QRx Pharma

Company Overview

January 2012

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MOXDUO®

Morphine + Oxycodone

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OPPORTUNITY SNAPSHOT

- MoxDuo product line offers key advantages in the pain market
  - Widen therapeutic window for acute pain relief
  - Multiple clinical trials have shown equal or better pain relief with fewer side effects than morphine, oxycodone and Percocet®
  - Possible breakthrough benefits with less risk of opioid-induced respiratory failure
- U.S. FDA PDUFA date of 25 June for MoxDuo Immediate Release (IR)
  - 'De-Risked' clinical program; 505(b)(2) regulatory path
- MoxDuo IR Commercialisation partnership with Actavis, Inc. in the U.S.
  - Anticipated U.S. market launch in 3Q,2012
- Multi-Billion dollar global opioid market estimated at $US14bn[1]
- Global IP strength with expected patent exclusivity through 2029
  - Composition of matter, therapeutic use, Method of Administration, and new formulations

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Source: [1] Avos Life Sciences (Decision Resources)

US ACUTE OPIOD PAIN MARKET AT-A-GLANCE

Market Opportunity

- $2B+ US Market, 210M+ annual Rxs, with CAGR of 5-6%
- Acute pain affects 75M Americans
- Limited recent product innovations & regulatory hurdles for new, novel therapies
- Limited branded competition expected over near term horizon

Clinical Unmet Needs

- Reduction in opioid-related AEs, specifically GI & CNS related
- Inadequate postoperative pain management
- Improved pre-, peri- and post-operative acute pain management

Acute opioid market is very large.
In the US 6+ prescriptions are written for an acute opioid every second of every day!

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Datamonitor 2010.
Decision Resource IMSL 2010.

FORMULATIONS: FROM HOSPITAL TO HOME

	MoxDuo® IR	MoxDuo® CR	MoxDuo® IV
Delivery	Immediate Release	Controlled Release	Intravenous
Status	**U.S. FDA PDUFA Date 25 June 2012**	Phase 1	Phase 2; concurrent formulation development
Target	Moderate to severe acute pain	Chronic pain (i.e. osteoarthritis, back, neuropathic)	Hospital based: moderate to severe acute pain
Formulation	Oral Capsule	Oral tablet w/abuse deterrent	Injectable
Partnerships	Actavis, Inc. *U.S. commercialisation*		Aoxing Pharmaceuticals *Strategic Alliance*

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MOXDUO IR: U.S. STRATEGIC PARTNERSHIP WITH ACTAVIS, INC

- Actavis has exclusive rights to commercialise and further develop
- Actavis pays all costs for product launch, marketing and sales efforts
- Royalties
  - From launch, QRxPharma will receive royalties of 10%-30% based 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
- QRxPharma retains a co-promotion/profit-share right
  - 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
- QRxPharma retains full flexibility to market MoxDuo IR outside the US
- A binding LOI has been secured by the payment of a non-refundable upfront signing fee of US$6 million

- Wholly owned US subsidiary of Actavis Group hf, a privately held European company
  - Revenues of ~EUR 1.8 billion & 10,000 employees worldwide
- World's 4th largest generic pharmaceutical company
  - One of the largest manufacturers of branded and generic opioids worldwide
- Growing franchise of branded products
  - US sales highlighted by Kadian® (extended release morphine)
- MoxDuo IR to be the Actavis 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
- Launch of MoxDuo IR in the US anticipated in 3Q, CY2012
  - Pre-launch preparations will begin immediately

CURRENT COMMERCIALISATION STRATEGY

- Q1 2012
  - Launch development kick off meeting – Complete
    - Brand positioning and messaging, market development plan & KOL mapping
  - Existing 60 person pain sales force stays in place. Avenues being investigated to utilize in development of marketplace
  - Implement Campbell Alliance “Playbook” (leading edge launch management program)
  - Launch plan developed
    - Sales training, physician targeting, etc
  - Implement Medical Science Liaison strategy
- Q2 2012
  - Implement pre-launch messaging strategy
  - Identify key geographic areas of concentration (physicians, hospitals, payers)
  - Implement MoxDuo pre-launch promotional message
  - Begin recruitment of additional Actavis territory managers
- Q3 2012
  - Expand and train sales force, ship trade product, secure Federal Supply listing
  - Launch product (begin physician, hospital, managed markets, etc. calls)
- Beyond 2012
  - Expand Sales force to 150-200

