

PROSPECTUS

InJet Digital Aerosols Ltd

ABN 26 104 014 379

Non-Renounceable Rights Issue

A non-renounceable rights issue of New Shares on the basis of 1 New Share for every 22 Shares held, at an issue price of \$1 per New Share issued, plus a free Option on the basis of 1 Option (exercisable at \$1 each by 30 June 2014) for every New Share issued.

Shareholders can also apply for Additional New Shares in excess of their rights issue entitlement.

The Offer closes at 5.00pm on 9 October 2009
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Important Information

This document is important and requires your immediate attention.
If after reading this Prospectus you have any questions about the New Shares or Shortfall New Shares being offered pursuant to this Prospectus or any other matter, then you should consult your professional adviser.

An investment in the New Shares or Shortfall New Shares offered by this Prospectus should be considered speculative.

CORPORATE DIRECTORY

Directors	Dr Michael Monsour Mr Ross Mangelsdorf Mr Stephen Jones	Chairman Non-Executive director Non-Executive director
Company Secretary	Mr Ben Graham	
Registered Office	Level 1 85 Brandl Street Eight Mile Plains QLD 4113 Telephone: (07) 3295 0507 Facsimilie: (07) 3341 4200 Email: info@InJet.com.au Website: www.InJet.com.au	
Share Registry	Link Market Services Limited Level 19, 324 Queen Street Brisbane QLD 4000	
Auditor	Ernst and Young Level 5 1 Eagle Street Brisbane QLD 4000	

CONTENTS

	Page
LETTER FROM THE CHAIRMAN	2
IMPORTANT INFORMATION	4
1. SUMMARY OF THE OFFER.....	5
2. DETAILS OF THE OFFER.....	6
3. PURPOSE OF THE OFFER.....	10
4. ACTIONS REQUIRED.....	14
5. EFFECT OF THE ISSUE ON THE COMPANY	16
6. RISK FACTORS	17
7. MATERIAL CONTRACTS	21
8. ADDITIONAL INFORMATION.....	22
GLOSSARY	27

LETTER FROM THE CHAIRMAN

Dear Shareholder,

The Board is pleased to invite you to subscribe for New Shares in InJet via a non-renounceable rights issue. InJet intends to raise up to \$1.04 million through the issue of up to 1.04 million New Shares at an issue price of \$1.00 per New Share.

The Offer

The Offer is on a pro-rata entitlement basis, which means that Shareholders may elect to participate and take up their full entitlement, in order to minimise any dilution to their relative holdings. The Offer also allows Shareholders the opportunity to increase their shareholding in the Company by more than their entitlement by applying for Additional New Shares.

With every New Share purchased under the Offer, the Company will issue one Option to acquire a Share in the Company. The Options will be issued at no additional cost to Shareholders, but are subject to an exercise price of \$1.00 per Share at such time as the holder of the Option elects to exercise the option to acquire a Share. The Options can be exercised at any time before 30 June 2014. These Options provide the flexibility and opportunity to increase ownership at a known price.

Technology Update

Before I talk about how the funds raised will be utilised, I am pleased to be able to provide an update on the status of the Canon project and the direction the Board would like InJet to take.

In 2009, we met with Canon twice at their Japanese headquarters. Canon have for the first time, given InJet a full and open appraisal of the progress they have made on their inhalation device. In the Board's opinion, Canon have made strong technical progress with their device and have overcome many of the challenges that were present in the early days of this project.

Of critical importance, has been Canon's ability to reduce the particle size of the applicable inhaled medicines to allow penetration deep into the lung. The Board views this as a significant development, and indeed one which is critical to the potential commercial success of the device.

Strategy

In June I travelled to Japan with an advisor to InJet, Dr Peter Corr, to discuss with Canon an arrangement which would allow InJet to conduct clinical trials using the Canon device. Dr Corr, the retired Senior Vice President, Science & Technology at Pfizer, and now General Partner at Celtic Therapeutics in the United States, has considerable experience in the delivery of drugs via inhalation and has offered to assist InJet with a planned clinical trial program.

The transaction InJet has put to Canon involves Canon sub-licensing their inhalation device and associated technology to an American-based third party to allow them to conduct clinical trials, and develop intellectual property, using a range of existing pharmaceuticals. InJet would then seek to obtain a sub-license from the American entity and conduct its own clinical trials and develop its own new intellectual property related to the delivery of existing pharmaceuticals using the Canon device. The involvement of the American entity as licensee from Canon is vital due to their experience in this field, their contacts with pharmaceutical companies and their ability to sell the technology at the completion of clinical trials. It is at this point that InJet would receive royalty or other payments associated with the sale of the technology.

The benefits to InJet of being able to develop its own therapeutics, to be delivered by the Canon device, are potentially substantial. It will allow InJet to develop new intellectual property, which if proved to be a success in clinical trials, could provide a new and significantly more efficient method of delivery for a wide range of existing drugs relative to existing methods. InJet would then seek to license its technology to pharmaceutical companies in

return for royalties or sell the technology outright. Importantly, InJet would also receive royalties on therapeutics developed and subsequently commercialised by the proposed American licensee utilising the Canon device. It is possible that many therapeutics can be delivered utilising the Canon device and therefore InJet could receive royalties or other payments for each therapeutic developed.

Canon have now provided their in-principle support of the proposal put forward by InJet. However, this proposal is still in its early stages and there are many months of negotiations ahead before any agreement can be finalised. It is, however, a significant positive development for the Company and in the Board's opinion these developments provide an endorsement of the prospects for a successful commercialisation for the technology.

Canon have also advised InJet that despite the significant progress they have made on their inhalation device, the project itself is under review and that there is no guarantee that they will commercialise the device directly. It is therefore critical for InJet to reach an agreement with Canon to enable the Company to conduct its own clinical trials and develop more intellectual property utilising the Canon device.

Use of funds

(a) Minimum subscription

The Offer is subject to a minimum subscription amount of \$125,000 being raised, which on current expenditure the Board believes will be sufficient for the Company to operate through into February 2010. The proceeds of the Offer will primarily be used to maintain the Company's patent portfolio and to meet the ongoing administrative costs of the Company. This will provide time to enable the Company to progress the abovementioned proposal with Canon. The minimum subscription amount is not likely to be sufficient to allow InJet to finalise an agreement with Canon in relation to clinical trials, as this will involve additional expenses relating to the negotiations and fees for professional advisers. It will provide the Board with a potential window of opportunity to pursue other possible funding opportunities. In keeping with minimising cash expenditure, there is no allowance for directors' remuneration. Directors have not received fees since November 2005.

Any funds in excess of the minimum subscription will be applied towards the strategy outlined above. The Directors also reserve the right to place Shortfall.

(b) Fully subscribed Offer

It is anticipated that if the Offer is fully subscribed, raising approximately \$1.04 million, this would allow InJet, subject to agreement by Canon, to prepare for a clinical trial program utilising the Canon device.

On behalf of the Board, I commend this investment to you and I look forward to your continuing support.

Yours sincerely



Dr Michael Monsour
Chairman

IMPORTANT INFORMATION

Important Notice

Investment in the New Shares that are offered under this Prospectus should be considered speculative. Applicants should read this Prospectus in its entirety before deciding to apply for the New Shares or Shortfall New Shares. If, after reading this Prospectus, you have any questions as to how to deal with this Prospectus, you should contact your stockbroker, solicitor, accountant or professional adviser.

