



4 October 2012

Dear Shareholder,

Annual General Meeting

Please find enclosed the notice of the 2012 Annual General Meeting of the ordinary shareholders of QRxPharma Limited (the Company) which will be held at 10.00 am (Sydney time) on Wednesday 7 November 2012, at the offices of DibbsBarker, Lawyers, of Level 8, 123 Pitt Street, Sydney, NSW.

The formal part of the Annual General Meeting will cover the ordinary business transacted each year, including the consideration of the Company's financial statements and remuneration report and the re-election of directors. This year the Annual General Meeting will also cover the following ordinary resolutions:

- Appointment of new auditor of the Company
- Issue of Options to non-executive directors
- Issue of Options to Chief Executive Officer – Dr John Holaday

Further details concerning these matters are contained in the explanatory statement that forms part of this notice of meeting.

If you are unable to attend the meeting in person, I encourage you to return the enclosed proxy form. The proxy form should be returned in the envelope provided, or faxed to our Share Registry on +61 2 9287 0309 so that it is received by 10.00 am (Sydney time) on Monday 5 November, 2012 being not less than 48 hours before the time for holding the meeting. Alternatively proxy forms may also be lodged online at Link Market Services' website www.linkmarketservices.com.au in accordance with the instructions given there. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

The QRxPharma Annual Report for the year ended 30 June 2012 is now available on our website at www.qrxpharma.com. Printed copies of the report are distributed only to those shareholders who have elected to receive it in printed form.

Shareholders will have an opportunity to ask questions during the meeting, and are invited to join the Board for light refreshments at its conclusion. I look forward to welcoming you at the meeting.

Yours sincerely,

A handwritten signature in black ink that reads 'C. J. Campbell'.

Chris J Campbell
Company Secretary and Chief Financial Officer



NOTICE OF THE 2012 ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

QRxPharma Limited
ABN 16 102 254 151

Notice is given that the Annual General Meeting of shareholders of QRxPharma Limited (the “Company”) will be held at the offices of DibbsBarker, Lawyers, Level 8, 123 Pitt Street, Sydney, NSW at 10:00 am (Sydney time) on Wednesday, 7 November 2012.

ORDINARY BUSINESS

Financial Statements and Reports

Receipt of the Company’s Financial Reports and the accompanying Directors’ Report, Directors’ Declarations and Independent Auditor’s Report for the year ended 30 June 2012.

Resolutions

1. Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the Remuneration Report for the year ended 30 June 2012 be adopted.”

Note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution:

- by key management personnel or their closely related parties; or
- as a proxy by key management personnel or a closely related party of any key management personnel.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Election of Director – Peter Campbell

To consider and, if thought fit to pass the following resolution as an ordinary resolution:

“That Peter Campbell, who retires as a director of the Company by rotation in accordance with clause 6.1(f) (i) (B) of the Company’s Constitution, and being eligible for re-election, be re-elected as a director of the Company.”

SPECIAL BUSINESS

3. Appointment of new auditor of the Company

To consider and, if thought fit, pass the following ordinary resolution:

“Subject to the ASIC consenting to the resignation of PricewaterhouseCoopers as auditor of the Company and its controlled entities, that for the purposes of section 327B of the Corporations Act and for all other purposes, Deloitte Touche Tohmatsu having been nominated, be appointed as auditor of the Company and its controlled entities with effect from the end of this meeting and that the Directors be authorised to agree their remuneration.”

Deloitte Touche Tohmatsu has provided their consent to this appointment subject to ASIC consenting to the resignation of PricewaterhouseCoopers as auditor of the Company and its controlled entities and approval by the members.

4. Issue of Options to Director - Dr Peter Farrell

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 75,000 options to Dr Peter Farrell on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Issue of Options to Director - Peter Campbell

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 75,000 options to Peter Campbell on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Issue of Options to Director - Dr Gary Pace

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 75,000 options to Dr Gary Pace on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Issue of Options to Director - Michael Quinn

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 75,000 options to Michael Quinn on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Issue of Options to Chief Executive Officer – Dr John Holaday

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.14, and for all other purposes, approval is given for the grant under the QRxPharma Employee Share Option Plan, of 300,000 options to Dr John Holaday on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by key management personnel or their closely related parties. Also, in accordance with the notice requirements of ASX Listing Rule 10.15.5, the Company will disregard any votes cast on the above resolution by:

- all Directors of the Company; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board



Chris J Campbell
Company Secretary
4 October 2012

Determination of Entitlement to Attend and Vote

The Company has determined that the holders of the Company's ordinary shares for the purpose of the Annual General meeting will be the registered holders of ordinary shares at 7.00 pm (Sydney time) on Monday, 5 November 2012.

