many key markets through 2029
- Potential favourable regulatory policy changes in US
- Key Opinion Leaders express confidence in MOXDUO IR as potential therapeutic option
- Stealth Beadlets™ abuse deterrent technology platform, out-licensing opportunities being pursued

MOXDUO Product Portfolio

	MOXDUO® IR	MOXDUO® CR	MOXDUO® IV
Delivery	Immediate Release	Controlled Release	Intravenous
Target	Moderate to severe acute pain (i.e. post surgery, injury)	Chronic pain (i.e. osteoarthritis, back, neuropathic)	Hospital based: moderate to severe acute pain
Formulation	Oral Capsule	Oral tablet (with ADF technology)	Injectable
Partnerships	Actavis Inc., Paladin Labs Inc., Aspen Group *US, Canada, Australia, New Zealand, Oceania, South Africa Commercialisation*		
Status	Aug. 2013 - New CRL issued by US FDA Nov. 2013 - QRxPharma to refile NDA and FDA assigns new Advisory Committee meeting and PDUFA date (expected to be 1H CY2014) 1H CY2014 - Europe, Canada, Australia, filings	Phase 1 Clinical Trials Complete	Phase 2 Formulation development

MOXDUO IR Clinical Development Path

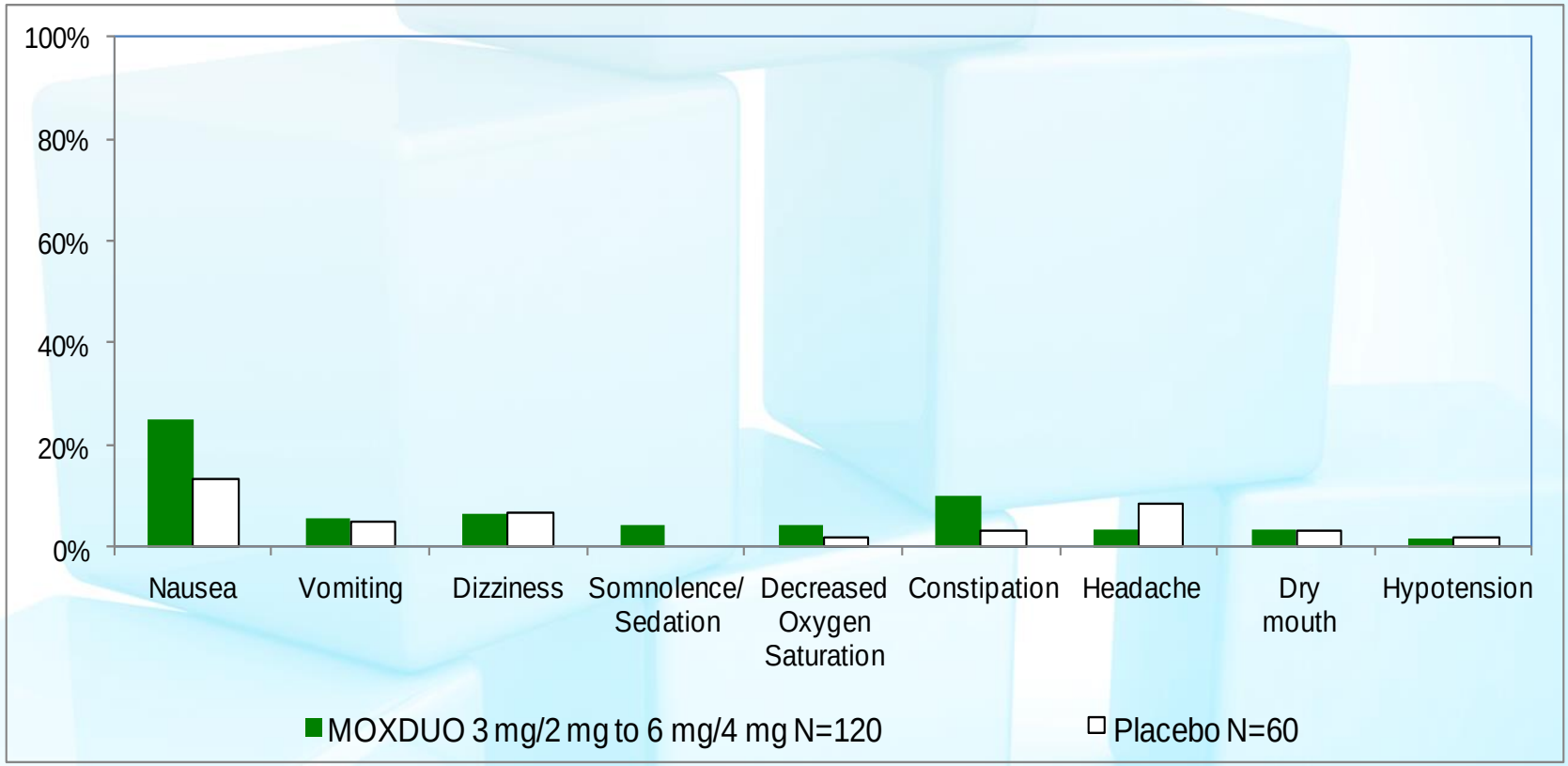


9 clinical studies in US ~ 1600 patients treated

4 Phase 3 clinical studies ~ 1300 patients treated

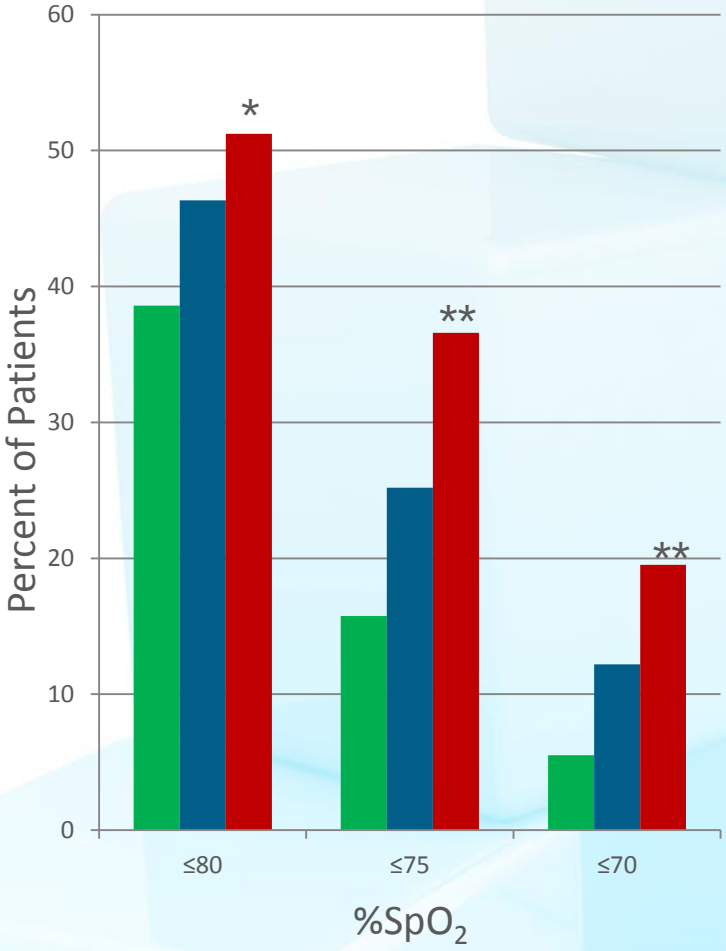
Preferred Dose of MOXDUO IR Has Similar Side Effect Profile to Placebo