Important Information

This Prospectus is dated 7 September 2009 and was lodged with ASIC on that date with the consent of all the Directors. No New Shares will be allotted or issued on the basis of this Prospectus after the expiry date of this Prospectus, being 13 months after the date of this Prospectus.

Neither ASIC, nor their officers take any responsibility for the contents of this Prospectus. This Prospectus has been lodged in Australia and no action has been taken by the Company to lodge this Prospectus in any jurisdiction outside of Australia. The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in section 4 of this Prospectus regarding the acceptance of your entitlement. Applications may only be submitted on a valid Entitlement and Acceptance Form that is only available with this Prospectus. This Prospectus is not to be distributed in, and no offer of New Shares is to be made in countries other than Australia. Applicants resident outside Australia should consult their professional adviser as to whether any consents are required or whether any formalities need to be observed in the jurisdiction of their residence to enable them to accept their entitlement pursuant to the Offer.

This Prospectus does not constitute an offer in any place where, or to any person to whom, it would not be lawful to make an offer. The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia may be restricted by law, and Shareholders in those jurisdictions should seek advice on and observe all applicable restrictions. Any failure to comply with applicable restrictions may constitute a violation of applicable securities laws.

This document is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account your investment objectives, financial or taxation situation or particular needs. Before making any investment in the Company, you should consider whether such an investment is appropriate to your particular needs, objectives and financial circumstances and you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. By returning an Entitlement and Application Form and/or Shortfall Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

The *Corporations Act* prohibits InJet from processing Entitlement and Acceptance Forms in the 7 day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC by up to a further 7 days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. Entitlement and Acceptance Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Entitlement and Acceptance Forms received during the exposure period.

All references to currency are to Australian dollars and all references to time are to AEST, unless otherwise indicated. Capitalised terms in this Prospectus are defined in the Glossary.

1. SUMMARY OF THE OFFER

Summary of Key Investment Features

New Share Issue Price	\$1.00 per New Share
Qualifying Shareholder Entitlement	1 New Share for every 22 Shares held
Number of New Shares to be issued under the Offer	Up to 1,039,697
Number of Options to be issued under the Offer	Up to 1,039,697
Amount to be raised from the issue of New Shares under the Offer	Up to \$1,039,697

Summary of Key Dates – New Shares

Lodgement of Prospectus with ASIC	7 September 2009
Record Date to determine entitlement to New Shares	14 September 2009
Prospectus and Entitlement and Acceptance and Shortfall Application forms despatched	17 September 2009
Closing Date for acceptance and payment of subscription price	9 October 2009
Allotment date on or before	19 October 2009
Shortfall Closing Date for placement of Shortfall New Shares	18 December 2009

These dates are subject to change and are indicative only. InJet Digital Aerosols Limited reserves the right to amend this indicative timetable. In particular, InJet Digital Aerosols Limited reserves the right, subject to the *Corporations Act 2001* (Cth) to extend the Closing Date of the Offer or to withdraw the Offer without prior notice.

Applications for New Shares under the Offer can only be made by completing the Entitlement and Acceptance Form in accordance with the instructions on it and sending it to Link Market Services. A personalised Entitlement and Acceptance Form accompanies this Prospectus for use by Shareholders who are entitled to participate in the Offer.

The Offer is scheduled to close at 5:00pm (AEST) on 9 October 2009. Entitlement and Acceptance Forms must be received by that time by Link Market Services, together with a cheque or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount of the application. Payment by existing shareholders can also be made via BPay and must be received by 4:00pm 9 October 2009.

The directors also reserve the right to place Shortfall New Shares and these may be issued within 3 months of the Closing Date.

2. DETAILS OF THE OFFER

2.1 Introduction

This Prospectus contains an Offer for a non-renounceable pro rata rights issue to holders of Shares in the Company who are resident in Australia to take up New Shares in the Company at a subscription price of \$1.00 per New Share, payable in full upon application. In addition, one Option will be issued with each New Share issued, at exercise price of \$1.00 per Option, exercisable before 30 June 2014.

The purpose of this issue is to provide current eligible Shareholders an opportunity to acquire New Shares in the Company so as to fund the ongoing maintenance of the Company's patent portfolio and to meet other costs associated with keeping the Company in good standing.

Eligible Shareholders can apply for 1 New Share for every 22 Shares held as at the Record Date (being 5.00pm (AEST) on 14 September 2009). Eligible Shareholders can also apply for Additional New Shares in addition to their entitlement.

Any New Shares (including Additional New Shares) which are not applied for by Shareholders by the Closing Date, will become Shortfall New Shares. The Directors reserve the right to issue the Shortfall New Shares at their discretion within 3 months of the Closing Date at a price of \$1.00 per Shortfall New Share.

No party will acquire a relevant interest in voting Shares exceeding 19.9% as a result of the Offer or placement of any Shortfall.

2.2 Use of funds

The Company is seeking to raise up to \$1,039,697 through the issue of New Shares under this Offer. The Offer is subject to a minimum subscription of \$125,000. Funds raised under the Offer will be used to maintain the Company's patent portfolio and to meet other working capital needs as set out below.

	Fully Subscribed \$'000 (approximate)	Minimum Subscription \$'000 (approximate)
Patent Costs	259	62
Compliance costs	185	28
Administration & other costs	56	20
Clinical development	500	-
Offer expenses	40	15
Total	1,040	125

Further details of the above expenditure items are set out in Section 3 of this Prospectus.

2.3 Details of the Offer

The Company currently has 22,873,326 fully paid ordinary shares on issue. The Company is offering for subscription, under a non-renounceable pro-rata rights issue of ordinary New Shares in the Company on the basis of 1 New Share for every 22 Shares held with fractional entitlements rounded up to the nearest whole New Share. The subscription price for each New Share is \$1.00. In addition, one Option will be issued with each New Share issued, at exercise price of \$1.00 per Option, exercisable before 30 June 2014.

The Offer will be to eligible Shareholders as at the Record Date having a registered address in Australia.

The Company may also seek to place Shortfall New Shares which are not applied for by Shareholders at its discretion within 3 months following the Closing Date.

The Company reserves its right to place the Shortfall New Shares in its absolute discretion at a price of \$1.00 per New Share.

2.4 Capital Structure

As at the date of this prospectus, the issued capital of the Company is 22,873,326 fully paid ordinary shares. There are 882,353 options on issue.

The capital structure at the completion of the Offer, assuming the Offer if fully subscribed, is set out below:-

<u>Securities</u>	<u>Number of securities</u>
Shares on issue at the date of this Prospectus	22,873,326
Shares to be issued pursuant to this Prospectus	<u>1,039,697</u>
Total shares on issue at the close of the Offer	<u>23,913,023</u>
Options on issue at the date of this Prospectus	882,353
Options to be issued pursuant to this Prospectus	<u>1,039,697</u>
Total Options on issue at the close of the Offer	<u>1,922,050</u>
Total Shares and Options on issue at the close of the Offer	<u>25,835,073</u>

2.5 Timetable for the Offer

The Timetable for the Issue is outlined in the table below:

<u>Lodgement of Prospectus with ASIC</u>	<u>7 September 2009</u>
<u>Record Date to determine entitlements to the New Shares</u>	<u>14 September 2009</u>
<u>Prospectus and Entitlement and Acceptance Forms Despatched</u>	<u>17 September 2009</u>
<u>Closing Date for acceptance and payment of subscription price</u>	<u>9 October 2009</u>
<u>Allotment date on or before</u>	<u>19 October 2009</u>
<u>Shortfall Closing Date for issue of Shortfall New Shares</u>	<u>18 December 2009</u>

The Directors may alter the Closing Date, and the Shortfall Closing Date, and any subsequent date, at their discretion.

