

PROSPECTUS

InJet Digital Aerosols Ltd

ABN 26 104 014 379

Non-Renounceable Rights Issue – Shareholders can apply for additional shares

A non-renounceable rights issue of New Shares on the basis of 1 New Share for every 34 Shares held, at an issue price of \$0.15 per New Share issued plus a free Option on the basis of 1 Option (exercisable at \$0.15 each by 30 June 2014) for every New Share issued.

The Offer closes at 5.00pm on 6 July 2007
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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 Chairman Mr Stephen Goodall Non-Executive director Mr Ross Mangelsdorf Non-Executive director
Company Secretary	Mr Ben Graham
Registered Office	Level 1 85 Brandl St 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 12, 300 Queen Street Brisbane QLD 4000 Telephone: 1300 554 474
Auditor	Ernst and Young Level 5 1 Eagle Street Brisbane QLD 4000

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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 \$2 million through the issue of up to 13,333,333 New Shares.

The Offer is on a pro-rata basis, which means that Shareholders may elect to participate, 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 Shortfall New Shares.

With every New Share purchased under the Offer, the Company will issue one 15 cent Option. The Options, issued at no additional cost to Shareholders, can be exercised at any time before 30 June 2014. These Options provide the flexibility and opportunity to increase ownership at a known price.

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 enable the Company to continue its current operations with a view to potentially receiving a future royalty revenue stream from its licence with Canon. The Offer is subject to a minimum subscription amount of \$400,000 being raised, which will be sufficient for the Company to operate for the next 12 months. In keeping with minimum expenditure, there is no allowance for directors remuneration. Directors have not received fees since November 2005.

In February, fellow director Mr Stephen Goodall and I met with Canon at their headquarters in Japan. As a result of ongoing discussions with Canon, the Directors believe progress on the inhaler project has demonstrated exciting potential and are optimistic of the prospects it will be a commercial success. The device being developed by Canon using the InJet technology has the potential to significantly enhance the effectiveness of drugs and overcome many difficulties with drug delivery. To develop this opportunity consumes time and our Company's focus is to maximise the protection of our intellectual capital.

Our Company's principle expenditure is the maintenance of the patents currently licensed to Canon. These patents are critical to Canon and are the basis of the Company's core potential future royalty income. The protection afforded by these patents has been improved by further patent applications and successful registration of additional features. These additional features and the expanded territories for which patent protection has been secured extends the potential period for future royalty payments to between 13 and 15 years.

While the Company cannot report with any certainty either the timing or quantum of any potential royalty payment, the view held by your Directors is that it is unlikely that any royalty would be received by the Company within the next 5 years. As such, the maximum amount sought under this prospectus (\$2m) should be sufficient to fund the Company during that period. Although the development process has consumed a considerable amount of time, it has been necessary due to the scale of the project.

It was announced at the 2006 Annual General Meeting that InJet had signed a non-binding Heads of Agreement with Analytica Limited with a view to Analytica potentially acquiring the issued capital of InJet. Due Diligence investigations between InJet and Analytica commenced, however in February Analytica withdrew from negotiations with InJet when it became apparent that they would not be able to secure the 90% level of acceptance required from InJet shareholders under their offer. InJet does not expect to receive any further takeover offers, nor are any being sought.

In late 2006, the shareholders of the US incorporated entity, InJet Digital Aerosols Inc, voted to wind that company up. I would like to clarify that this is a separate entity from InJet Digital Aerosols Limited, which is the subject of this Prospectus. The winding up of InJet Digital Aerosols Inc, a now dormant American company, will have no effect on the ongoing operation of InJet Digital Operations Limited, the company

which is the subject of this Prospectus and which has the license agreement with Canon. This caused some confusion amongst shareholders at the time, which I sincerely apologise for.

Your Directors continue to explore other potential research and development opportunities outside of the license agreement with Canon. The Company has a long-held aim of securing a research collaboration with Canon to allow it to develop its own inhaled therapeutics with the Canon device. While such a collaboration is unlikely within the coming year, the response from Canon has been encouraging. Topical antibiotics, nicotine delivery and palliative care are three other areas in which the Company has expertise and may lead to potential future research projects. These expanded activities are not the focus of this prospectus and funding for these projects will only be sought if InJet can secure the appropriate collaborative arrangements.

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 21 May 2007 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 and Shortfall Application Form accompanying this Prospectus are 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 (or Shortfall Application form as the case may be) 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 Application 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. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Application 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	\$0.15 per New Share
Qualifying Shareholder Entitlement	1 New Share for every 34 Shares held
Number of New Shares to be issued under the Offer	Up to 13,333,333
Number of Options to be issued under the Offer	Up to 13,333,333
Amount to be raised from the issue of New Shares under the Offer	Up to \$2,000,000

Summary of Key Dates – New Shares

Lodgement of Prospectus with ASIC	21 May 2007
Record Date to determine entitlement to New Shares	28 May 2007
Prospectus and Entitlement and Acceptance and Shortfall Application forms despatched	4 June 2007
Closing Date for acceptance and payment of subscription price	6 July 2007
Allotment date on or before	31 July 2007
Shortfall Closing Date for placement of Shortfall New Shares	4 October 2007

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 and/or Shortfall Application Form in full, in accordance with the instructions on it and sending it to Link Market Services. A personalised Entitlement and Acceptance Form and Shortfall Application 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 on 6 July 2007. 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 5:00pm 6 July 2007.