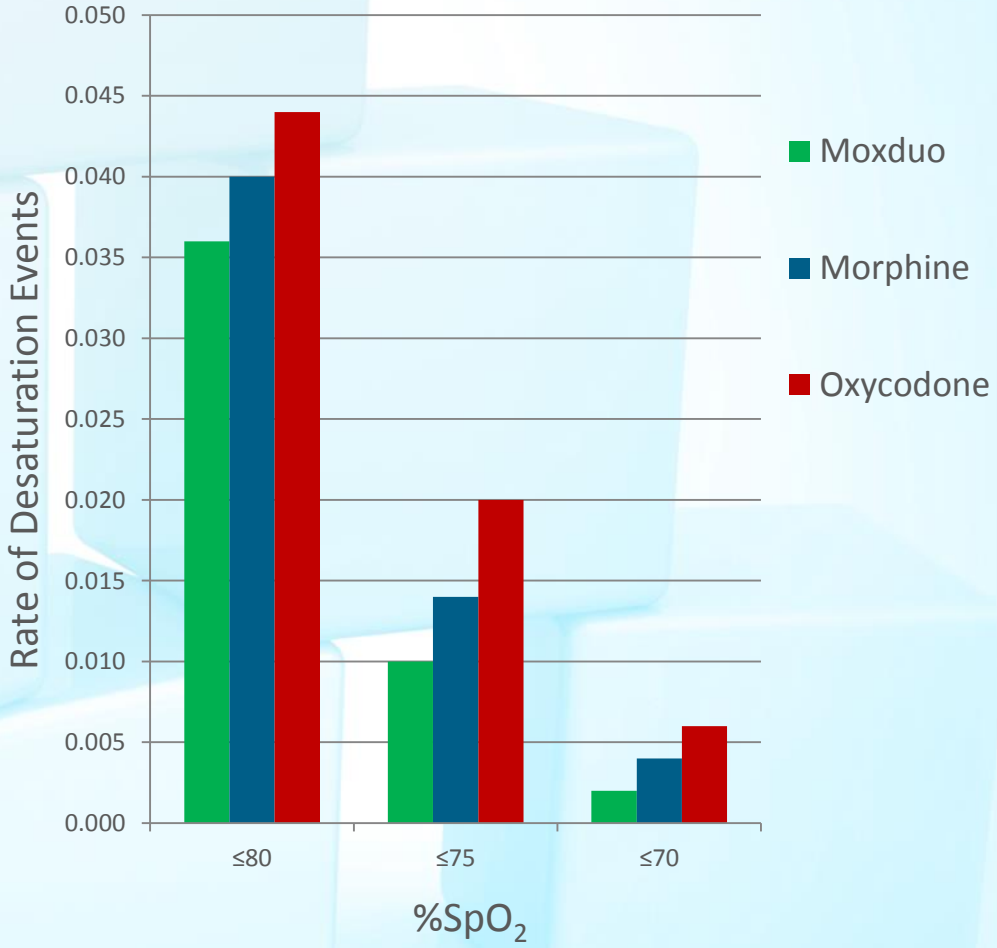
Moderate to Severe AEs: Low Dose MOXDUO IR Compared to Placebo Across All Studies