2.6 Subscription Price

Each New Share is offered at a subscription price of \$1.00 payable in full upon acceptance.

2.7 Your Entitlement

The Company is making a non-renounceable pro rata rights issue of New Shares in the Company on the basis of 1 New Share for every 22 Shares held.

The number of New Shares to which you are entitled is calculated as at the Record Date shown above, and is shown on the Entitlement and Acceptance Form which accompanies this Prospectus. Fractional entitlements to New Shares will be rounded up to the nearest whole New Share. You may also apply for additional New Shares above your entitlement as noted below.

If as a Shareholder you do not take up your Entitlement, you will as a result of this Issue have your percentage shareholding in the Company diluted.

2.8 Issue Amount

The total number of New Shares to be issued pursuant to the Offer will be up to 1,039,697 New Shares, to raise up to \$1,039,697, before issue costs.

2.9 Entitlements and Acceptances

This Offer of New Shares may be accepted in whole or in part by Eligible Shareholders prior to the Closing Date. The Minimum Subscription amount, including applications for New Shares and Additional New Shares is \$125,000. The Directors reserve the right to vary the timetable for the Issue, including extending the Offer period. You can only accept this Offer by completing the Entitlement and Acceptance Form, which accompanies this Prospectus. You can also use the Entitlement and Acceptance Form to apply for additional New Shares above your entitlement.

The Directors reserve the right to vary the Timetable for the Offer, including extending the Offer period, and to accept, scale back or refuse any application for additional New Shares in excess of a Shareholder's entitlement.

2.10 Shareholders resident outside Australia

The Company will only extend the Offer to Shareholders with registered addresses in Australia. The Company considers it would be unreasonable to extend the Offer to Shareholders with registered addresses in other jurisdictions having regard to the small number of such Shareholders, the small number and value of securities that would be offered in such jurisdictions and the costs of complying with legal and regulatory requirements in those jurisdictions.

It is the responsibility of any person who comes into possession of this Prospectus outside Australia to ensure compliance with all laws of any country relevant to their application. Any person not in Australia considering taking up their entitlement and Shareholders who are resident outside those countries should consult their professional advisers as to whether or not any governmental or other consents are required, or if other formalities need to be observed, to enable them to accept the New Shares under this Prospectus.

This Prospectus does not constitute an offer in the USA or in any place in which, or to any person to whom, it would not be lawful to make such an offer.

2.11 Opening and closing dates

The prospectus will be despatched by no later than 17 September 2009 and the Closing Date will be on 9 October 2009.

2.12 Allotment

The date for the New Shares allotted as a result of the offer is expected to be no later than 19 October 2009.

All Shareholders who accept the Offer will receive their Entitlement in full. If more additional and New Shares are applied for than are available from the shortfall under the Offer, the Company will scale back those applications in its absolute discretion and excess application money will be refunded without interest.

The Company may seek to place Shortfall New Shares which are not applied for by Shareholders under the offer at its discretion. Such Shortfall New Shares must be issued within 3 months of the Closing Date.

2.13 Terms of the New Shares

The terms of the New Shares are set out in section 8.1. The New Shares will rank equally with the existing fully paid Shares of the Company. The rights and liabilities attaching to the New Shares are summarised in section 8.2.

The Company is not a listed entity and trading in the shares is limited. There is no intention to apply for listing on a Stock Exchange at this time and there is no guarantee of any liquidity event occurring, including a stock exchange listing, trade sale or collaborative arrangement.

2.14 Terms of Options

The terms of the Options are set out on section 8.3.

2.15 Minimum subscription

The Offer made pursuant to this Prospectus is subject to a minimum subscription condition under section 723(2) of the *Corporations Act 2001 (Cth)*. The minimum subscription is the amount of \$125,000.

The minimum subscription will fund the operations of the Company for approximately the next 6 months. Specifically, it is the intention of the Board that if only the minimum subscription is reached, that the funds be applied as follows:

(a)	Maintain the company's patent portfolio	\$62,000
(b)	Compliance costs	\$28,000
(c)	Administration and associated costs	\$20,000
(d)	Offer costs	\$15,000

3. PURPOSE OF THE OFFER

3.1 What InJet Digital Aerosols Limited Plans to Achieve

Should the offer be fully subscribed, the Company will be able to meet the costs associated with maintaining its intellectual property portfolio, and administrative costs through into 2011. Further, a fully subscribed offer will also allow the Company, subject to agreement by Canon, to prepare for a clinical trial program utilizing the inhalation device developed by Canon using InJet's intellectual property.

3.2 Application of Funds

The Company is seeking to raise up to \$1.04 million under this Offer. The primary purpose of the Offer is to raise capital to (assuming the Offer is fully subscribed):

(a)	Maintain the company's patent portfolio	\$259,000
(b)	Compliance costs	\$185,000
(c)	Administration and associated costs	\$56,000
(d)	Clinical development	\$500,000
(e)	Offer costs	\$40,000

Until the Company uses the net proceeds of this Offer for the above purposes, the Company intends to invest the funds in secure short-term liquid investments.

3.3 Business Update

InJet Digital Aerosols Limited's strategy is to maintain the patent portfolio. The Company also plans to enter into collaborative development agreements with Canon and/or third parties for the development of new intellectual property assets utilising the Canon device.

3.4 The Company's Technology

Seven patents have been developed by InJet describing inkjet aerosolisation for inhalation, device technology and drug formulation. These patents are the subject of the Canon licence agreement. These patents have been applied for in major territories around the world and with some issued and others still under examination. The issued patents require renewal every five years. The following table lists the countries in which these patents have been issued by:

Reference	Name	Country	Expiry date
PCT1 - CN	Dispenser	China	28-Jun-14
PCT1-AT	Dispenser	Austria	28-Jun-14
PCT1-AU	Dispenser	Australia	28-Jun-14
PCT1-BE	Dispenser	Belgium	28-Jun-14
PCT1-BR	Dispenser	Brazil	28-Jun-14
PCT1-BR	Dispenser	Brazil	28-Jun-14
PCT1-CA	Dispenser	Canada	28-Jun-14
PCT1-CH	Dispenser	Switzerland	28-Jun-14
PCT1-DE	Dispenser	Germany	28-Jun-14
PCT1-DK	Dispenser	Denmark	28-Jun-14
PCT1-EPES	Dispenser	Spain	28-Jun-14
PCT1-EPGR	Dispenser	Greece	28-Jun-14
PCT1-EPIT	Dispenser	Italy	28-Jun-14
PCT1-EPNL	Dispenser	Netherlands	28-Jun-14
PCT1-EPSE	Dispenser	Sweden	28-Jun-14
PCT1-FR	Dispenser	France	28-Jun-14
PCT1-GB	Dispenser	Great Britain	28-Jun-14