MOXDUO®

Morphine + Oxycodone

LEAD PRODUCT
MOXDUO® IR

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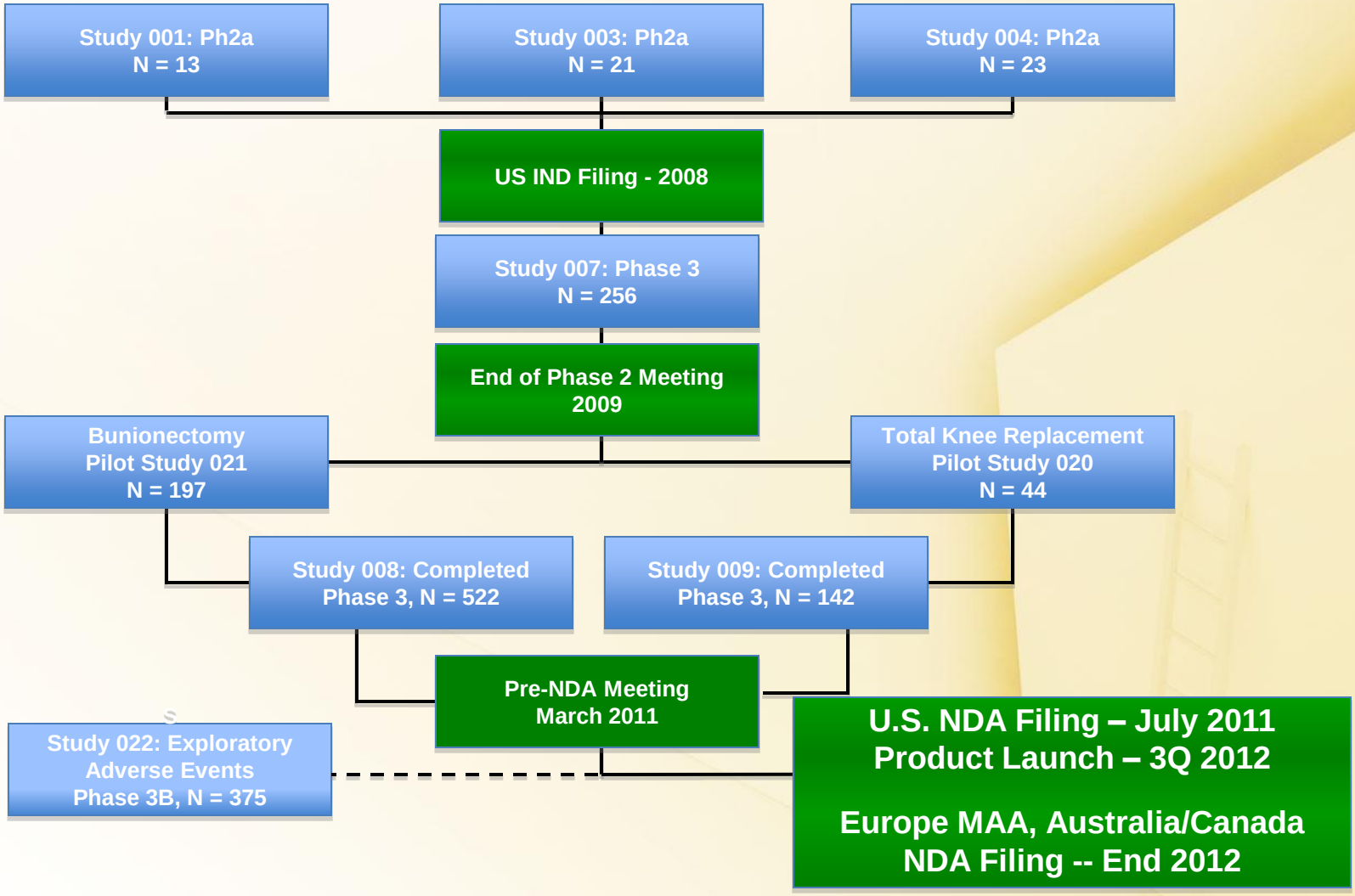
MOXDUO IR
CLINICAL DEVELOPMENT PATH



KEY TRIAL CONCLUSIONS

- Bunionectomy Trials: Pilot 021 and Pivotal 008
  - n = 719 patients
  - Satisfied FDA Combination Rule
  - Met primary analgesic efficacy endpoint vs. morphine and oxycodone
    - MoxDuo IR proven superior to components on efficacy measures
  - Consistent safety advantage of MoxDuo IR
    - Pilot: 50% -75% lower frequency of moderate to severe nausea, vomiting and dizziness when compared to equi-analgesic doses of morphine or oxycodone
    - Phase 3: Despite higher dose and better pain relief of MoxDuo than morphine or oxycodone, AE rate and duration not statistically different
- Total Knee Replacement Trials: Pilot 020 and Pivotal 009
  - n = 186 patients
  - Met all primary analgesic efficacy endpoint vs. Percocet
    - Pilot: MoxDuo superior to Percocet
    - Pivotal: MoxDuo High Dose better pain relief than low dose
  - Frequency of AEs much lower than Percocet
  - Significant pharmacoeconomic benefit (time to walk, sleep, etc. improved)

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MOXDUO®

Morphine + Oxycodone

MOXDUO IR
Maximum pain relief with side effects equivalent to placebo!