Support documents: MOXDUO AE table 25 in 120 day FDA safety update

The Incidence and Rate of Serious Oxygen Desaturations are Less with MOXDUO IR

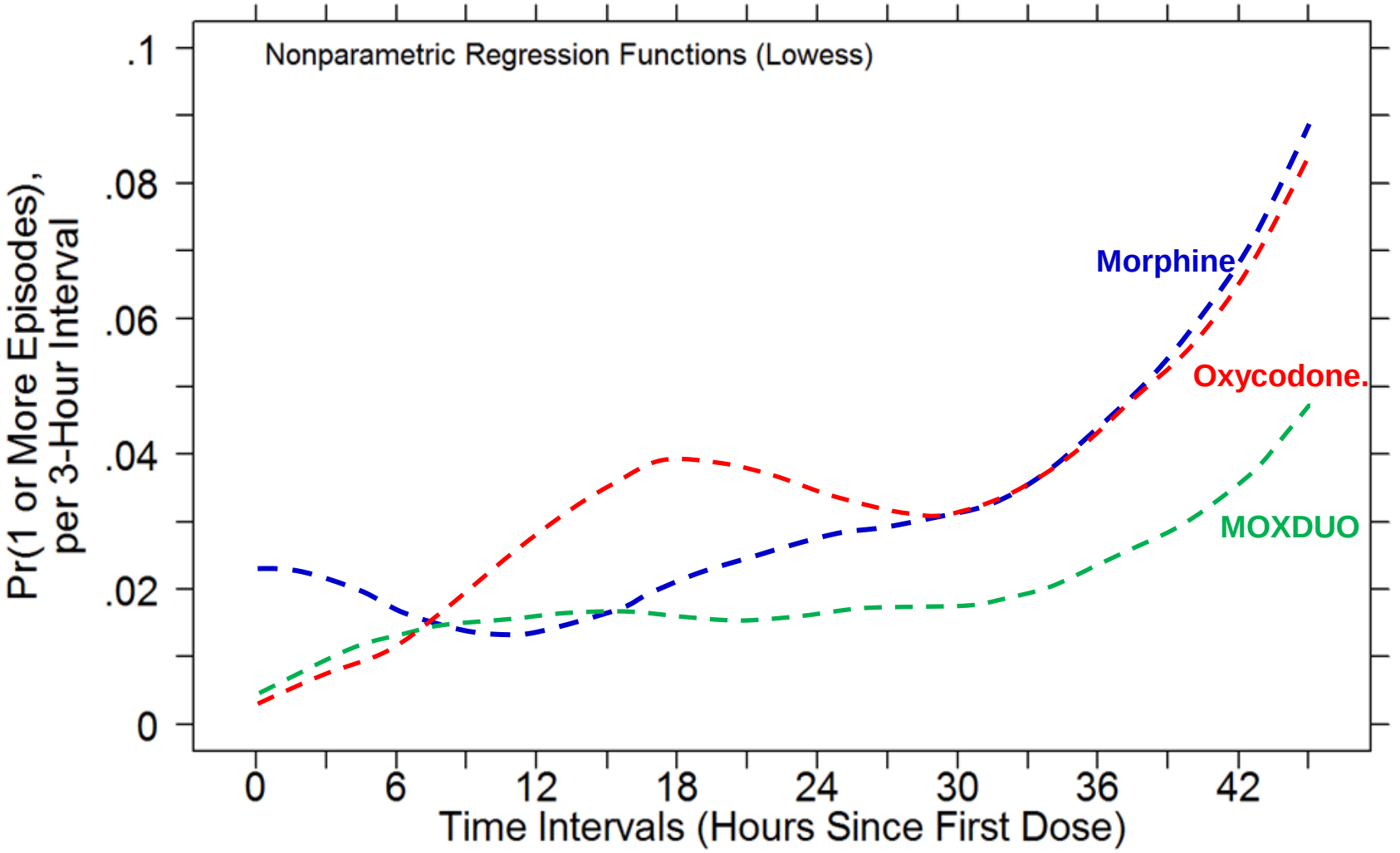




QRxPharma Study 022: 375 Patients

* Prob. < 0.05
** Prob. < 0.01

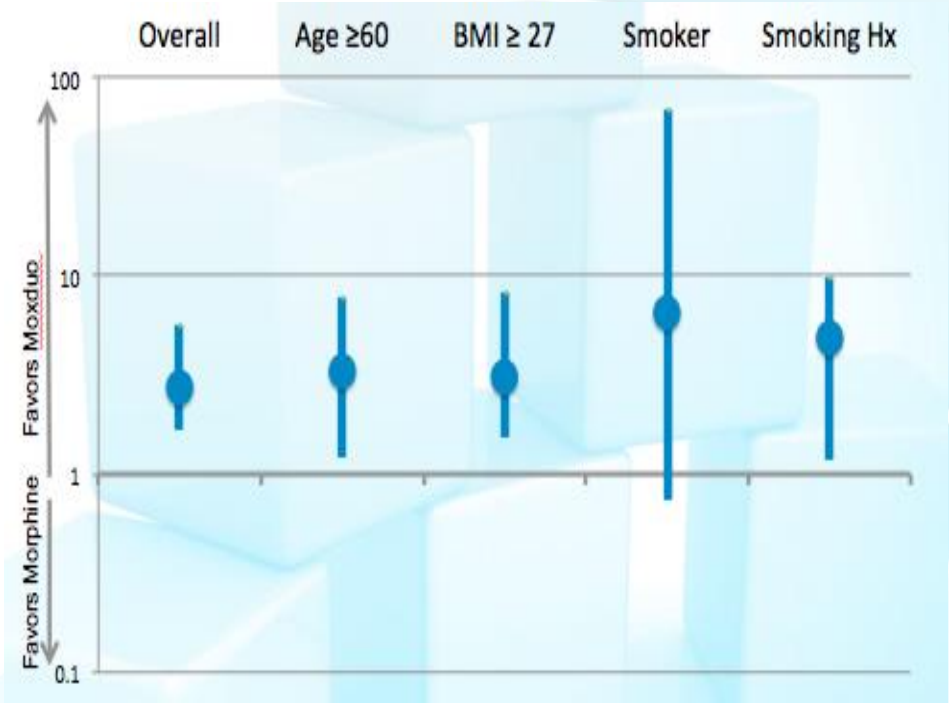
Probability of Experiencing a Serious Desaturation Episode* (≤75% SpO_2) Over Time is less with MOXDUO IR than with Morphine or Oxycodone



*(6 Consecutive Seconds, by 3 hour time block), QRxPharma Study O22

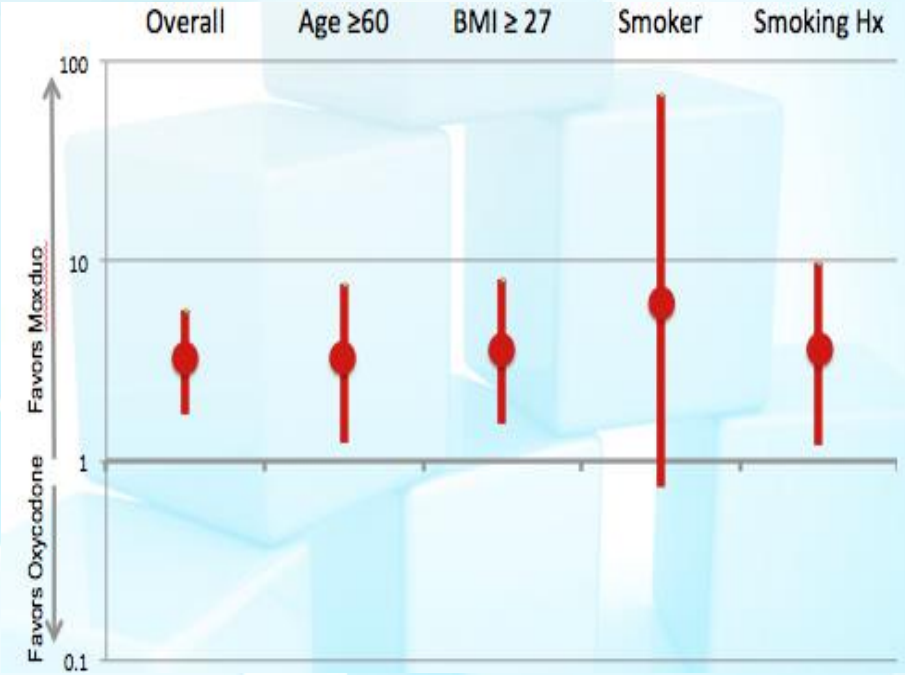
Probability (Odds) of Having an Oxygen Desaturation (Respiratory Depression) by Population Risk Factor

MOXDUO IR vs. Morphine[1]



1: Source, QRxPharma Analysis

MOXDUO IR vs. Oxycodone[2]



2: Source, QRxPharma Analysis

(Plot shows the Odds Ratio and lower and upper 95% C.I. at SpO_2 ≤75%)

Overview of Regulatory Pathway for US NDA

- While reviewing Study 022 data in preparation for the Advisory Committee meeting in July, QRxPharma discovered inaccuracies in the electronically recorded oxygen desaturation data as it did not accurately reflect the local time zone in some cases
- This affected 17% of the 375 patients in the study
- The full 30 million data set has been re-audited for integrity

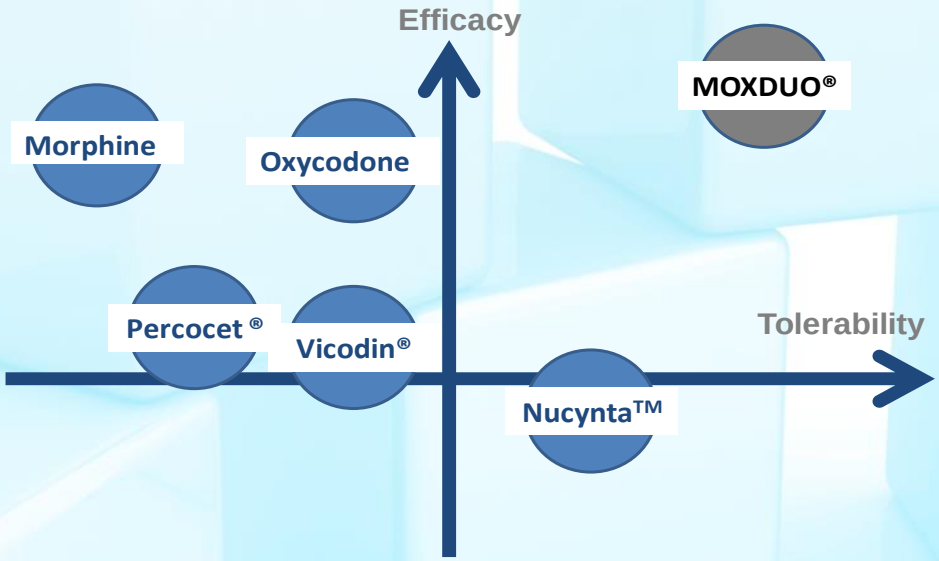
Action	Reason / Response
FDA notified of data inaccuracies in Study 022	• A plan for remedial activity and re-validation of the electronic database was discussed with FDA.
A 2nd Complete Response Letter was issued	• Required by regulation as the comprehensive re-analysis and quality control of Study 022 data could not be completed by the 26th August 2013 PDUFA date.
End of Review meeting	• A productive End of Review meeting was conducted with the FDA on 3rd October 2013. • The FDA confirmed that there were no issues of safety or efficacy, and advised refiling of the NDA and requested further analysis of MOXDUO respiratory advantage for Advisory Committee review.
NDA re-file	• The NDA will be re-filed in November 2013 and a new PDUFA date (likely in Q2, CY2014) and Advisory Committee meeting will be set by the FDA.