Reference	Name	Country	Expiry date
PCT1-IE	Dispenser	Ireland	28-Jun-14
PCT1-JP	Dispenser	Japan	28-Jun-14
PCT1-KR	Dispenser	South Korea	28-Jun-14
PCT1-PT	Dispenser	Portugal	28-Jun-14
PCT1-US	Dispenser	U.S.A.	20-Apr-16
PCT2 - EP	Piezo Inhaler	Europe	24-Feb-20
PCT2-EPDE	Piezo Inhaler	Germany	24-Feb-20
PCT2-EPFR	Piezo Inhaler	France	24-Feb-20
PCT2-US	Piezo Inhaler	U.S.A.	24-Feb-19
PCT2-USC	Piezo Inhaler	U.S.A.	24-Feb-19
PCT3-AT	Inhaler with removable droplet ejection cartridge	Austria	11-Jul-21
PCT3-BE	Inhaler with removable droplet ejection cartridge	Belgium	11-Jul-21
PCT3-CH	Inhaler with removable droplet ejection cartridge	Switzerland	11-Jul-21
PCT3-DE	Inhaler with removable droplet ejection cartridge	Germany	11-Jul-21
PCT3-DK	Inhaler with removable droplet ejection cartridge	Denmark	11-Jul-21
PCT3-EP	Inhaler with removable droplet ejection cartridge	Europe	11-Jul-21
PCT3-ES	Inhaler with removable droplet ejection cartridge	Spain	11-Jul-21
PCT3-FR	Inhaler with removable droplet ejection cartridge	France	11-Jul-21
PCT3-GB	Inhaler with removable droplet ejection cartridge	Great Britain	11-Jul-21
PCT3-HK	Inhaler with removable droplet ejection cartridge	Hong Kong	11-Jul-21
PCT3-IT	Inhaler with removable droplet ejection cartridge	Italy	11-Jul-21
PCT3-LU	Inhaler with removable droplet ejection cartridge	Luxembourg	11-Jul-21
PCT3-NL	Inhaler with removable droplet ejection cartridge	Netherlands	11-Jul-21
PCT3-SE	Inhaler with removable droplet ejection cartridge	Sweden	11-Jul-21
PCT3-US	Inhaler with removable droplet ejection cartridge	U.S.A.	25-May-21
PCT4-AU	Compositions for protein delivery via the pulmonary route	Australia	21-May-22
PCT4-BE	Compositions for protein delivery via the pulmonary route	Belgium	21-May-22
PCT4-CA	Compositions for protein delivery via the pulmonary route	Canada	21-May-22
PCT4-CH	Compositions for protein delivery via the pulmonary route	Switzerland	21-May-22
PCT4-CN	Compositions for protein delivery via the pulmonary route	China	21-May-22
PCT4-DE	Compositions for protein delivery via the pulmonary route	Germany	21-May-22
PCT4-DK	Compositions for protein delivery via the pulmonary route	Denmark	21-May-22
PCT4-EP	Compositions for protein delivery via the pulmonary route	Europe	21-May-22
PCT4-EP	Compositions for protein delivery via the pulmonary route	Austria	21-May-22
PCT4-EP	Compositions for protein delivery via the pulmonary route	Sweden	21-May-22
PCT4-ES	Compositions for protein delivery via the pulmonary route	Spain	21-May-22
PCT4-FR	Compositions for protein delivery via the pulmonary route	France	21-May-22
PCT4-GB	Compositions for protein delivery via the pulmonary route	Great Britain	21-May-22
PCT4-IT	Compositions for protein delivery via the pulmonary route	Italy	21-May-22
PCT4-LU	Compositions for protein delivery via the pulmonary route	Luxembourg	21-May-22
PCT4-NL	Compositions for protein delivery via the pulmonary route	Netherlands	21-May-22
PCT4-SG	Compositions for protein delivery via the pulmonary route	Singapore	21-May-22
PCT5-US	Respiratory deliverance system with power/medicament recharge assembly	U.S.A.	2-Nov-20
PCT6-EP	Respiratory deliverance system with power/medicament recharge assembly	Europe	16-Sep-23
PCT6-US	Respiratory deliverance system with power/medicament recharge assembly	U.S.A.	24-May-22

Some patents are still undergoing examination. These patents are expected to be issued over the next two years.. There is no guarantee that the patents will be receive approval for issue by the patent office of the examining countries, however InJet directors are confident patents will be issued.

The patents and the respective countries still under examination are as follows

Reference	Name	Country	Expiry Date
PCT1-CN	Dispenser (divisional)	China	28-Jun-14
PCT3-JP	Inhaler with removable droplet ejection cartridge	Japan	11-Jul-21
PCT4-CA	Compositions for protein delivery via the pulmonary route	Canada	21-May-22
PCT4-JP	Compositions for protein delivery via the pulmonary route	Japan	21-May-22
PCT4-US	Compositions for protein delivery via the pulmonary route	U.S.A.	21-May-22
PCT6-JP	Inhaler with airflow regulation	Japan	16-Sep-23
PCT6-EP	Inhaler with airflow regulation	Europe	16-Sep-23
PCT7-US	Inhalation device having an optimised air flow path	U.S.A.	22-Feb-22

3.5 Overview of Operations

The minimisation of corporate costs within InJet over the past five years has not impeded the successful progress of the company's Intellectual Property or technical development by Canon. The seven patent families that comprise the InJet Intellectual Property were licensed to Canon in 2003 securing the technical development path for the inhaler technology and commercial future of the intellectual property. Since then InJet has successfully maintained its responsibility to Canon in the support its patents through their approval process while Canon have applied their world leading printing expertise to the device. The patent listing above shows the number of patents now approved around the world, with only a few approvals left to be secured.

InJet Chairman Dr Michael Monsour met with Canon at their Japanese headquarters in both April and June 2009. Canon discussed the progress of their inhalation device program and provided a comprehensive update on the technical advances they had made in recent years. Crucially, this included the ability to reduce the particle size of the inhaled drug to a size that allows for deep penetration of the drug into the lung. Canon have also advised InJet that although they have made significant progress on their inhalation device, that the project is under review. Whilst the InJet agreement with Canon remains in place, it is not certain that Canon will commercialise their device.

In June, Dr Monsour and InJet advisor Dr Peter Corr, again met with Canon to discuss a proposal which would allow InJet to conduct clinical trials and develop its own therapeutics utilising the Canon device. The proposal would first see Canon sub-license their device and technology to an American entity experienced in the development of pharmaceuticals. InJet would then obtain a license from this entity to conduct its own clinical trials and develop potentially valuable new intellectual property assets utilising the Canon device. The American licensee would also pursue a potential clinical development program utilising Canon's device.

This has been a long-held aim of InJet and is one which has the potential to add considerable value to the company. Canon have indicated their in-principal support for the InJet proposal and negotiations will soon commence on an appropriate agreement. It is likely that an agreement may take 6 to 9 months to complete.

The maintenance of the Company's intellectual property portfolio has been ongoing, with no significant hurdles encountered. The majority of patents in InJet's seven patent families have been granted, with only a few individual patents now awaiting grant.

Patent costs remain InJet's single biggest cost, although the majority of patent costs now incurred are renewal fees for those patents already granted. Costs associated with the diminishing number of patents still awaiting grant are reducing as the patents progress in their lifecycle. It is expected that these costs will cease in the coming 12 months, after which time only renewal fees will be payable.

The directors of InJet have clear objectives in place for both the short term (next 12 months) and the medium to long-term. In the short-term, the Company must maintain its obligations under the Canon agreement by supporting the ongoing granting and maintenance of the patent portfolio and reaching an agreement to allow InJet to conduct clinical trials using the Canon device. This first objective is the subject of this Prospectus and is considered by the directors to be a critical and fundamental requirement for the ongoing survival of the

business. Funds raised from this Prospectus will be focused on meeting corporate compliance requirements and maintaining the patent portfolio.

