

INJET DIGITAL AEROSOLS LIMITED

ACN 104 014 379

Notice of Annual General Meeting
And Explanatory Statement

1:00 p.m.
Wednesday 26th November 2008
BTP Technology & Conference Centre
1 Clunies Ross Court, Eight Mile Plains

Notice of Annual General Meeting

NOTICE is given that the Annual General Meeting of the Company will be held at 1:00 pm on 26 November 2008 at BTP Technology and Conference Centre, Brisbane Technology Park, 1 Clunies Ross Court, Eight Mile Plains, Queensland.

ORDINARY BUSINESS

1. Financial Statement and Reports

To receive and consider the Financial Statements and the reports of the Directors and Auditor for the year ended 30 June 2008.

SPECIAL BUSINESS

2. Issue of Options to Directors

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

'That approval be given for the issue of Options to the Directors in lieu of Directors Fees, to be exercised at \$3.00, as follows:

- *Dr Michael Monsour (Chairman) 140,000 Options*
- *Mr Ross Mangelsdorf (Non-executive Director) 100,000 Options*
- *Mr Stephen Jones (Non-executive Director) 100,000 Options*

Voting Exclusion

The Company will disregard any votes cast on:

- (a) resolution 2 by Dr Michael Monsour, Mr Ross Mangelsdorf or Mr Stephen Jones, or any of their associates.

however, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the instructions on the proxy form; or it is cast by a 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.

Further information in relation to these resolutions is set out in the Explanatory Memorandum which accompanies this Notice of Meeting.

Explanatory Statement

The accompanying Explanatory statement forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

Notice of Annual General Meeting

Entitlement to Vote

For the purposes of the Annual General Meeting, in accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that for the purposes of the meeting all shares in the Company will be taken to be held by the persons set out in the register of shareholders at 7pm (Brisbane time) on 24 November 2008. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Annual General Meeting of the Company.

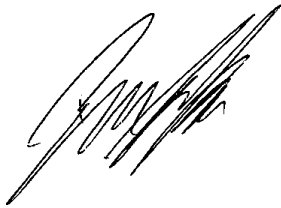
Appointing a Proxy

A member is entitled to attend and vote at a meeting of members and may appoint not more than two people as the member's proxy to attend and vote for the member at the meeting. The proxy need not be a shareholder of the Company. A proxy form is included with this Notice of Meeting

To vote by proxy, the proxy form (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Share Registrar, Link Market Services Limited, at Locked Bag A14, Sydney South, NSW, 1235 or by facsimile to (02) 9287 0309 by **not later than** 1pm (Brisbane time) on 24 November 2008. Any proxy form received after that time will not be valid for the scheduled meeting.

If you appoint the Chairman of the Annual General Meeting as your proxy and do not specify how the Chairman is to vote on an item of business, the Chairman will vote (if permitted under the proxy form), as a proxy for you, in favour of the resolutions.

By Order of the Board



Ben Graham
Company Secretary
Date 17 October 2008

Explanatory Statement

This Explanatory Memorandum accompanies the Notice of Annual General Meeting of shareholders for InJet Digital Aerosols Limited ('Company').

Ordinary Business

Financial Statements and Reports

The *Corporations Act 2001* requires that the report of the Directors, the report of the Auditor and the financial reports be presented to the Annual General Meeting. In addition the Company's Constitution provides for such reports and statements to be received and considered at the meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of Shareholders at the Annual General Meeting on such reports or statements, however Shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

Special Business

Resolution 2- Issue of Options to Directors.

Resolution 2 seeks shareholder approval for the issue of 140,000 Options to Dr Michael Monsour (Chairman) and 100,000 Options each to Non-executive Directors Mr Ross Mangelsdorf and Mr Stephen Jones. The Options will be issued to the Directors in lieu of the payment of Directors Fees. Directors Fees have not been paid since November 2005.

The Board believes that it is fair and reasonable, in the absence of the payment of Directors Fees, that Directors be issued Options as consideration for their services as Directors and to further align the interests of the Directors with those of shareholders.

The Options will have an exercise price of \$3.00, will vest immediately upon grant and have an expiry date of 30 June 2014.

Section 208 Corporations Act

Part 2E of the Corporations Act regulates related party transactions. Pursuant to section 228, Dr Monsour, Mr Mangelsdorf and Mr Jones, being directors of InJet Digital Aerosols Limited, are related parties of the Company. Section 208 provides that a public company must obtain the approval of its members in accordance with sections 217 to 227 before giving a financial benefit to a related party.

The effect of passing resolution 2 would be to provide a financial benefit to Dr Monsour, Mr Mangelsdorf and Mr Jones (or their nominee's) because, under the broad definition provided by the Corporations Act, issuing securities to a related party is deemed to be giving a financial benefit. Accordingly, shareholder approval must be sought.

Specific information must be provided to shareholders in accordance with section 219 of the Corporations Act and this is set out below.

The grant of the Options is an appropriate incentive, compared to cash remuneration which would have a negative impact on the Company's finances at this stage of its development. The issue of Options is also intended to more closely align the interests of the directors with those of the Company. The Board considers the proposed grant of Options to be fair and reasonable in the circumstances.

Explanatory Statement

Effect of the grant of Options to Dr Monsour

The grant of 340,000 Options to purchase Shares in the Company will, provided the Options are exercised, raise capital for the Company. The maximum amount raised, assuming all Options are exercised will be, \$1,020,000.

Vesting of the Options

The Options will be issued in one tranche only and vest immediately.

Valuation

Consistent with applicable accounting standards, the Company discloses the following information concerning the value of the options to be issued to directors. Further details of the remuneration for the Company's non-executive directors is contained in the Annual Report lodged with ASIC on 16 October 2008 (commencing at page 4). For accounting purposes, option valuation details:

Share price at date of grant *	\$3.00
Volatility	50%
Dividend yield (estimate)	-
Expiry date	30 June 2014
Exercise (strike) price	\$3.00
Risk free rate	6.32%
Option value **	\$1.25
Number of options issued	340,000
Employee benefit expense for Dr Monsour's options	\$175,000
Employee benefit expense for Mr Mangelsdorf's options	\$125,000
Employee benefit expense for Mr Jones options	\$125,000

* Based on the most recent Rights Issue offered by the company taking into consideration the subsequent 1 for 20 share consolidation

** Options valued using the Black-Scholes valuation method.

Taxation consequences

The approval of resolution 2 and issue of the options and subsequently, shares, will not give rise to tax consequences for shareholders. The options will be appropriately accounted for in the financial accounts of the Company.

Director recommendation: For corporate governance reasons, because this resolution relates to Options' forming part of their remuneration, your Directors make no recommendation in respect of your vote on this resolution