MOXDUO IR Target Product Profile

Immediate release formulation of MOXDUO	
Indication	Management of moderate to severe acute pain where opioid use is appropriate
Schedule	MOXDUO IR (morphine and oxycodone tablets) is classified as a Schedule II controlled substance
Efficacy	Comparable analgesic efficacy to equivalent doses of morphine or oxycodone
Safety	Decreased risk of experiencing severe oxygen desaturation events compared to equi-analgesic doses of either morphine or oxycodone
Side Effects	Reduction in risk/occurrence of clinically significant opioid-related side effects such as nausea, vomiting, dizziness, somnolence, pruritus, and respiratory depression compared to equivalent doses of morphine and oxycodone
Dosage/ Administration	Fixed dose capsule Q 4 – 6 hours 3:2 ratio morphine and oxycodone (3/2mg, 6/4mg, 9/6mg, 12/8mg)

MOXDUO IR Competitive Advantages

- Lower starting doses than current standards of care
- Safety advantage regarding respiratory depression
- Modestly priced branded product in high volume generic market
- Only opioid-opioid combination product available
- Easily identifiable initial target patient population – patients suffering from moderate to severe acute pain at high risk for respiratory depression
- Marketing advantage at launch due to anticipated Vicodin loss of market share
- Equal or greater efficacy with better tolerability (less severe adverse events)



Source: QRxPharma Analysis

MOXDUO IR well advanced for US Launch in 2014

Subject to FDA approval, U.S. commercial launch can occur within **2-3 months**

Product Claims / Labelling

- Previously negotiated with FDA, will be revised in refiled NDA

Manufacturing

- Outsourced to DSM, fully GMP compliant
- Capacity to fully meet market needs for launch

Distribution

- Actavis (4th largest opioid producer) will act as exclusive U.S. distribution partner

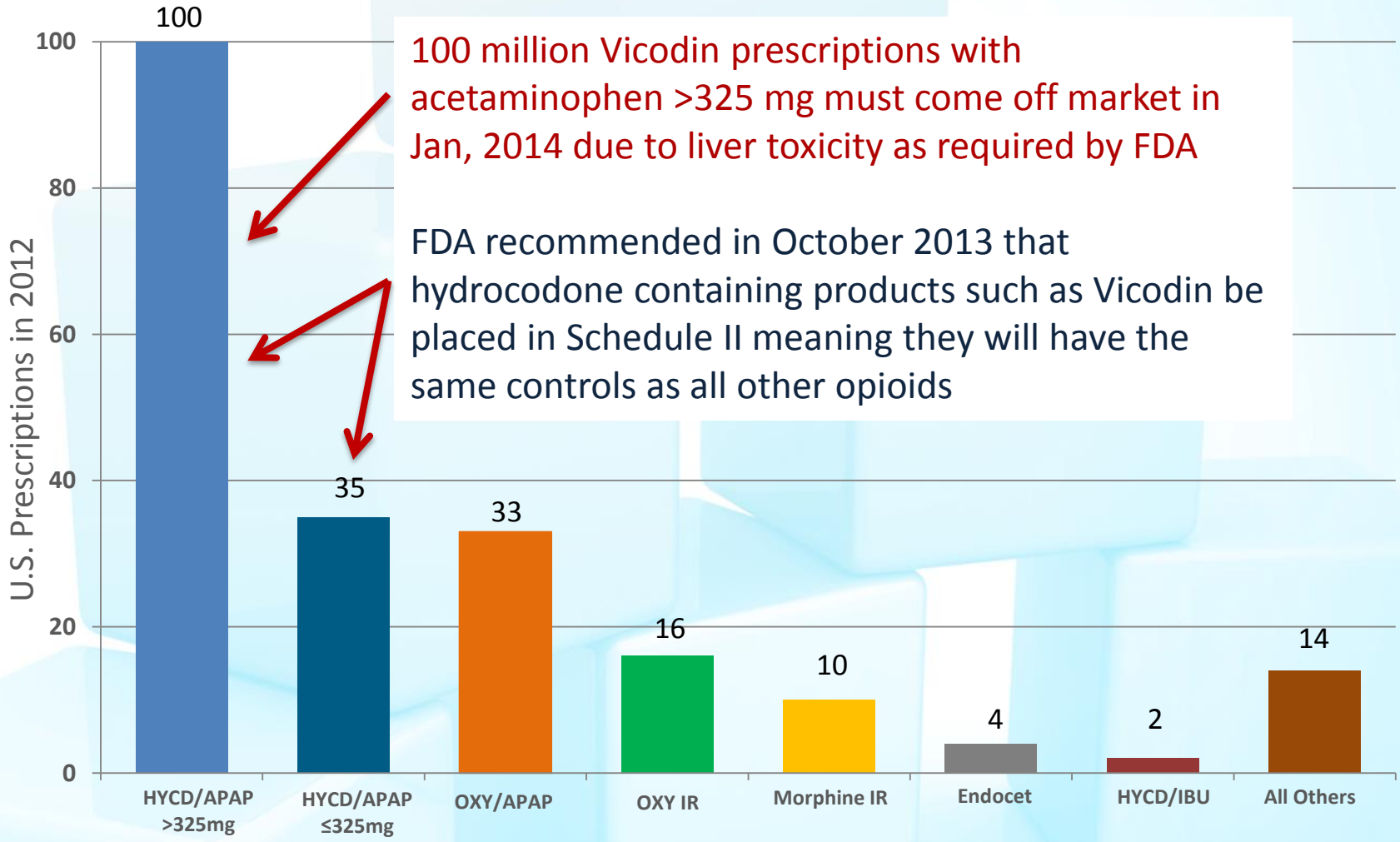
Sales & Marketing

- Extensive selling programme, co-ordinated with KOLs and marketing collateral is well advanced with Actavis