The Offer is subject to a minimum subscription amount of \$125,000 being raised, which will be sufficient for the Company to operate for the next 6 months. This amount is **NOT** sufficient to allow InJet to finalise sub-license agreements with Canon in relation to clinical trials, but it will provide the Board with the opportunity to pursue other funding opportunities, if indeed there are any, if only the minimum amount is raised. **The Company must raise \$300,000 from this offer in order to have sufficient funds to maintain the Company through the next 12 months until sub-license agreements are in place with Canon.**

Funds for the plan and the minimum subscription are intended to be used are described in section 2.2. The plan highlights the focus on the support for the Intellectual Property. Most patents in the portfolio are expected to be granted within the next two years, leaving only maintenance expense thereafter.

The second objective for InJet is to develop its own inhaled therapeutic products using the Canon device. InJet may pursue a clinical trial program using the Canon device as a method of delivery for pain medications, topical therapeutics such as antibiotics or protein drugs such as insulin. Canon have indicated their in-principal support to the proposal put forward by InJet and it is expected that an appropriate agreement can be concluded in the next 6 to 9 months. Costs associated with preparing for a clinical trial program utilising the Canon device will only be incurred on the basis of a fully-subscribed offer. The Directors are planning for a larger capital raising once an agreement for InJet to conduct clinical trials utilising the Canon device is in place.

In the event the minimum subscription is not met the Company will evaluate its position, however in the absence of funds under the prospectus or from alternate sources, it may be necessary to consider voluntary administration. The directors reserve the right to accept oversubscriptions and will apply those funds to accelerating the Canon negotiations and commercial interests of the Company. In the event ongoing negotiations with Canon succeed in reaching a collaboration agreement and funds are required to service InJet's obligations under any such an agreement, the directors intention is to offer existing shareholders first right of refusal to any future fundraisings.

4. ACTIONS REQUIRED

4.1 To take up your entitlement in full and/or Additional New Shares in excess of your entitlement

If you wish to take up all of your entitlement, please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions set out on the Form.

If you have applied to take up your entitlement in full, you may apply for additional New Shares in excess of your entitlement by completing the relevant section of the Entitlement and Acceptance Form. InJet will refund without interest any amount not used for additional New Shares applied for. Subscriptions in excess of entitlements will only be made out of shortfall. The Directors reserve the right to accept, scale back or refuse any application for Additional New Shares in excess of a Shareholders entitlement.

Forward your completed Entitlement and Acceptance Form, together with your cheque or bank draft, made payable to InJet Digital Aerosols Limited Share Offer, for the amount shown on your Form, in the reply paid envelope to reach the Company's share registry by 5.00pm on the Closing Date or such later date as the Directors notify.

Alternatively, you can pay the application money using BPay in accordance with the instructions on the Entitlement and Acceptance Form accompanying the Prospectus. If you pay using the BPay facility you do not need to complete and return the Entitlement and Acceptance Form.

4.2 To take up part of your entitlement

If you wish to take up part only of your entitlement, please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept the Offer under this Prospectus (being less than your entitlement as specified on the Entitlement and Acceptance Form) and forward the completed Form together with your cheque or bank draft, made payable to InJet Digital Aerosols Limited Share Offer, for the total amount payable to reach the Company's share registry by 5:00pm on the Closing Date or such later date as the Directors notify.

4.3 To decline the offer

If you do not wish to take up any part of your Entitlement to New Shares, you are not required to take any action, in which case you will receive no New Shares and your rights will lapse.

If you do not take up your Entitlement in full, you will as a result of this Issue have your percentage shareholding in the Company diluted.

4.4 Shortfall shares

The Company may seek to place Shortfall New Shares which are not applied for by Shareholders. The Shortfall Shares must be issued within 3 months of the Closing Date. The issue price for the Shortfall Shares will be \$1.00.

4.5 Payment

Payments will only be accepted in Australian dollars as follows:

- a) Cheques drawn on and payable by any Australian bank; or
- b) Bank drafts drawn on and payable at any Australian bank or financial institution; or
- c) Electronic payment by BPay.

Other currency will not be accepted. Shareholders should not forward cash. Receipts for payments will not be issued.

Entitlement and Acceptance Forms and accompanying cheques or bank drafts can be lodged at anytime before the Closing Date. Applications received after the Closing Date will not be accepted. The Company will not be responsible for postal or delivery delays.

Where payment is made by cheque or bank draft, payment should be made to the InJet Digital Aerosols Limited Share Offer.

Where payment is made by BPay, shareholders are not required to complete and submit an Entitlement and Acceptance form.

Shortfall Application Forms and accompanying cheques or bank drafts may be lodged at any time before the Shortfall Closing Date.

5. EFFECT OF THE ISSUE ON THE COMPANY

5.1 Effect of Issue on the Company

The principal effects of the Issue will be:

Cash reserves

Cash reserves will initially increase by up to \$1,039,697 (before expenses of the Issue) to enable the Company to pursue its objectives (see section 3.1).

Number of Shares on issue

The number of Shares on issue will increase from 22,873,326 by up to 1,039,697 to 23,913,023 if the Offer of New Shares and Shortfall New Shares is fully subscribed.

Options currently on issue

There are currently 882,353 Options on issue. The number of Options on issue will increase by 1,039,697 to 1,922,050 if the Offer of New Shares and Shortfall New Shares is fully subscribed.

	30 June 2008 \$ Audited	31 December 2008 \$ Reviewed	Unreviewed Pro forma 31 December 2008 Fully subscribed	Unreviewed Pro forma 31 December 2008 Minimum subscription
ASSETS				
Current assets				
Cash and cash equivalents	295,808	205,591	1,245,288	330,591
Trade and other receivables	1,576	6,176	6,176	6,176
Total current assets	297,384	211,767	1,251,464	336,767
TOTAL ASSETS	297,384	211,767	1,251,464	336,767
LIABILITIES				
Current liabilities				
Trade and other payables	51,266	62,081	62,081	62,081
Total current liabilities	51,266	62,081	62,081	62,081
TOTAL LIABILITIES	51,266	62,081	62,081	62,081
NET ASSETS	246,118	149,686	1,189,383	274,686
EQUITY				
Issued capital	1,859,684	1,859,684	2,899,381	1,984,684
Reserves	425,000	791,000	791,000	791,000
Accumulated losses	(2,038,566)	(2,500,998)	(2,500,998)	(2,500,998)
TOTAL EQUITY	246,118	149,686	1,189,383	274,686

6. RISK FACTORS

6.1 Factors Influencing Success and Risk

Investors should be aware that investment in the New Shares does carry particular risks. The Company is subject to all the usual risks associated with emerging companies involved in developing new technologies. Actual events and results could differ significantly from those anticipated in this Prospectus. The success of the Company is also directly and highly leveraged to the Canon Agreement (as summarised in section 7.2) and subject to the risks noted below (in section 6.4). Accordingly, an investment in the New Shares should be considered speculative.

The risks can be categorized as general market risks (matters which relate to business in general), investment risks and specific risks (those which relate directly to the Company's business). Other significant issues of which investors should be aware have been identified throughout the Prospectus. Potential investors should read the Prospectus in full before an investment decision is made.