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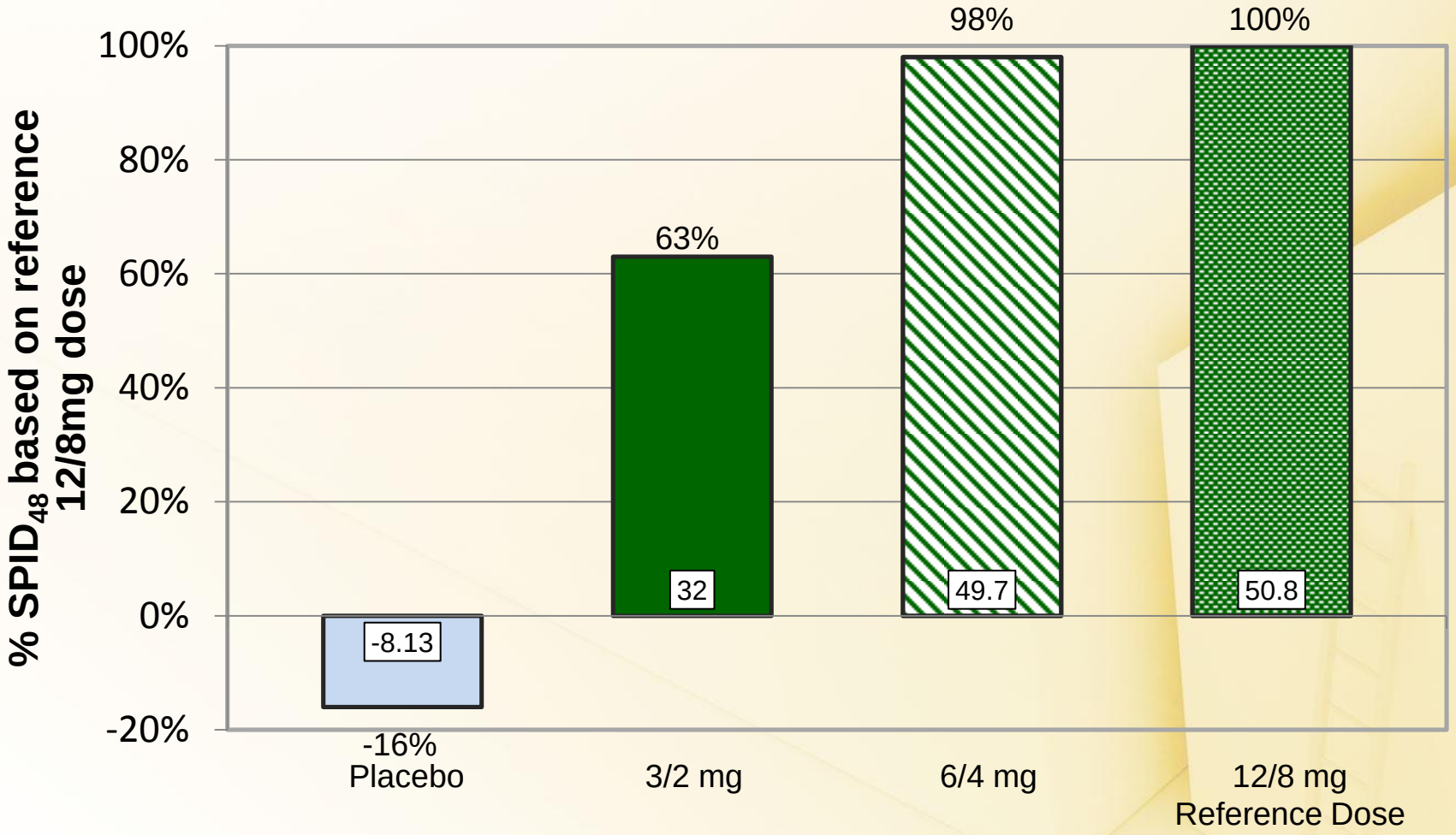
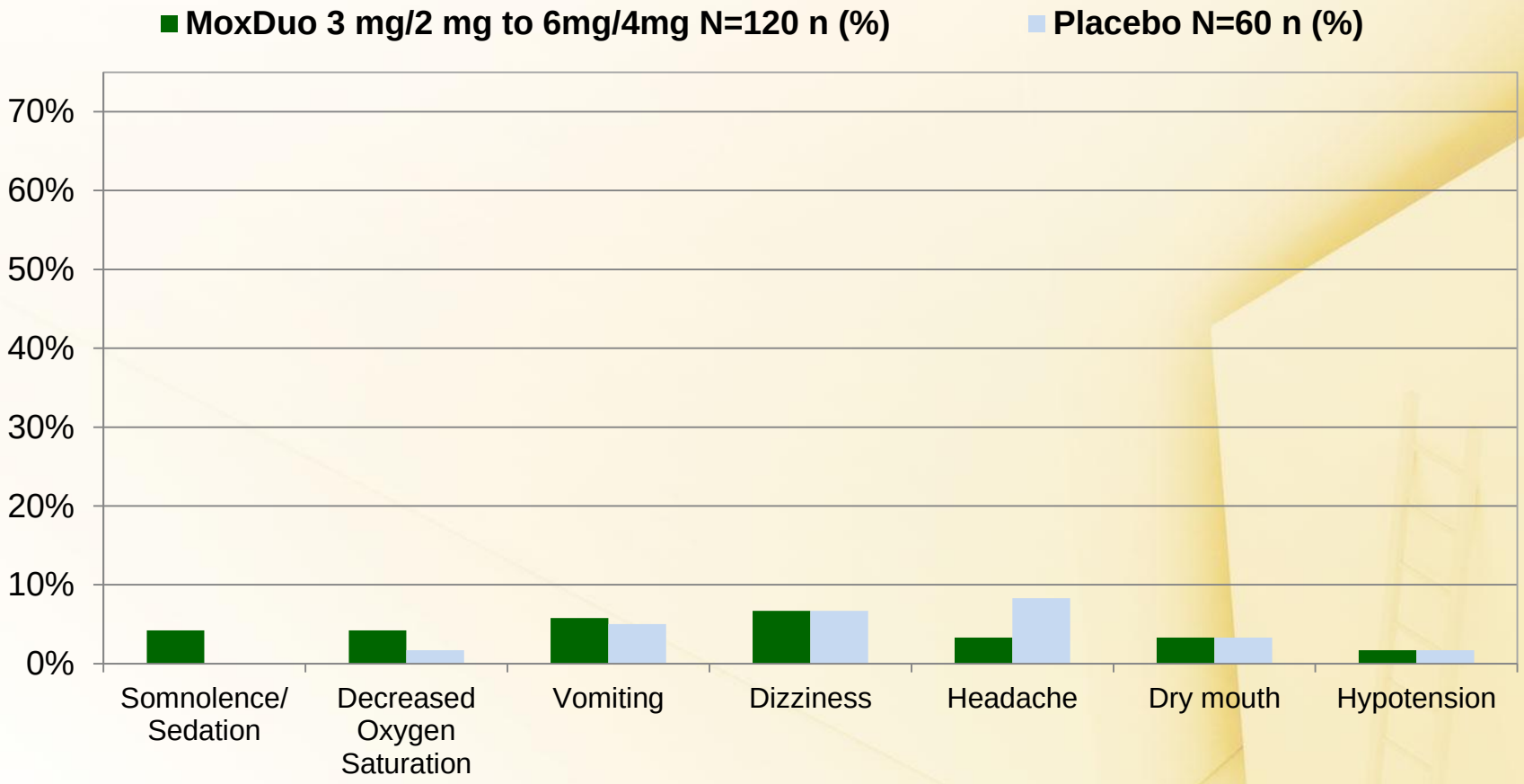
Pain relief of MOXDUO IR compared to PLACEBO* ….