Reimbursement

- Actavis negotiated Tier 3 reimbursement with major providers

Disrupted Acute Pain Market Provides MOXDUO IR Opportunity



Source: IMS 2012 Total IR Strong Opioid Market = 214 Million TRx

MOXDUO Portfolio US Sales Potential

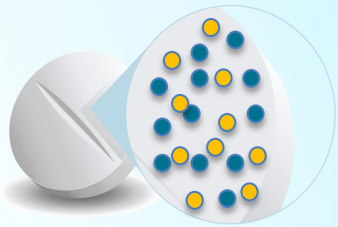
	MOXDUO IR	MOXDUO CR	MOXDUO IV
Summary	Well positioned as reasonably priced branded product in a large volume generic market	Potential for gold standard efficacy with reduced adverse events in a branded market facing generic competition	Potential to drive IV market with differentiated product in a large volume generic PCA morphine market
Market Size	214M 2012 prescriptions	27M 2012 prescriptions	203M 2012 units
Market Leaders	Hydrocodone/APAP (eg Vicodin), Oxycodone/APAP (eg Percocet)	Oxycontin, Fentanyl, Opana ER	Hydromorphone, morphine, Fentanyl
Market Penetration	2% peak share 4 year uptake	5% peak share 4 year uptake	20% peak unit share
Pricing/Sales	$112 based on 4 doses/day and 14 days of therapy ($2.00/capsule) 5% price increase/year **Peak sales ~$700+ Million**	$360 based on 2 doses per day and 30 days of therapy ($6.00 capsule) 5% price increase/year **Peak sales ~$650+ Million**	$20 Equiv. daily cost of treatment **Peak sales ~ $150 Million**
Upside Opportunity	Jan 2014 Vicodin required to reduce APAP ≤325mg 130M Vicodin scripts will move from Schedule III to Schedule II leveling the opioid playing field	Significant safety advantage with Stealth Beadlets™ Abuse Deterrent Formulation	Dual opioid targeting side effect advantage; Minimal competitive noise

Key Milestones - MOXDUO IR

DATE	MILESTONE
X 26 August 2013	NDA PDUFA Date; CRL Received
✓ September 2013	Signed strategic collaboration with Aspen
✓ October 2013	Extended strategic collaboration with Aspen
• November 2013	MOXDUO NDA refiling
• Q2, CY 2014	PDUFA Date preceded by FDA Advisory Committee
• 1H, CY 2014	Submit additional regulatory filings: Europe, Australia & Canada
• 2H, CY 2014	Assuming approval, product launch in the US First royalties earned on product sales Submit regulatory filings New Zealand and South Africa
• 2015 (est.)	Assuming approval, product launch in other markets including EU, Australia, and Canada, milestone and royalty payments commence

Stealth Beadlets ™

New Business Opportunity
Stealth Beadlets™



- Proprietary, abuse-deterrent technology; can be incorporated into almost any solid dosage and reduce abuse potential
- Ensures active drug ingredients are delivered to patients as intended; provides a substantial barrier to tampering
  - Providing resistance against extraction of active ingredient if crushed and then solubilized or heated
  - Protection against dose dumping by unintended misuse of drugs
  - Substantial barrier to tampering - reducing abuse potential
  - No effect on the active ingredient release profile
- "Plug and play" technology with strong out-licensing opportunities
- Working with Aesica for the worldwide promotion of Stealth Beadlets

Aesica

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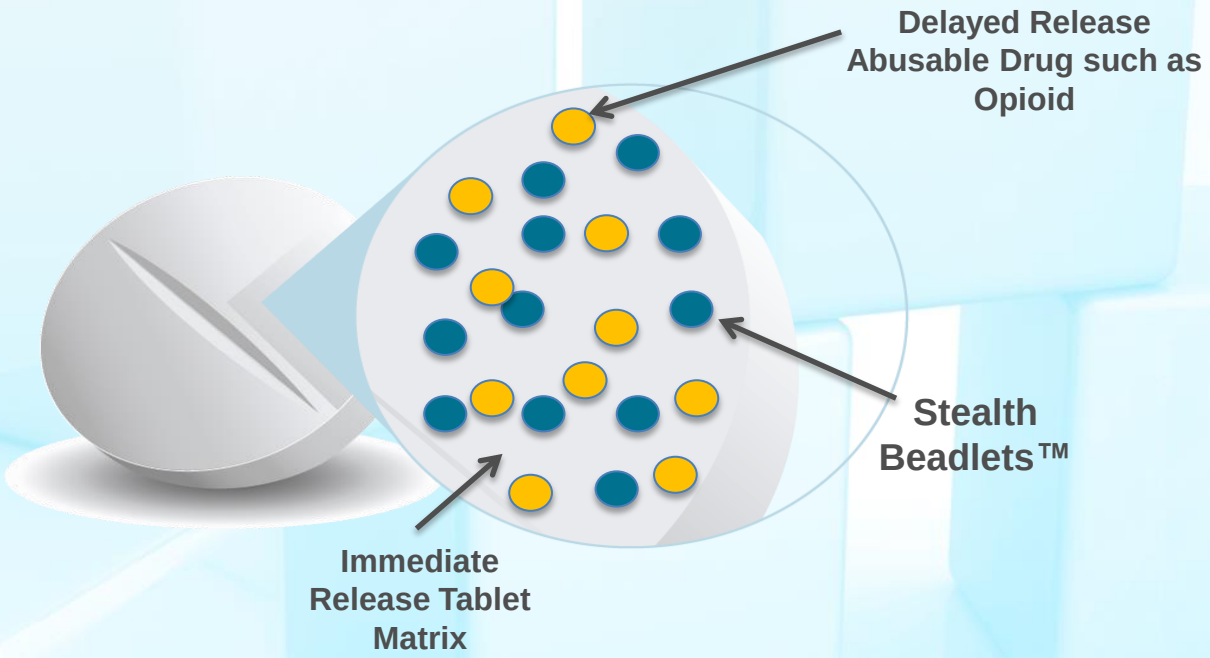
MOXDUO CR will Include Stealth Beadlets™

- Induces rapid gelling of crushed drug upon contact with liquids or nasal mucosa
- Provides physical barrier to abuse by limiting extraction of active ingredients
- Proprietary technology with IP to 2029[1]
- Minimal product development required
- Protects against unintended dose dumping from misuse
- Consists of patient friendly, low cost, GRAS[2] excipients



[1] Patent pending: anticipated to 2029, excludes patent term extension
[2] GRAS: Generally Recognized As Safe.