This notice is also being sent to JPMorgan Chase Bank as depositary agent of the Company's American Depositary Receipts (ADR). Holders of the ADRs are invited to attend the annual general meeting but are not entitled to vote on any of the proposed resolutions. However, holders of ADRs may, subject to the terms of the depositary agreement between JPMorgan Chase Bank and the holders of the ADRs, instruct the JPMorgan Chase Bank to vote the ordinary shares underlying their ADRs on their behalf.

Proxies

Ordinary shareholders have the right to appoint a proxy, who need not be an ordinary shareholder of the Company. If an ordinary shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes that each proxy is appointed to exercise. A proxy form has been included for ordinary shareholders with this notice of meeting. The proxy form must be received by Link Market Services Limited, located at 1A Homebush Bay Drive, Rhodes, NSW 2138 or Level 12, 680 George Street, Sydney, NSW 2000, or by facsimile to Links on +61 2 9287 0309 by no later than 10.00 am Sydney time on Monday, 5 November 2012 being not less than 48 hours before the time for holding the meeting. Alternatively proxy forms may also be lodged online at Link Market Services' website www.linkmarketservices.com.au in accordance with the instructions given there. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

The proposed Chairman of the meeting intends to vote undirected proxies in favour of each of the eight resolutions.

Power of Attorney

If an ordinary shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney must likewise be received by Link Market Services Limited, located at 1A Homebush Bay Drive, Rhodes, NSW 2138 or Level 12, 680 George Street, Sydney, NSW 2000, or by facsimile to Link on +61 2 9287 0309 by no later than 10.00 am Sydney time on Monday, 5 November 2012, being not less than 48 hours before the time for holding the meeting.

Corporate Representatives

A member who is a body corporate may appoint an individual as a representative to exercise the member's voting rights at the Annual General Meeting (AGM) pursuant to section 250D of the *Corporations Act 2001* (Cth). Representatives will be required to present documentary evidence of their appointment on the day of the meeting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist shareholders with their consideration of the resolutions detailed in the Notice of Annual General Meeting dated 4 October 2012. This Explanatory Statement should be read with, and forms part of, the accompanying Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

As required by section 317 of the *Corporations Act 2001* (Cth), the Financial Report, Directors' Report, Directors' Declarations and the Independent Audit Report of the Company for the financial year ended 30 June 2012 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to raise questions in relation to the reports; however there will be no formal resolution put to the meeting.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

Background

The *Corporations Act 2001* (Cth) requires that listed companies include a remuneration report in their Directors' Report. The remuneration report is set out on pages 11 to 20 of the Company's Annual Report. The Remuneration Report includes information in respect of the Company's remuneration policies in respect of Directors and group executives, including the relationship between remuneration policies and the Company's performance, prescribed details of Directors and group executives, details of securities included in the remuneration of Directors and group executives and details of persons employed under a contract.

The resolution to adopt the remuneration report has been put to the members in accordance with section 250R(2) of the *Corporations Act 2001* (Cth). Any outcome, with respect to this resolution, is advisory only and does not bind the Directors or the Company.

The Chair will allow a reasonable opportunity at the meeting for shareholders as a whole to ask questions about or make comments on the Remuneration Report.

The Directors will consider the outcome of this vote and any comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

Voting exclusion statement

For the purposes of the voting exclusion statement on Resolution 1:

“key management personnel” (KMP) means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

“closely related party” means: (a) a spouse or child of the KMP; (b) a child of the KMP's spouse; (c) a dependent of the KMP or the KMP spouse; (d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company; (e) a company the KMP controls; or (f) a person otherwise prescribed by the regulations.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 1.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF PETER CAMPBELL AS DIRECTOR

Peter Campbell has been an independent Non-Executive Director of the Company since 27 April 2007 and is Chairman of the Audit Committee. In accordance with the retirement by rotation requirements of the Company's Constitution and the ASX Listing Rules, Peter Campbell retires and offers himself for re-election as a Director of the Company.

His experience, qualifications and special responsibilities are set out on page 9 of the Company's Annual Report.