$SPID_{48}$ result data displayed within each bar
***Data derived from Study 007**

Side effects (reported by at least 2% of patients) receiving Analgesic Doses of MOXDUO IR are NO DIFFERENT THAN PLACEBO!



Directly from the MoxDuo draft package insert

Referenced from MoxDuo Draft Package Insert Section 6.1, Table 2

DUAL OPIOIDS SAFETY ADVANTAGE

Studies of combined opioids consistently provide equivalent efficacy with a significant reduction in opioid-related moderate to severe adverse events

QRx Studies	
MoxDuo IR Study 022 (bunionectomy)	Oxygen desaturation was less severe and of shorter duration for MoxDuo compared to equi-analgesic doses of Morphine or Oxycodone
MoxDuo IR Study 021 (bunionectomy)	50-75% reduction in moderate to severe nausea, emesis (vomiting) and dizziness compared to equianalgesic doses of Morphine and Oxycodone monotherapy
MoxDuo IR Study 020 (knee replacement)	Compared to Percocet (acetaminophen / oxycodone): 100% reduction in moderate to severe nausea and emesis in the equianalgesic flexible dose MoxDuo arm compared to the Percocet arm
MoxDuo IV Study (hip replacement)	Compared to IV Morphine: 35% reduction in nausea. 38% reduction in emesis (100% reduction in moderate to severe emesis). Large reduction in oxygen desaturations