Commercialisation Strategy

MOXDUO – Potential Blockbuster Drug for Pain

- Large global prescription pain opportunity
  - Prevalence, diagnosis and treatment continue to increase;
  - Global pain market predicted to approach $50 billion by 2020
  - Small market share could achieve blockbuster status
- Opioids remain the "gold standard" for moderate to severe pain
  - Limited product innovation; current opioids have drawbacks
  - Regulatory hurdles for new therapies; no novel therapies likely to replace opioids in near future
- MOXDUO represents a unique opportunity in the global pain market
  - Novel mechanism of action (combination morphine/oxycodone)
  - Significant adverse event advantage
  - Differentiated product(s) in high volume markets
  - Portfolio of products – IR, CR, IV
- Near term revenue in multiple markets
  - MOXDUO IR planned for launch (subject to approval) in US in 2014 and other markets from 2015

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MOXDUO: Strategic Partnerships

Actavis

- Exclusive US commercialisation and development rights for MOXDUO IR
- 10%-30% royalties based on net sales thresholds from launch
- QRxPharma will receive 50% royalty on $150m of cumulative sales (starting circa 3 months following product launch)
- Co-promotion of 25% of the market at one year following launch along with tiered royalties up to 30% will bring QRxPharma substantial further revenues

paladin

- Canadian commercialisation rights of MOXDUO IR
- Double-digit royalties - up to US$25M in milestone payments on achievement of specific sales, regulatory and reimbursement targets
- Paladin Labs pays all regulatory, product launch, marketing/sales costs

aspen HOLDINGS

- Commercialisation rights to immediate release MOXDUO IR in Australia, New Zealand Oceania and South Africa
- Regulatory milestones of A$1.5M and double digit royalties

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Financial Summary (8 November 2013)

Shares on issue:	145 million (ordinary)
Market cap:	A$103 million
Debt:	Nil
Cash on hand:	A$8.5 million (30 Sept 2013)
Cash burn:	1H CY2014
Share registry:	+80% institutional / HNW
Listing:	ASX: QRX / OTCQX: QRXPY

Investment Highlights

Near-term commercial opportunity	• Revised NDA will be filed with the FDA in Nov. 2013, approval date (PDUFA) expected in Q2 CY2014. • Subject to regulatory approval, MOXDUO IR will be commercially launched in the United States in 2H CY2014 through Actavis and is expected to generate strong royalties to QRxPharma on those sales. • QRxPharma has had significant feedback from the FDA on MOXDUO IR who have indicated that the drug is safe and efficacious.
Enhanced safety and efficacy profile	• QRxPharma's clinical studies have demonstrated MOXDUO IR provides a **substantial reduction in risk** in clinically significant opioid-related side effects such as nausea, vomiting and dizziness compared to equivalent doses of standard morphine, oxycodone and/or Percocet. • Study 022 has shown a substantial reduction in the likelihood of experiencing respiratory depression and/or severe oxygen desaturation events - MOXDUO IR is the only opioid product to have shown this important safety benefit.
$14 billion p.a. world market opportunity	• c.250 million opioid prescriptions are written annually in the US alone with strong opioids forecasted to maintain sales dominance through 2020 due to ageing population, limited product innovation and clinical unmet need for a better pain relief product with fewer side effects.
Favourable U.S environment	• Recently announced rescheduling of Vicodin® to Sch. II (Oct. 2013) as well as restrictions imposed by FDA on acetaminophen-containing opioids (products with >325mg of APAP must be withdrawn by Jan 2014) creates significant opportunity for MOXDUO IR in the acute pain marketplace.
Highly experienced management & Board	• Well credentialed management has **previously taken a number of drugs to market** and Board includes significant large company and commercialisation experience
Strong IP position	• Patent portfolio provides expected protection **through to 2029**.
Pipeline of other products	• The Company's clinical pipeline includes an intravenous (IV) and controlled release formulation (CR) of MOXDUO. • The proprietary Stealth Beadlets™ abuse deterrence technology is also being commercialised in collaboration with a partner.

Appendix

Intellectual Property Protection For MOXDUO Portfolio

All MOXDUO presentations:

"Smith patent" – granted in major markets – expires Oct 2016

- Combinations of various ratios of morphine and oxycodone for pain control

10 years data exclusivity in Europe, lesser periods in other countries

Oral MOXDUO presentations:

"3:2 ratio patent" – under prosecution in the EU and Japan, granted in the US – expires 2023

- Specifically covers a 3:2 ratio of morphine to oxycodone for the treatment of pain

MOXDUO IR additional patent:

"Algorithm patent" – to be filed in Europe, approved in the US, expires Sept 2029

- Dosing algorithm to convert patients from intravenous morphine to oral MOXDUO

MOXDUO CR additional patents:

"Controlled Release patent" – National Phase

- Covers the pharmacokinetic profile of MOXDUO CR

"Abuse Deterrent Formulation patent" – National Phase

- Covers Stealth Beadlets abuse deterrence technology

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Appendix 1: Foreign Jurisdictions

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Appendix 2: Risk Factors

An investment in QRxPharma will be accompanied by various risks and should be considered speculative in nature. Some of these risks are specific to the Company while others relate to investing in shares in general. It is for this reason that none of QRxPharma nor its Directors or advisors provide any guarantee with respect to market value or that profitability will be achieved or dividends will be paid.

This section describes a range of risks associated with an investment in QRxPharma. The risks outlined should not be considered exhaustive of the risks faced by QRxPharma and its investors but these and other risks could have a material impact on the financial performance of the company and the value of the Shares offered under the Placement and the Share Purchase Plan (SPP).

Before making a decision, investors should consider each of the risks described in this section and QRxPharma's periodic and continuous disclosure announcements lodged with the ASX. Investors should carefully consider these factors in light of their investment objectives and financial circumstances. If investors are in any doubt regarding the terms and conditions of the capital raising they should seek professional advice from their stockbroker, solicitor, accountant, or other qualified professional financial advisor.

General Risks

Share Market Risks

Potential investors should recognise that there are risks associated with any investment in shares. On completion of the Placement and SPP, the Shares may trade on the ASX at higher or lower prices than the offer price. The price at which the Shares trade on the ASX may vary as a result of QRxPharma's financial performance and as a result of external factors which are not under the control of the Company and the Directors. The share price will be subject to changes in overall market conditions and investor perspectives of the specialty pharmaceutical industry. The share prices of specialty pharmaceutical companies can be volatile and there can be no guarantee that the price of the Shares will increase after the Placement and SPP.

Liquidity and Realisation Risk

There is no guarantee that an active market in the Company's Shares will develop. There may be relatively many or few buyers or sellers of the Shares trading on the ASX at any given time which may increase share price volatility.

General Economic Conditions and Currency Fluctuations

There are a wide range of macro-economic and political factors, both in Australia and internationally, which are beyond the Company's control and which may affect the Company's operating and financial performance. These may include factors such as economic growth, inflation, exchange rates, interest rates, consumer spending and government fiscal, monetary and regulatory policies. There is also the risk of terrorist and other activities which may adversely impact the global economy and share market conditions in general.

A significant proportion of QRxPharma's revenues and expenses is expected to be denominated in currencies other than Australian dollars, in particular US dollars. The Company expects approximately 90% of the Placement and SPP proceeds will be exposed to fluctuations between the Australian dollar and the US dollar. As a result, if proper hedging is not in place, exchange rate movements could have an adverse impact on the Company's financial results.

Tax Risk

Any change to the rate of company income tax in the jurisdictions in which QRxPharma operates will impact on financial performance, cash flows the share price and shareholder returns. Any changes to the rates of income tax applying to individuals or trusts will also impact shareholder returns. Additionally, any change to the tax arrangements between Australia and other jurisdictions could adversely impact the Company's future earnings and the level of dividend franking.