4. RESOLUTION 3 - APPOINTMENT OF NEW AUDITOR OF THE COMPANY

PricewaterhouseCoopers has, by notice in writing to the Company, notified the Company that it resigns as auditor of the Company and its controlled entities with effect from the end of this Annual General Meeting. The resignation is subject to the consent of ASIC which PricewaterhouseCoopers has applied for in accordance with section 329(5) of the Corporations Act.

On the assumption that ASIC consents to PricewaterhouseCoopers' resignation as auditor, Chris J Campbell, as a member of the Company, has nominated Deloitte Touche Tohmatsu of 225 George Street, Sydney NSW 2000 to act as auditor of the Company and its controlled entities with effect from the end of this Annual General Meeting. In accordance with section 328B(3) of the Corporations Act, a copy of the notice of nomination is attached to this notice of meeting. Deloitte Touche Tohmatsu has consented to act as auditor of the Company and its controlled entities.

Recommendation

On the assumption that ASIC consents to PricewaterhouseCoopers' resignation as auditor and Deloitte Touche Tohmatsu has not given written notice to the Company withdrawing its consent to act as auditor of the Company and its controlled entities, the Directors recommend shareholders vote in favour of Resolution 3 appointing Deloitte Touche Tohmatsu to act as auditor of the Company and its controlled entities with effect from the end of this Annual General Meeting.

5. RESOLUTIONS 4 TO 7 – ISSUE OF OPTIONS TO NON-EXECUTIVE DIRECTORS

5.1 Background

The Company has agreed, subject to obtaining shareholder approval, to allot and issue a total of 300,000 options to Dr Peter Farrell, Peter Campbell, Dr Gary Pace and Michael Quinn under the Employee Share Option Plan of the Company and on the terms and conditions set out below.

The proposed grant of options to Directors requires the approval of shareholders under Listing Rule 10.14.

5.2 Rationale for issue of options to Non-Executive Directors

The Non-Executive Directors of the Company have not received an increase in Directors' fees since the company was listed in May 2007. Given the current stage of development of the Company the Board has determined that there should be no increase in Directors' fees at this time. Instead, the Board has determined that Directors should be issued with a number of options to act as a reward for past performance, as a long term incentive and as a retention mechanism and to compensate for there being no increase in Non-Executive Directors' fees.

The Board acknowledges that the grant of options to Non-Executive Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of the options constitutes cost effective consideration to the Directors for their ongoing commitment and contribution to the Company and, for the reasons above, constitutes reasonable remuneration to the Directors in the circumstances of the Company and the Directors (including their responsibilities as Directors of the Company).

The number of options to be issued to Non-Executive Directors has been determined by having regard to the level of Directors' fees/salaries being received by Non-Executive Directors and is a cash free, effective and efficient way to provide an appropriate and market level of Directors' remuneration.

5.3 Terms of all options

The options are governed by the QRxPharma Employee Share Option Plan and are granted on terms consistent with options granted by the Company in previous years. The options are proposed to be granted for no cash consideration with an exercise price per option of the higher of:

- \$1.00; or
- the share price on the date of the grant of the options.

If approved the options will be granted immediately following approval by the shareholders at the Annual General Meeting and will expire 7 years following the grant date of the options. The options vest over 3 years with the initial vesting on the first anniversary of the date of the grant and subsequent vestings in 8 equal tranches on the first day of each calendar quarter over the following 2 years. When exercisable, each option would entitle the holder to subscribe for one fully paid ordinary share in the capital of the Company. Each ordinary share issued on exercise of an option will rank equally with all other ordinary shares then on issue.

5.4 Information required under Listing Rule 10.15

Under Listing Rule 10.14, the Company cannot grant the options without shareholder approval. Accordingly, shareholder approval is sought and the Company provides the following additional information in accordance with Listing Rule 10.15:

- a) The maximum number of options that will be issued to each Director is as follows:

Director	Number of options
Dr Peter Farrell	75,000
Dr Gary Pace	75,000
Michael Quinn	75,000
Peter Campbell	75,000
Total	300,000