QRx Studies	
MoxDuo Two Phase 2 trials in Australia (chronic pain)	Compared to oral Morphine: 34-40% decrease in the amount of combination morphine plus oxycodone needed to achieve equianalgesia compared to morphine. Decreased rate of drowsiness, dizziness, constipation and nausea
Independent Studies[1]	
Blumenthal et al 2007 (Spinal discectomy)	Compared to PCA Morphine: 80-100% reduction in nausea and emesis
Jamison et al 1998 (Chronic low back pain)	Compared to Oxycodone: 17-49% reduction in intensity of a range of adverse events
Lauretti et al 2004 (Cancer pain)	Compared to Morphine: 86% reduction in nausea and 100% reduction in emesis

(1) Full references upon request.

RESPIRATORY ADVERSE EVENTS STUDY 022

- Respiratory depression is the leading cause of death from opioids
- MoxDuo IR Phase 3B showed significant respiratory advantage
  - Met primary comparative objective of respiratory advantage with MoxDuo IR
- Secondary endpoints also show advantage
  - Moderate to severe vomiting was significantly ($p<0.05$) reduced (32% vs. 42%) in MoxDuo IR treated subjects compared to patients receiving oxycodone alone
  - MoxDuo IR produced significantly less vomiting than oxycodone despite the FDA requirement to administer anti-nausea medication to patients that vomited
- Regulatory impact
  - Met an agreed upon safety threshold for the BfArM (European regulatory authority) to support our planned EU MAA filing in 2012
  - Can augment U.S. NDA although not required for product approval

To our knowledge, a safety benefit for adverse respiratory changes has never been reported for any opioid

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MOXDUO®

Morphine + Oxycodone

MOXDUO IR MARKET OPPORTUNITY

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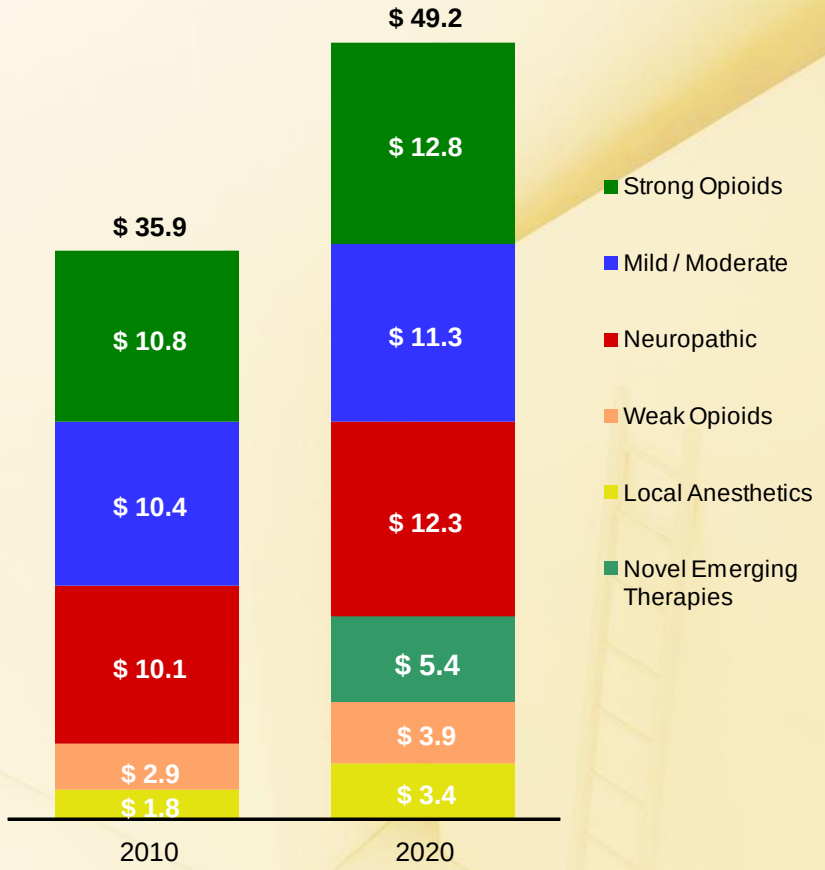
CURRENT STATE OF GLOBAL PAIN MARKET