Appendix 2: Risk Factors

Legislative and Regulatory Changes

Changes to laws and regulations or accounting standards which apply to QRxPharma could have an adverse impact on the Company's financial performance. Some legislative and regulatory changes that could have an adverse impact on the Company include changes to regulatory requirements for the commercialisation of the Company's pipeline products.

Clinical Development

Whilst QRxPharma is expected to shortly complete its NDA lodging for MOXDUO IR it has additional products at an earlier stage of development. There are inherent risks involved with the development of pharmaceutical products including failure during clinical trials or failure to achieve sufficient robustness and reliability. QRxPharma is yet to commercialise any products from its development programmes and cannot guarantee that its research and development activities will lead to the development and successful commercialisation of its products. There is also no guarantee that QRxPharma will succeed in bringing its products to market at a time that allows it to capture market opportunities.

Regulatory Risks

To obtain regulatory approval for the commercial sale of any one of its products, QRxPharma must prove that its products are both safe and effective for use in each proposed indication and whilst QRxPharma has completed all studies for MOXDUO IR there can be no guarantees that NDA approval from the FDA to sell MOXDUO IR is obtained in a reasonable timeframe or is obtained at all. Unexpected delays to regulatory approval and commercialisation may therefore occur.

As with any company involved in developing pharmaceutical products, QRxPharma must comply with the regulatory framework in any country in which it intends to market the product in question. These requirements vary depending on the relevant product and the nature of approvals or changes being considered. In general, established agents which have less significant proposed changes will face less substantial requirements for demonstration of safety and efficacy. Consequently, regulatory requirements may vary depending on the product in question.

Equally, FDA approval of MOXDUO IR does not necessarily mean that approval will automatically be obtained for MOXDUO IV or MOXDUO CR.

Future Funding Requirements

The Directors believe that QRxPharma will have sufficient cash reserves to fund its activities through to FDA regulatory approval of MOXDUO IR. However, QRxPharma may need to raise additional funds from time to time to meet its future funding requirements. The Company may not be successful in raising adequate funds on favourable terms and this could have a material adverse impact on QRxPharma's prospects.

Reliance on Partners and Commercial Agreements

QRxPharma has entered a number of strategic collaborations and currently intends to negotiate and enter further such arrangements in relation to the commercialisation of MOXDUO. Delays in negotiating, or a failure to enter such arrangements, may lead to delays in bringing products to market or may result in less favourable financial terms for QRxPharma once such agreements are entered. Once such agreements are entered, a failure by a counterparty to perform their obligations for any reason or any rights of termination a counterparty might have may lead to delays in bringing products to market or that such agreements will not generate anticipated revenues.

QRxPharma will be dependent on third parties to manufacture any products (or constituent parts) that it develops. There can be no assurance that the Company will succeed in establishing a supply chain through contract manufacturing and supply arrangements on favourable terms or that such a supply chain would remain uninterrupted. This exposes QRxPharma to potential delay and pricing issues.

The success of QRxPharma's product development and commercialisation is in part dependant on its technology and discovery relationships. These relationships expose the Company to some risks - its collaborators may disrupt the manufacturing or distribution of the Company's products, terminate or fail to renew agreements with the Company, experience financial difficulty, become insolvent or enter into partnerships with the Company's competitors.

Appendix 2: Risk Factors

Reliance on Key Personnel

QRxPharma has a number of key personnel at the Board, executive and scientific/operational level. While QRxPharma is committed to providing attractive employment conditions and prospects, there can be no guarantee that the Company can retain these key personnel. The loss of the services of any of these individuals could have a material adverse impact on the Company's research, product development and commercialisation success.

There can be no assurance that QRxPharma will be able to attract and retain the services of additional scientific, technical, manufacturing, sales and managerial staff as the need arises. This is due to the specialised and competitive nature of the specialty pharmaceuticals industry and it may also have a material adverse impact on QRxPharma's success.

Protection of Proprietary Technology and Trade Secrets

The commercial success of QRxPharma partly depends on its ability to obtain patent protection of its products and technologies in its main markets and to protect its trade secrets. There can be no guarantee that technologies or products developed by the Company will be patentable, that patents will be granted for products currently in development or that its patents will be sufficient to protect QRxPharma from competition from third parties with similar technology.

Current Patents

It is possible that third parties may assert IP claims against the Company under copyright, trade secret, patent or other laws. The Company is not aware of any such claims in relation to the IP rights in which it has interest. If such claims were to arise, there may be an adverse effect on the Company's business, including costly litigation and the diversion of Management attention, which could occur regardless of the outcome of any proceedings.

Litigation

QRxPharma is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, personal injury claims or employee claims. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company. QRxPharma has had no actual or threatened litigation or legal disputes.

Use of Net Proceeds of the Offer

QRxPharma has indicated the current anticipated use of net proceeds of the Placement and SPP earlier in this presentation. However, the Board will have total discretion in the allocation of the funds. A failure to apply the funds effectively could have an adverse impact on the business.

Dividends

The ability of QRxPharma to pay dividends in the future will depend on the success of its clinical trials and its ability to commercialise its products in development. In addition, considerations such as future capital requirements and the Company's financial position will impact the amount, timing and payment of any dividend. There may also be factors outside of QRxPharma's control which affect the ability of the Company to pay dividends and as such the Directors are unable to give any guarantee regarding the payment of dividends in the future.