In addition, the Directors consider that the following summary, which is not exhaustive, represents major risk factors of which potential investors need to be aware.

6.2 General Market Risks

Actual Events

Actual events and circumstances may differ from those anticipated in this Prospectus so that the Company needs to adapt its operations accordingly.

General economic conditions

Economic conditions may impact on the ability of the Company to raise further capital.

Exchange rate fluctuations

InJet Digital Aerosols Ltd may be exposed to a number of different countries and its costs and future revenue may therefore be subject to adverse currency fluctuations.

6.3 Investment risks

Stock market volatility

A number of factors affect the value of the Company's shares. Among other things, they may be affected by movements in stock markets (as an alternative investment open to investors), local interest rates and currency exchange rates, domestic and international economic and political conditions, as well as government taxation and other policy changes. Accordingly there can be no assurance on how the New Shares will be valued or the level of interest in the New Shares amongst the investor market. There are general risks associated with any investment and Shares should generally not be considered as short-term investments.

Illiquid market

Shares cannot be traded in an illiquid market. The status of the Company as an unlisted public company does not mean that there will always be a market for trading in its Shares. As a result, potential investors may have only a limited opportunity to sell their Shares in the Company and may therefore have to bear the economic risk of holding the present investment in the Shares, New Shares for an indefinite period of time.

The ability to sell (or buy) shares in the Company, after the close of this Offer, will depend upon the Company's progress and financial performance, the number and spread of shareholders, and the range of other factors associated with all of the risks highlighted in this Prospectus.

Because it is unlikely that the Company will soon pay dividends, Shareholders will only be able to benefit from holding InJet Digital Aerosols Limited Shares if the share price appreciates and a market continues to exist for the Shares.

Tax

There may be tax implications arising from the application for New Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any on-market share buy-back and the disposal of Shares or New Shares.

6.4 Specific risks

Future events

The details contained in this Prospectus concerning the application of funds are based on estimates and assumptions about certain events and circumstances that have not yet taken place, and are subject to variation and possible non-fulfilment. The Company is involved in technology research and development. There can be no assurances as to the accuracy of forecast expenditure for the application of funds under this Prospectus. The Company will retain broad discretion over the use of proceeds from this offering. An investor may not agree with how InJet spends the proceeds, and InJet's use of the proceeds may not yield a significant return or any return at all.

Uncertainty of Research: Project Risks

InJet is reliant upon its arrangements with Canon. (refer to the summary in section 7.2). The value of the Company is therefore directly and highly leveraged on the Canon Agreement.

Canon may choose to terminate the contract upon 30 days' written notice. It may do so, if for example, it believed it was not commercially viable to further develop and market products based upon the technology. The license and hence royalty revenues (if any) only extends to defined patents, as those patents are registered in specified territories, and for the life of the underlying patents, as detailed in section 3.4.

The success of the Company is also therefore dependent on the quality of the research it has under development via Canon and its acceptance in the market. There are risks related to the successful research and development of any technology and ensuing commercialisation.

There is no guarantee that Canon can successfully commercialise any of the products covered under the Canon Agreement or that Canon's marketing of such products will lead to royalty payments for valid licensed patents under the license agreement between InJet and Canon.

There are also factors outside the control of InJet and Canon. Product development involves lengthy processes and is subject to evaluations by external groups such as the Australian Therapeutic Goods Administration and the United States Food and Drug Administration.

New products must also find acceptance in a competitive market place. Market acceptance will depend on many factors, including convincing potential customers and alliance partners that the Company's product is a more attractive alternative to other products and the ability to manufacture its products in sufficient quantities with acceptable quality at an acceptable cost. Because of these and other factors the Company's products may not gain market acceptance, which would make it unlikely that the Company would become profitable.

Intellectual Property

The Intellectual Property rights on which InJet relies to protect the technology underlying the research and future products may not be adequate, which could enable third parties to use the Company's technology or very similar technology and thereby reduce the Company's ability to compete in the market.

The Company's success will depend on its ability to obtain, protect and enforce patents on its technology and to protect its trade secrets. Any patents InJet owns or licenses may not afford meaningful protection for its technology and the products.

Others may challenge the Company's patents or the patents of the Company's licensors and, as a result, these patents could be narrowed, invalidated or rendered unenforceable. In addition, current and future patent applications on which InJet depends may not result in the issuance of patents in various countries..

Competitors may develop products similar to ours, which are not covered by the Company's patents. Further, if there is a substantial backlog of patent applications at any Patent and Trademark Office, the approval or rejection of the Company's, or, the Company's competitors' patent applications may take several years.

In addition to patent protection, InJet also relies on copyright protection, trade secrets, know-how, continuing technological innovation and licensing opportunities. In an effort to maintain the confidentiality and ownership of InJet trade secrets and proprietary information, InJet requires its employees, consultants and advisors to execute confidentiality and proprietary information agreements. However, these agreements may not provide adequate protection against improper use or disclosure of confidential information and there may not be adequate remedies in the event of unauthorised use or disclosure.

Others may independently develop substantially equivalent proprietary information and techniques, or otherwise gain access to Company trade secrets. The inability to protect Company proprietary information and techniques may inhibit or limit the Company's ability to achieve or maintain a competitive position in the market.

High technology companies have a history of patent litigation and will be likely to continue to have patent lawsuits. In order to protect or enforce the Company's patent rights, the Company may have to initiate legal proceedings against third parties. In addition, others may sue the Company for infringing their Intellectual Property rights or the Company may find it necessary to initiate a lawsuit seeking a declaration from a court that the Company does not infringe the proprietary rights of others.

The patent positions of companies in high technology industries can be uncertain and involve complex legal and factual questions.

Legal proceedings relating to Intellectual Property could be expensive, take significant time and divert management's attention from other business concerns, no matter whether InJet Digital Aerosols Limited wins or loses. The cost of such litigation could affect the Company's financial position.

Further, if InJet does not succeed in an infringement lawsuit brought against the Company, in addition to any damages the Company might have to pay, it could be required to stop the infringing activity or obtain a licence. Any required licence may not be available to InJet on acceptable terms, or at all. In addition, some licences may be non-exclusive, and therefore, the Company's competitors may have access to the same technology licensed to us. If InJet is unable to obtain a required licence or are unable to design around a patent, Company outcomes could be affected.

The Directors of the Company are not presently aware of any fact, matter or circumstance by which any party may claim or be entitled to object to or challenge any of the Company's patents, trade marks or intellectual property. These circumstances, however, do not reduce the importance of the foregoing considerations for investors.

Regulation and legal issues

The Company's business is subject to a number of regulatory requirements, in addition to the general competition law, which have a significant influence on the business, operations and competitive environment. Changes in the laws, regulations and government policy, including but not limited to those affecting support for medical technology research and development and operations, may affect the Company and the attractiveness of an investment in the Company. At the present time the Company is not aware of any such regulatory or legal issues in any of the jurisdictions in which the Company operates.

Funding requirements

InJet Digital Aerosols Limited expects to continue to incur operating and net losses and negative cash flow from Company operations. The time required for the Company to reach or sustain profitability is uncertain and InJet may not be able to achieve or maintain profitability. Moreover, if InJet does achieve profitability, the level of any profitability cannot be predicted and may vary significantly.