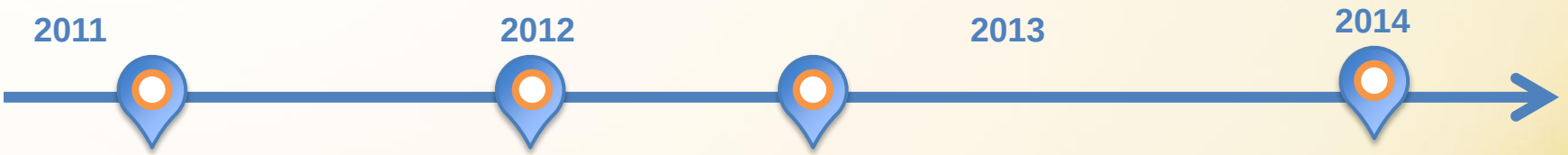
- Large market opportunity - US$14 billion[1] global opioid market ($8bn+ US [2]); CAGR in excess of 6%[3]
- **Opioids are the "gold standard" in treating pain**
- Limited product innovation to date in the pain market; clear need for opioids with fewer side effects
- Strong opioids are forecast to maintain sales dominance through 2020 (aging population)
- **Payors and Key Opinion Leaders: 'need for better pain relief with fewer side effects'**
  - In order of severity, side effects are: respiratory depression, vomiting, nausea, somnolence and constipation
  - Opioid side effects delay recovery; cost patients, payers and hospitals
  - Better pain management means shorter hospitalization; Major cost savings!

Drug Class Sales for Pain in Major Pharmaceutical Markets, 2010 - 2020 (US$ billions) [1]



Source: [1] Avos Life Sciences (Decision Resources) [2] IMS [3] Datamonitor

FUTURE STATE OF ACUTE PAIN MARKET



2011

FDA Advisory Panel vote to reduce acetaminophen (hepatotoxic) in prescription products that combine acetaminophen with narcotics (Vicodin/Percocet)

2012

FDA issues Mandate to manufacturers of acetaminophen/opioid to reduce acetaminophen to >325 mg

Bipartisan US HR Bill 1065 in committee to reschedule hydrocodone

2013

MoxDuo IR Launch

Potential enactment of hydrocodone rescheduling legislation making it harder to prescribe Vicodin

2014

Mandated time for withdrawal of combination products containing >325mg APAP

MoxDuo® IR launches into advantaged market

- FDA mandated lower strength opioid/APAP combos will decrease efficacy and increase the number of patients needing acute pain medicine
- Potential rescheduling of Vicodin to Schedule 2 will make it harder to prescribe and will decrease number of Vicodin prescriptions

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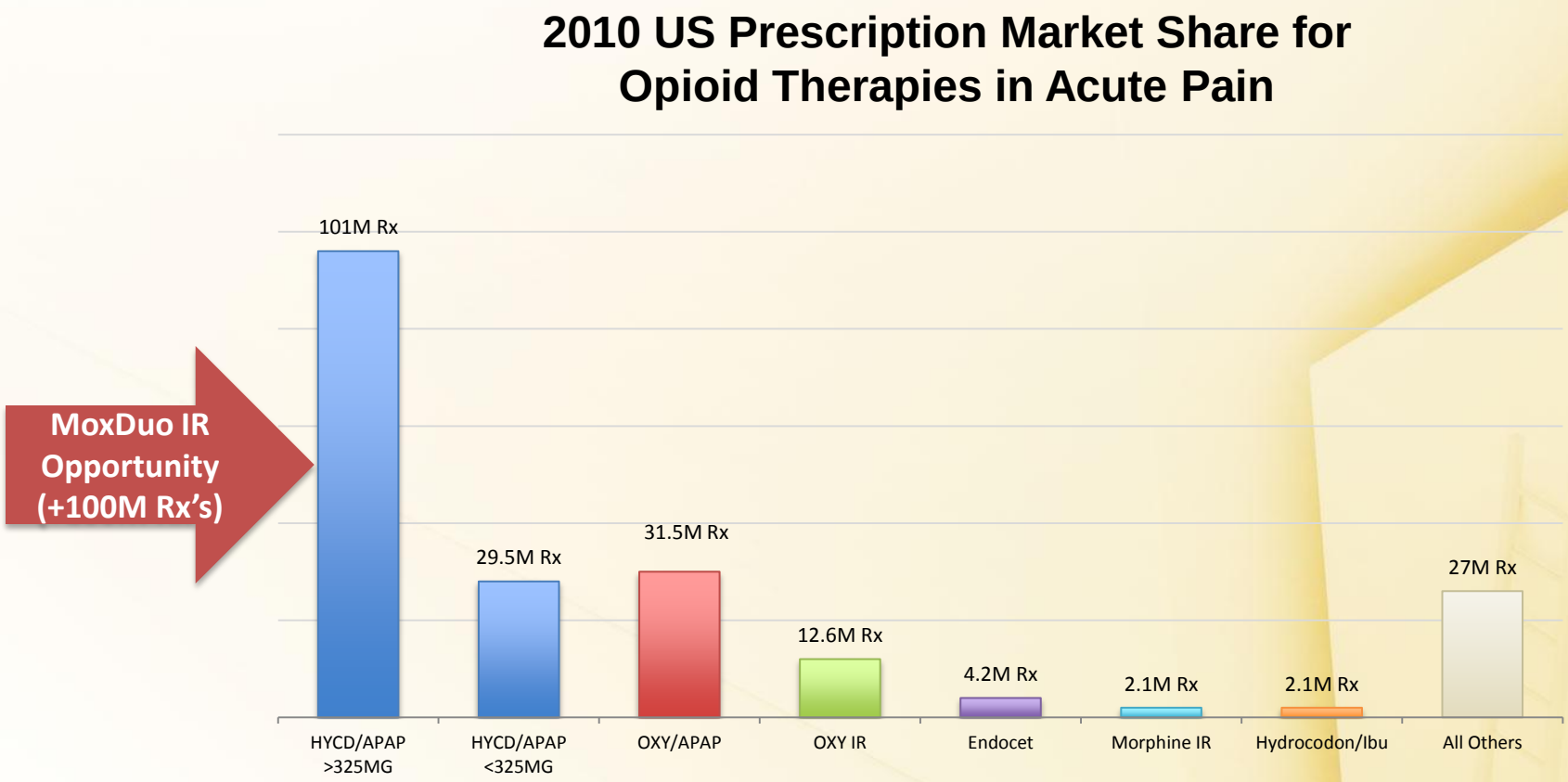
DISRUPTED ACUTE PAIN MARKET PROVIDES MOXDUO IR OPPORTUNITY



