



5 February 2004

Dear Shareholder,

Shareholder Update: InJet Digital Aerosols

Excellent progress has been made since the meeting of InJet shareholders last April.

Significant advancement has been made with the commercialisation of our drug inhalation technology, while reconstruction of the Company is nearing completion.

Undoubtedly, the major highlight in recent months has been the execution of an agreement with Canon Inc of Japan.

Under the terms of this agreement, Canon has been granted a worldwide exclusive licence of all patents and patent applications currently owned by InJet Digital Aerosols, and has the right to further develop and commercialise the technology.

The InJet patent portfolio is quite extensive, consisting of seven different patent families, all at different stages. In the last six months, the portfolio has been progressed considerably, with the attached schedule providing more specific information.

Steady progress has also been made with the reorganisation of the former InJet Digital Aerosols Inc, also known as Vapotronics group of companies. Financial records have been brought up-to-date, statutory and company secretarial work progressed, and settlement reached with external creditors.

The only outstanding issue is the completion of a settlement agreement with internal creditors. However, progress has been made in recent months and we have firm indications that it is now only a matter of collecting the right paperwork and, as such, we can expect a settlement to be reached in the near future.

Once the internal creditor issue has been settled, we will issue the shares in InJet Digital Aerosols Limited to all current InJet Digital Aerosols Inc shareholders.

Thank you for your patience.

Yours sincerely,

Stephen Jones
Chairman
InJet Digital Aerosols Inc

Patent and patent application schedule

Patent family 1: Dispenser

Patent granted in USA, Brazil, and South Korea.
Patent application under examination in Canada, China, Japan, and Europe.

Patent family 2: Piezo Inhaler

Patent granted in USA.
Patent application advance notice of grant in Europe.

Patent family 3: Inhaler with removable droplet ejection cartridge

Patent granted in USA.
Patent application under examination in Japan and Europe.

Patent family 4: Composition for protein delivery via the pulmonary route

Patent application under examination in USA, Europe, Japan, China, Singapore, Australia, Canada, and South Korea.

Patent family 5: Respiratory delivery system with power / medicament recharge assembly

Patent granted in USA.

Patent family 6: Inhaler with airflow regulation

Patent application under examination in USA.
PCT (Patent Cooperation Treaty) application lodged.

Patent family 7: Inhalation device having an optimised air flow path

Patent application under examination in USA.