- b) The maximum number of options that may be acquired by a Director for whom approval is required under ASX Listing Rule 10.14 is (when taken together with all other options issued under the QRxPharma Employee Share Option Plan) ten per cent of the diluted ordinary share capital of the Company as at the date of issue of the relevant options.
- c) The price or the formula for calculating the price of each share to be acquired under the QRxPharma Employee Share Option Plan is set out in the individual's share option agreement. In this case the exercise price will be the higher of:
- \$1.00; or
 - the share price on the date of the grant of the options.
- The acquisition price for an option granted to a Director is \$nil.
- d) There have been no securities issued pursuant to the QRxPharma Employee Share Option Plan to any Director since the last shareholder approval.
- e) Dr Peter Farrell, Dr Gary Pace, Michael Quinn, Peter Campbell and Dr John Holaday, each being Directors of the Company are entitled to participate in the QRxPharma Employee Share Option Plan.
- f) No loan will be made by the Company to Dr Peter Farrell, Dr Gary Pace, Michael Quinn or Peter Campbell to assist them to acquire the options.
- g) If approved, the Company will grant the options to Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell immediately following approval by shareholders at the Annual General Meeting and not later than 30 November 2012, or in any case, no later than 12 months after the date of the meeting.

5.5 Other information

As Directors of the Company, each of Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell are related parties of the Company.

The grant of the options to each of Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell constitutes a financial benefit to each of them.

If the options proposed to be granted to each of Dr Peter Farrell, Dr Gary Pace, Michael Quinn and Peter Campbell are exercised, the Company's share capital will increase by 300,000 shares representing 0.21% of the issued share capital of the Company, and diluting shareholders by a corresponding amount.

The current total options and shares held by each Non-Executive Director are as follows:

Director	Shares held	Options held (excluding proposed options)	Proposed options	Total per cent of issued capital
Dr Peter Farrell	1,865,367	754,089	75,000	1.85%
Dr Gary Pace	3,526,827	552,726	75,000	2.86%
Michael Quinn	517,035*	552,726	75,000	0.79%
Peter Campbell	183,380	391,635	75,000	0.45%

* This is the number of shares in which Michael Quinn has a personal beneficial interest. Michael Quinn also has an indirect relevant interest in 7,988,287 shares in his capacity as a director of Innovation Capital Associates Pty Limited who acts as Manager under a Management Deed of Innovation Capital Limited and Innovation Capital LLC.

The trading history of shares in the Company on ASX in the 12 months before the date of this notice of meeting is set out below:

	Price	Date
Highest	\$1.95	31 May 2012
Lowest	\$0.50	27 June 2012
Last	\$0.68	1 October 2012

The market price for shares during the term of the options would normally determine whether or not the options are exercised. If, at any time, any of the options are exercised and the shares are trading on the ASX at a price that is higher than the exercise price of the options, there may be a perceived cost to the Company.

5.6 Valuation of options

The Black Scholes option price calculation method has been used as a valuation model in the current circumstances where the options cannot be readily valued by some other means.

The key assumptions used in this calculation are:

- the 300,000 options will vest over 3 years with the initial vesting on the first anniversary of the date of the grant and subsequent vestings in 8 equal tranches on the first day of each calendar quarter over the following 2 years;
- the exercise price for the options will be \$1.00 and the share price on the date of the grant of the options will be \$1.00;
- the price volatility of the shares since the Company listed on the ASX is 80%;
- no discount has been allowed, notwithstanding the unlisted status of the options; and
- the average current risk free interest rate is 3.08%.

On this basis the implied value of each option is approximately \$0.74. The current directors' fees paid to each Non-Executive Director and the implied value of options to be received by each Director is as follows:

Director	Current annual Directors' fees (including superannuation)	Implied value of options to be issued*
Dr Peter Farrell	\$60,000	\$55,533
Dr Gary Pace	\$40,000	\$55,533
Michael Quinn	\$40,000	\$55,533
Peter Campbell	\$43,600	\$55,533

* This value will be accounted for by the Company over a period of 3 years from the date of issue of the options.

Each of the Directors of the Company declines to make a recommendation to shareholders in relation to these resolutions, as they have an interest in the outcome of these resolutions.

6. RESOLUTION 8 – ISSUE OF OPTIONS TO DR JOHN HOLADAY

Background

The grant of options to Directors under the QRxPharma Employee Share Option Plan of the Company requires the approval of shareholders under Listing Rule 10.14.

Following Dr John Holaday's annual review of his performance for the year ended 30 June 2012, the Board has agreed, subject to receipt of the necessary shareholder approval, to grant 300,000 employee options, all on the same terms, to Dr John Holaday, the Chief Executive Officer of the Company.