MOXDUO IR PRODUCT PROFILE

MoxDuo IR Key Features

- First line therapy for the treatment of moderate to severe acute pain
- Only opioid-opioid combination product available
- Immediate release formulation of morphine and oxycodone in a fixed 3:2 ratio in capsules of the strengths:
  - 3 mg/2 mg
  - 6 mg/4 mg
  - 9 mg/6 mg
  - 12 mg/8 mg
- Four to six hourly dosing
- Demonstrated reduction in the occurrence and intensity of clinically significant opioid-related side effects compared to morphine, oxycodone and Percocet

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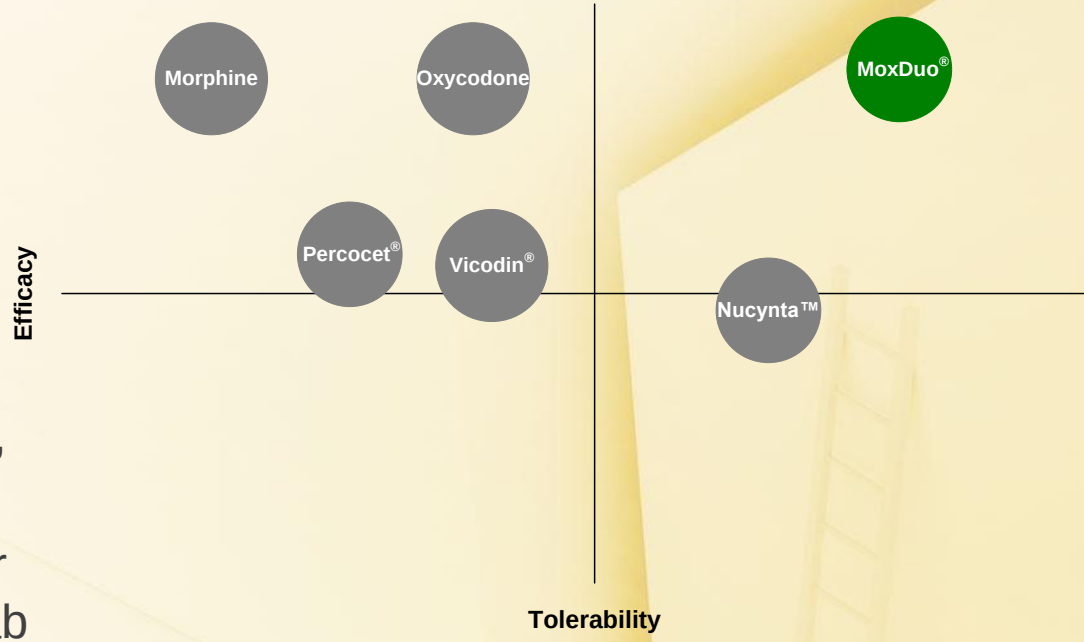
MOXDUO IR:
VALUE PROPOSITION = GREATER TOLERABILITY