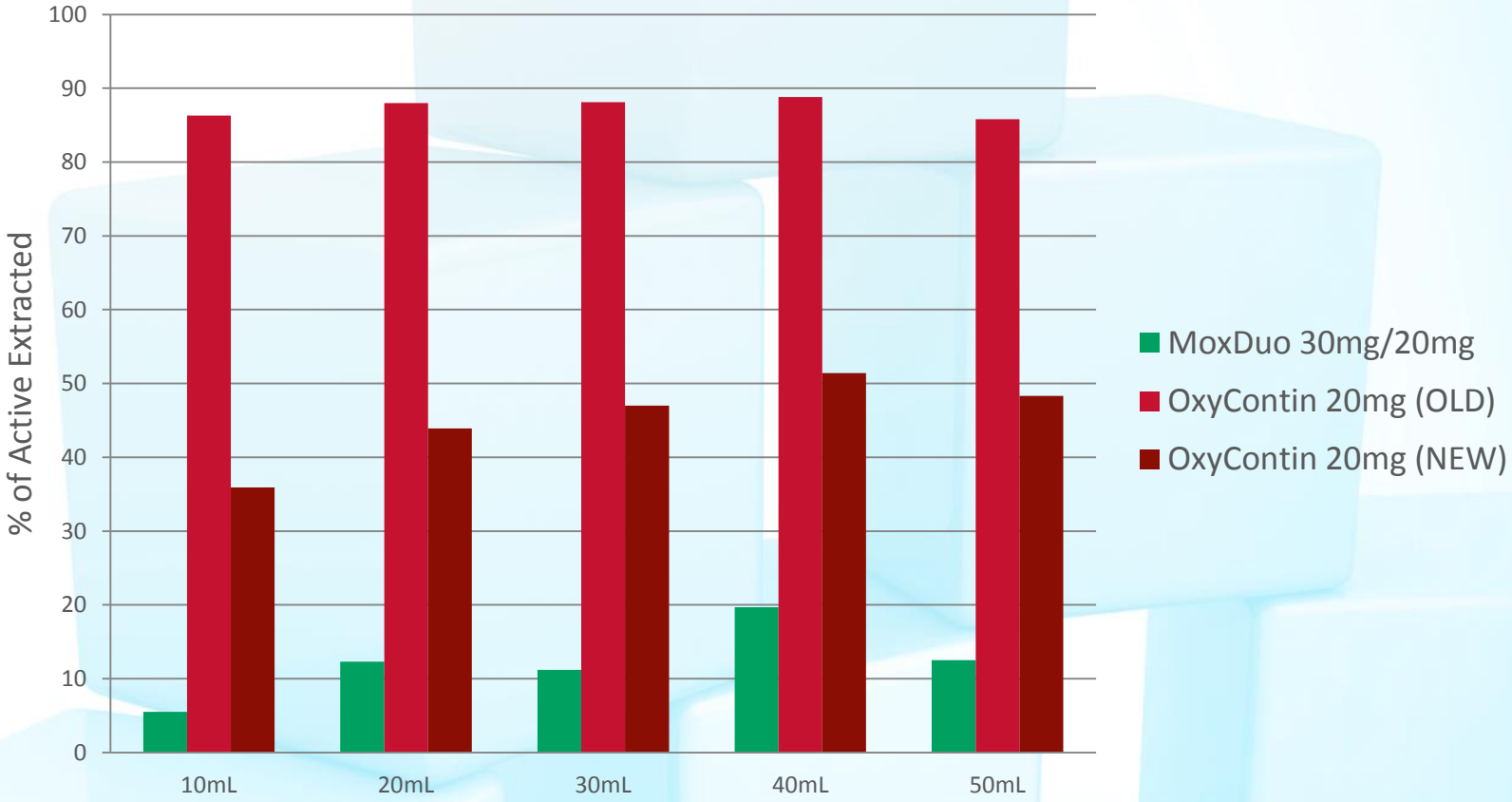
Competition

QRxPharma competes with several large organisations, some of which are multi-national and have worldwide distribution networks. The Company believes that the major competitors in the drug market for the treatment of moderate to severe pain include Endo Pharmaceuticals, Abbott, Purdue Pharma, Mundipharma, Cephalon, Pfizer and Johnson & Johnson. Compared to QRxPharma, the Directors believe that several of these firms have substantially greater financial resources and greater technical and market strength. Companies that would be likely to lose market share may develop strategies to resist the introduction and sales growth of QRxPharma's products.

In addition, there can be no guarantee that the Company's competitors will not be successful in developing technologies and products that are more effective or cost efficient than those technologies and products that the Company is currently developing. As a result, the Company's products may become uncompetitive and the business would suffer.

ANNEXURES

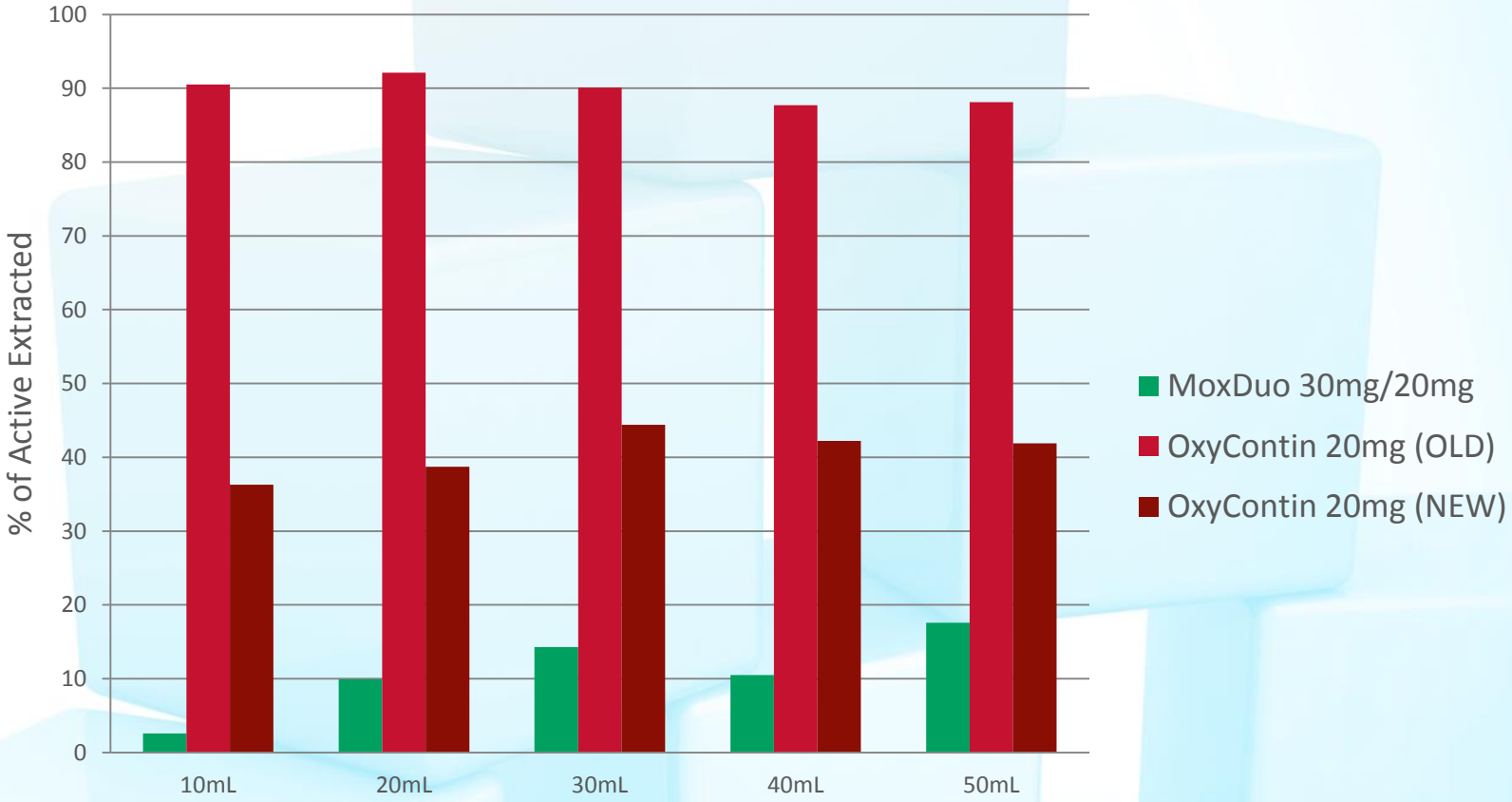
Extraction of Oxycodone from Crushed Tablet Using Water as Solvent



Stealth Beadlets™ performed 2-3 fold better than comparators

OxyContin is a registered trademark of Purdue Pharma LP.
MOXDUO is a registered trademark of QRxPharma Ltd.
MOXDUO® CR contains 30mg of morphine and 20mg of oxycodone. Analysis of the 20mg oxycodone component only is shown for comparative purposes.

Extraction of Oxycodone from Crushed Tablet Using Vodka (40% alcohol) as Solvent



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