The Company will need additional funds in the future to continue to develop and fund its business. However, to the extent that its capital resources are insufficient to meet future capital requirements, it may have to raise additional funds to continue the development of its technology. The Company may not be able to raise funds on favourable terms, or at all. The current operating plan could change as a result of many factors, and it could require additional funding sooner than anticipated. The Company's requirements for additional capital may be substantial and will depend on many factors, some of which are beyond its control, including:

- (a) slower progress in research than anticipated;
- (b) additional research required to be undertaken;
- (c) competing technological and market developments;
- (d) the cost of protection of patent and other intellectual property rights; and

(e) progress with commercialisation.

Technology development is inherently high risk and the above risks are not exhaustive. Other risks may become evident with further development of the technology and commercial relationships. The Company can give no assurance that all the Company's objectives can be satisfactorily achieved.

Legal Action

The Company's European formulation patent received a challenge from Teva Pharmaceuticals during 2008. InJet has responded in defence of its intellectual property. The action by Teva is not considered a threat to the InJet's IP portfolio. The action is currently before European patent regulators and InJet expects to receive a response to the defence of its IP by the end of 2009.

Whilst InJet is not aware of any other legal claims against it, or grounds for the making of a claim other than as noted in section 8.6, there is the possibility legal action may be taken against the Company directly or involving the Company by virtue of its connection with other parties with which it has contractual or collaborative relationships. In particular, litigation might arise in relation to the Intellectual Property and product liability issues, as set out above.

7. MATERIAL CONTRACTS

7.1 Continuous Disclosure

The Board considers that certain agreements relating to InJet Digital Aerosols Limited are significant to the Offer, the operations of InJet or may be relevant to investors. InJet Digital Aerosols Limited is subject to continuous disclosure obligations and has previously made ASIC lodgements as outlined in section 8.15. To assist shareholders' understanding of the rights and obligations of InJet under these agreements, however, a summary of the important details of each agreement is set out below.

7.2 Canon Licence

InJet entered into a license with Canon on 1 April 2003.

In contemplation of InJet's acquisition of patents relating to the micro droplet inhaler products and pharmaceuticals (as described in section 3.4 above), InJet granted to Canon an irrevocable, royalty-bearing, worldwide, sole and exclusive license to use the defined licensed technologies, including to use and sell those technologies. Canon has the ability to sub-licence the technologies at its discretion.

InJet has received an initial payment royalty of US\$1 million. Should Canon, its subsidiaries or sub-licencees proceed to sell the product then royalties are payable on each product sale calculable in accordance with the terms of the agreement and the provisions applicable to the particular vendor and sale or similar use.

The agreement contains provisions for royalty reports, payments, maintenance of records and the audit of those records. InJet is obliged to keep Canon informed of the status of each of the licensed patents. Canon has the right to make improvements to the licensed patents and they shall remain the property of Canon.

The agreement contains detailed confidentiality provisions. InJet is further required to maintain, prosecute and otherwise support any of the patents. In the event InJet wishes to assign the patents it must give Canon a first right of refusal to acquire them. Canon also has the right to acquire the patents outright at a purchase price agreed in good faith.

The agreement may not be assigned without the consent of the other party.

The agreement term is for the life of the patents (date of the last to expire), although Canon has the right to terminate the agreement or individual patent in any jurisdiction upon 30 days written notice.

8. ADDITIONAL INFORMATION

8.1 Terms of the New Shares

The terms and conditions of issue of the New Shares are as follows:

- (a) The subscription price is \$1.00 each;
- (b) The New Shares may be subscribed for at any time before 5.00pm on the Closing Date;
- (c) New Shares issued pursuant to this Offer will rank *pari passu* with existing Shares in all respects.

8.2 Rights and Liabilities Attaching to New Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to all Shares including New Shares, which will be issued pursuant to this Issue. Full details are contained in the Constitution of the Company and the *Corporations Act 2001 (Cth)*.

Voting at a General Meeting

Subject to any shares which may in the future be issued with special or preferential rights, every Shareholder present in person at a general meeting of the Company or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote in proportion to the amount paid up on the Share.

Meetings of Members

Each Shareholder is entitled to receive notice of, attend and vote at meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution and the *Corporations Act 2001 (Cth)*.

Dividends

The Directors may from time to time determine dividends to be distributed to Shareholders according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Dividends are payable on all Shares in proportion to the amount paid up of the total issue price paid for the Shares. This is subject to any special or preferential rights attached to any class of shares created after the allotment of the Shares.

Transfer of Shares

Shares in the Company may be transferred as permitted by the *Corporations Act 2001 (Cth)* or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is otherwise permitted by the *Corporations Act 2001 (Cth)*.

The Directors may decline to register a transfer of Shares where the Company has a lien, the transfer is not in registrable form or where permitted to do so under the *Corporations Act 2001 (Cth)*. If the Directors decline to register a transfer, the Company must, within the time prescribed after the transfer is lodged with the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal.

Issue of Further Shares

The Directors may allot, issue, grant options in respect of, or otherwise dispose of, further Shares on such terms and conditions as they see fit. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the *Corporations Act 2001 (Cth)* and any rights for the time being attached to the shares in any special class of those shares.

Winding Up

If the Company is wound up, the liquidator may divide the whole or part of the property of the Company among the Shareholders and may determine that division as between the Shareholders (or classes of Shareholders) in accordance with their rights and interests in the Company.

Share Buy Backs

Subject to the provisions of the *Corporations Act 2001 (Cth)* the Company may reduce or alter its capital including buying back Shares in itself.

Directors

The minimum number of Directors is three and the maximum number is seven.

Variation of Class Rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares included in that class or with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

Alteration of Constitution

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present and voting at a general meeting of the Company. The Company must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

A copy of the Constitution of the Company is available for inspection, free of charge, at the registered office of the Company.

8.3 Terms of Options

Each Option shall entitle the holder to subscribe for one New Share upon payment of \$1.00 per Option to the Company, on the following terms:

- (a) The Options are exercisable wholly or in part at any time on or before 5.00pm (AEST) on 30 June 2014 ("Expiry Date"). Options not exercised by that date shall lapse.
- (b) Options may be exercised by notice in writing to the Company at any time before the Expiry Date. Any notice of exercise of an Option received by the Company with payment in full of the Exercise Price will be deemed to be a notice of the exercise of that Option as at the date of receipt. Within 14 days from the date the option holder properly exercised Options, the Company shall issue and allot to the option holder that number of Shares so subscribed for by the option holder.
- (c) Each New Share allotted as a result of the exercise of an Option will, subject to the Constitution, rank in all respects *pari passu* with existing Shares on issue at the date of allotment.
- (d) There are no participating rights or entitlements inherent in the Option to participate in any new issue of capital which may be offered by the Company to its shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlements to any such issue, will be at least 9 business days after the issue is announced so as to give option holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.
- (e) In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed as the directors determine but subject to the *Corporations Act 2001 (Cth)*.

8.4 Dividend Policy

The Company does not anticipate paying dividends for the forthcoming financial year.

8.5 Litigation

The Company's European formulation patent received a challenge from Teva Pharmaceuticals during 2008. InJet has responded in defence of its intellectual property. The action by Teva is not considered a threat to the InJet's IP portfolio. The action is currently before European patent regulators and InJet expects to receive a response to the defence of its IP by the end of 2009.

8.6 Impact upon control

InJet's major shareholders include Viralytics Limited which currently owns 44.9% of the voting shares in the Company and Australian Technology Innovation Fund Limited which currently owns 29.6% of the voting shares in the Company. Viralytics Limited has no representation on the Board of InJet.