- Increases the therapeutic window and enables titration of effectiveness in severe pain
- Delivers equivalent analgesia and greater safety than standard regimens
- Suitability for a wide range of patients enables expanded utilization of a known, established, and physician-trusted drug class
- Pharmacoeconomic benefit: faster hospital discharge and faster rehab



PHARMACOECONOMIC BENEFITS

- Knee replacement study (Study 020) demonstrated that MoxDuo treated patients compared to Percocet® treated patients were out of bed faster, walked and slept better
- Pharmacoeconomic studies report that up to $30,000 per patient is spent on managing the side effects of opioid therapies
  - Extended hospitalization, increased nursing care and re-admissions
- QRxPharma has met with reimbursers, managed care providers and key opinion leaders
  - Indicate that decreasing hospitalization time by as little as 4 hours, or recovery room time by 20 minutes, would be an enormous pharmacoeconomic benefit and enhance MoxDuo IR prescriptions

MoxDuo's side effect advantages may improve patient recovery and decrease hospital time

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Source: [1]IMS

MOXDUO - US PEAK SALES POTENTIAL
(Company Estimates)

	MoxDuo IR	MoxDuo IV	MoxDuo CR
Market Size	▪ ~200 mm Rx (2012) ▪ Annual market growth 1.0% ▪ QRx targets ~ 50% of market	▪ ~29 mm Rx (2014)[1] ▪ Annual market growth 1.0% ▪ QRx targets 100% of market	▪ ~34 mm Rx (2015) ▪ Annual market growth 3.0% ▪ QRx targets 100% of market
Market Penetration	▪ Initial share: 1.0% (2012) ▪ Peak share: 5.0% (2015)	▪ Initial share: 1.5% (2014) ▪ Peak share: 13.0% (2018)	▪ Initial share: 1.4% (2015) ▪ Peak share: 13.9% (2020)
Pricing	▪ Initial price: $112 based on 4 doses per day and 14 days of therapy ▪ Annual price increase: 5.0% ▪ **Peak sales: ~$680 mm**	▪ Initial price: $32 based on 4 vials per day and 2 days of therapy ▪ Annual price increase: 5.0% ▪ **Peak net sales: ~$150 mm**	▪ Initial Rx Price: $180 based on 2 doses per day and 30 days of therapy ▪ Annual price increase: 5.0% ▪ **Peak net sales: ~$1,300 mm**
Blockbuster Opportunity	▪ Paracetamol Limitation - **Peak sales: ~$1,350 mm** ▪ plus Vicodin Rescheduling - **Peak sales: ~$2,000 mm**		▪ **Oxycontin - $3 billion/year - off patent in 2013, opening market for MoxDuo CR in 2015**

1 Rx represents eaches.

CORPORATE OVERVIEW

LEADERSHIP TEAM

Senior Management

- John Holaday, PhD (CEO)
- Chris Campbell (CFO)
- Richard Paul, MD (EVP Drug Development)
- Warren Stern, PhD (Clinical Consultant)
- Janette Dixon, PhD (VP Global BD)
- Patricia Richards, MD, PhD (CMO)
- Phil Magistro (Chief Commercial Officer)
- Steve Casey (VP Corporate Development)

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)

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
- Ed Rudnic, PhD
- Richard Payne, MD

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FINANCIAL SUMMARY (9 January 2012)

Shares on issue:	144 million (ordinary)
Market cap:	A$222 million
Cash on hand:	
30 September 2011	A$32 million (last reported)
Note: Additional US$6 million received in December 2011 on signing Actavis LOI	
Cash burn:	FY2013*
Share registry:	+80% institutional / HNW
Listing:	ASX: QRX / OTCQX: QRXPY

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***Future burn to be offset from royalties post launch of MoxDuo IR in US**

VALUE DRIVERS: NEAR TERM MILESTONES

- ✓ MoxDuo IR NDA submission US FDA, July 2011
- ✓ NDA accepted for review, US FDA sets 25 June 2012 PDUFA date
- ✓ Strategic partnership signed with Actavis, Inc., December 2011
- ❑ MoxDuo CR for chronic pain: complete two Phase 1 trials and initiate Phase 2 trial in 2012
- ❑ Implement plan to bring MoxDuo IR to market with Actavis in Q3 2012
- ❑ Submit Marketing Authorisation Application (MAA) in Europe and Australia/Canada NDA for MoxDuo IR in 2012

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