The options are governed by the QRxPharma Employee Share Option Plan and are granted on terms consistent with options granted by the Company in previous years. The options are proposed to be granted for no cash consideration with an exercise price per option of the higher of:

- \$1.00; or
- the share price on the date of the grant of the options.

If approved the options will be granted immediately following approval by the shareholders at the Annual General Meeting and will expire seven years following the grant date of the options. The options vest over 3 years with the initial vesting on the first anniversary of the date of the grant and subsequent vestings in 8 equal tranches on the first day of each calendar quarter over the following 2 years. When exercisable, each option would entitle Dr John Holaday to subscribe for one fully paid ordinary share in the capital of the Company. Each ordinary share issued on exercise of an option will rank equally with all other ordinary shares then on issue.

Further information about the Company's remuneration framework for executive officers, including the use of employee options, is set out in the Remuneration Report contained in the Company's 2012 Annual Report. In summary terms, as a company building a specialty pharmaceutical business, the Board considers options a key tool in retaining and incentivising executive Directors while staying within the fiscal constraints of a growing company. Options act as a reward for past performance, as a long term incentive and as a retention mechanism.

Information required under Listing Rule 10.15

Under Listing Rule 10.14, the Company cannot grant the options without shareholder approval. Accordingly, shareholder approval is sought and the Company provides the following additional information in accordance with Listing Rule 10.15:

- a) The maximum number of options that will be issued to Dr John Holaday is 300,000.
- b) The maximum number of options that may be acquired by a Director for whom approval is required under ASX Listing Rule 10.14 is (when taken together with all other options issued under the QRxPharma Employee Share Option Plan) ten per cent of the diluted ordinary share capital of the Company as at the date of issue of the relevant options.
- c) The price or the formula for calculating the price of each share to be acquired under the QRxPharma Employee Share Option Plan is set out in the individual's share option agreement. In this case the exercise price will be the higher of:
 - \$1.00; or
 - the share price on the date of the grant of the options.

The acquisition price for an option granted to a Director is \$nil.

- d) There have been no securities issued pursuant to the QRxPharma Employee Share Option Plan to any Director since the last shareholder approval.
- e) Dr Peter Farrell, Dr Gary Pace, Michael Quinn, Peter Campbell and Dr John Holaday, each being Directors of the Company, are entitled to participate in the QRxPharma Employee Share Option Plan.
- f) No loan will be made by the Company to Dr John Holaday to assist him acquire the options.
- g) If approved, the Company will grant the options to Dr John Holaday immediately following approval by shareholders at the Annual General Meeting and not later than 30 November 2012, or in any case, no later than 12 months after the date of the meeting.

Each of the Directors, other than Dr John Holaday, recommends that shareholders vote in favour of Resolution 8.

Notice of Nomination
QRxPharma Limited

To: QRxPharma Limited

I, Chris J Campbell, being a member of the Company, nominate Deloitte Touche Tohmatsu of 225 George Street, Sydney NSW 2000, to be appointed as the auditors of the Company and its controlled entities at its next Annual General Meeting to be held on Wednesday, 7 November 2012.

Dated: 1 October 2012

A handwritten signature in black ink that reads "C. J. Campbell". The signature is written in a cursive style with a large initial "C" and a distinct "J".

Chris J Campbell



QRxPharma Limited

ABN 16 102 254 151

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



By mail:
QRxPharma Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1800 612 532 **Overseas:** +61 2 8280 7713



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SHAREHOLDER VOTING FORM

I/We being a member(s) of QRxPharma Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00am on Wednesday, 7 November 2012, at DibbsBarker, Lawyers, Level 8, 123 Pitt Street, Sydney NSW and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolution 1

Adoption of the Remuneration Report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 5

Issue of Options to Director - Peter Campbell

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2

Election of Director - Peter Campbell

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 6

Issue of Options to Director - Dr Gary Pace

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 3

Appointment of new auditor of the Company

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 7

Issue of Options to Director - Michael Quinn

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 4

Issue of Options to Director - Dr Peter Farrell

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 8

Issue of Options to Chief Executive Officer - Dr John Holaday

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 4,5,6,7 & 8 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of these Items and that votes cast by him/her for these Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4,5,6,7 & 8 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4,5,6,7 & 8.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

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HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Monday, 5 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

QRxPharma Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**