Mr Stephen Jones, the Chairman of Australian Technology Innovation Fund Limited is also a director of InJet. Dr Michael Monsour, a Non-executive director of Australian Technology Innovation Fund Limited is also a director of InJet.

No party intends to apply for further New Shares under this Prospectus in a manner which would contravene s606 of the Corporations Act.

8.7 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director:

- (a) has or had at any time in the last 2 years an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with the Offer or the formation or promotion of the Company, or the Offer; or
- (b) has been paid or agreed to be paid an amount, or has been given or agreed to be given any other benefit, either to induce him to become, or to qualify him as a Director, or otherwise for services provided by him in connection with the formation or promotion of the Company or the Offer.

Interests in Securities

The Directors (and their associates) have the following relevant interests in securities of the Company as at the date of this Prospectus:

<i>Directors</i>	SHARES		OPTIONS	
	<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>	<i>Indirect</i>
Dr Michael Monsour	-	114,326	-	280,000
Mr Ross Mangelsdorf	-	3,370	-	201,670
Mr Stephen Jones	-	-	-	100,000

Australian Technology Innovation Fund Limited (ATIF) hold 6,776,820 shares in the Company. Mr Stephen Jones is Chairman of ATIF & Dr Monsour is a Non-executive director, as noted above.

Remuneration – Directors

The remuneration of the Directors is determined in accordance with the Constitution of the Company.

Having regard to the limited financial resources available to the Company, Directors have elected to forego the payment of director's fees and to provide their director's services to the Company at no cost. Directors Fees have not been paid since November 2005. Directors have however been issued share options in lieu of the payment of Director's Fees.

8.8 Interests of Advisers

Other than as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- Has or had at any time in the last 2 years an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with the Offer or the formation or promotion of the Company, or in the Offer; or
- Has been paid or agreed to be paid an amount or agreed to be given any other benefit, either to induce them to become, or to qualify them as a Director, or otherwise for services rendered by them in connection with the formation or promotion of the Company or the Offer.

8.9 Commissions

The directors anticipate their will be commissions payable on any Shortfall New Shares that are placed, of up to 3.3% (GST inclusive) of the amount of Shortfall New Shares placed by the Company. The Company

will also grant Licensed securities dealers 100 options (exercisable at \$1.00 anytime in prior to 30 June 2014) for every \$1,000 that is placed via them.

8.10 Expenses of the Offer

The expenses of the Offer (fully subscribed) payable by the Company are estimated as approximately \$40,000. Should the offer only reach the minimum subscription, the expenses of the offer are expected to be approximately \$15,000. These expenses include legal fees, printing and other miscellaneous expenses. They will be borne by the Company. Additional expenses may be incurred through placement fees by stockbrokers assisting with placing any Shortfall New Shares. This amount is unknown as is the number of Shortfall New Shares, but will be negotiated on normal commercial terms as described in section 8.8.

8.11 Application moneys and interest

Moneys received from an Applicant on account of New Shares offered under this Prospectus will, until those New Shares are issued, be held by the Company in a bank account established and maintained by the Company for the purpose of depositing application moneys.

If, after the New Shares are issued, the Company remains liable to repay those moneys under section 723 of the *Corporations Act 2001 (Cth)*, the Company will do so.

To the fullest extent permitted by law, each Applicant agrees that such moneys do not bear interest as against the Company and that any interest earned in respect of the application moneys paid into that account or kept in the separate account belongs to the Company, irrespective of whether or not all or any of the New Shares applied for by that Applicant are issued to that Applicant.

8.12 Consents

Link Market Services has given, and not withdrawn its written consent to be named as share registrar in the form and context in which it is named. Link Market Services has not caused or authorised the issue of this prospectus and takes no responsibility for any part of this prospectus. Link Market Services has been paid or will be paid approximately \$15,000 in connection with this Offer, depending on the level of activity.

Ernst & Young has given, and not withdrawn its written consent to be named as Auditor in the form and context in which it is named. Ernst & Young has not caused or authorised the issue of this prospectus and takes no responsibility for any part of this prospectus. Ernst & Young has been paid \$34,505 in relation to audit for the period ended 30 June 2008 and review for the period ended 31 December 2008 referred to in this Prospectus.

8.13 Directors' Statement

Each Director has given, and has not withdrawn, before the date of this prospectus, his consent to the lodgement of this prospectus with ASIC and to the issue of this prospectus in accordance with the *Corporations Act 2001*.

8.14 Important Company Documents

In accordance with Section 712 of the *Corporations Act 2001*, the Company wishes to identify documents lodged with ASIC containing important information for investors, professional analysts and advisers. Such information is taken to be included in this prospectus under Section 712(3).

The Company is a disclosing entity subject to regular reporting and disclosure obligations. In particular, the Company is subject to continuous disclosure under Section 675 of the *Corporations Act 2001*.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the application period of this Prospectus:

Date Lodged With ASIC	Form	Type
16/03/2009	7051	Half Yearly Reports
28/11/2008	7053	Disclosure Notice
05/11/2008	7053	Disclosure Notice

<u>Date Lodged With ASIC</u>	<u>Form</u>	<u>Type</u>
17/10/2008	5057A	Notice of Annual General Meeting
16/10/2008	388A	Annual Financial Report

The following information may be of particular interest to investors, professional analysts and advisers:

- the Half Yearly Report and Half Yearly Accounts for the period to 31 December 2008 (lodged on 16 March 2009);
- the 2008 Financial Report, including audited financial statements for the period to 30 June 2008 (lodged on 16 October 2008).

The Directors rely upon Section 712(3) of the *Corporations Act 2001* with the inclusion by reference of material referred to above for full disclosure of relevant information to Shareholders for the purposes of Section 711 of the *Corporations Act 2001*, including the name and extent of any Directors' interests or those of persons identified in Section 711(4) of the *Corporations Act 2001*.

This Prospectus is signed for and on behalf of the Directors.

Michael Monsour

Dr Michael Monsour

Chairman

7 September 2009

GLOSSARY

\$	Australian Dollars unless otherwise stated
Additional New Shares	New Shares which are not taken up by Shareholders which form the remainder of New Shares which the Directors may issue at their discretion
AEST	Australian Eastern Standard Time
Applicant	A person who, or body corporate which, submits an Application
ASIC	Australian Securities and Investments Commission
Closing Date	The date on which the Offer closes being or such other earlier or later date as determined by the Company
Directors	The directors of the Company
Entitlement	Means the entitlement of each Eligible Shareholder to participate in the Offer on the basis set out in this Prospectus
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Prospectus
GST	Any goods and services tax imposed by any Australian Act which imposes GST
IDAL or InJet	InJet Digital Aerosols Limited ACN 104 014 379
IP	Intellectual Property including patents, trademarks and copyright
Issue	The allotment and issue of New Shares under the Offer
New Shares	The Shares in the Company offered under this Prospectus
Offer	The offer of New Shares pursuant to this Prospectus
Option	The right of the holder to acquire a Share upon payment of the applicable exercise price
Record Date	5.00pm (AEST) on 14 September 2009
Share	A fully paid ordinary share in the capital of the Company
Shareholders	Holders of Shares in the Company at the Record Date
Shortfall or Shortfall New Shares	New Shares which are not taken up by Shareholders which form the remainder of New Shares which the Directors may issue at their discretion