Shortfall New Shares 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 underwritten 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 \$0.15 per New Share, payable in full upon application. In addition, one Option will be issued with each New Share issued, at exercise price of \$0.15 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 34 Shares held as at the Record Date (being 5.00pm on 28 May 2007).

Any 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 \$0.15 per Shortfall New Share.

2.2 Use of funds

The Company is seeking to raise up to \$2,000,000 through the issue of New Shares under this Offer. The Offer is subject to a minimum subscription of \$400,000. Funds raised under the Offer will be used to maintain the Company's patent portfolio as set out below.

	Fully Subscribed \$'000 (approximate)	Minimum Subscription \$'000 (approximate)
Patent Costs	823	189
Compliance costs	541	86
Corporate costs	260	-
Administration & other costs	237	35
Repayment of borrowings	50	50
Offer expenses	89	40
Total	2,000	400

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 453,470,060 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 34 Shares held with fractional entitlements rounded up to the nearest whole New Share. The subscription price for each New Share is \$0.15. In addition, one Option will be issued with each New Share issued, at exercise price of \$0.15 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 seek to place Shortfall New Shares which are not applied for by Shareholders at its discretion within approximately 3 months following the Closing Date, but before the Shortfall Closing Date.

The Company reserves its right to place the Shortfall New Shares in its absolute discretion at a price of \$0.15 per New Share. Any Shortfall New Shares placed by the Company in this manner will be subscribed for under this Prospectus, on the Shortfall Application Form for new shareholders.

As at the date of this Prospectus there are no Options on issue.

2.4 Capital Structure

As at the date of this prospectus, the issued capital of the Company is 453,470,060 fully paid ordinary shares. There are currently no Options on issue.

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

Securities	Number of securities
Shares on issue at the date of this Prospectus	453,470,060
Shares to be issued pursuant to this Prospectus	<u>13,333,333</u>
Total shares on issue at the close of the Offer	<u>466,803,393</u>
Options on issue at the date of this Prospectus	-
Options to be issued pursuant to this Prospectus	<u>13,333,333</u>
Total Options on issue at the close of the Offer	<u>13,333,333</u>
Total Shares and Options on issue at the close of the Offer ¹	<u><u>480,136,726</u></u>

¹ In accordance with a resolution of members at the 2006 Annual General Meeting, the Company will undertake a share consolidation on a 1 for 20 basis after the Shortfall Closing Date.

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>21 May 2007</u>
<u>Record Date to determine entitlements to the New Shares</u>	<u>28 May 2007</u>
<u>Prospectus and Entitlement and Acceptance Forms Despatched</u>	<u>4 June 2007</u>
<u>Closing Date for acceptance and payment of subscription price</u>	<u>6 July 2007</u>
<u>Allotment date on or before</u>	<u>31 July 2007</u>
<u>Shortfall Closing Date for issue of Shortfall New Shares</u>	<u>4 October 2007</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 \$0.15 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 34 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 13,333,333 New Shares, to raise up to \$2,000,000, 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 *and the offer of Shortfall New Shares may be accepted by relevant parties before the Shortfall Closing Date*. The Minimum Subscription amount, including applications for New Shares and Shortfall New Shares is \$400,000. 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. If you are not an Eligible Shareholder, you can only apply for Shortfall New Shares by completing the Shortfall Application Form, which accompanies this Prospectus. 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 4 June 2007 and the Closing Date will be on 6 July 2007. The Shortfall Closing Date will be no later than 4 October 2007.

2.12 Allotment

The date for the New Shares allotted as a result of the offer is expected to be no later than 31 July 2007.

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 non 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 \$400,000.

The minimum subscription will fund the operations of the Company for approximately the next 12 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	\$189,000
(b)	Compliance costs	\$86,000
(c)	Administration and associated costs	\$35,000
(d)	Repayment of borrowings	\$50,000
(e)	Offer costs	\$40,000

3. PURPOSE OF THE OFFER

3.1 What InJet Digital Aerosols Limited Plans to Achieve

The major use of funds will be for the maintenance of the Company's patent portfolio and paying administrative costs over the next 5 years.

3.2 Application of Funds

The Company is seeking to raise up to \$2,000,000 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	\$823,000
(b)	Compliance costs	\$541,000
(c)	Corporate costs	\$260,000
(d)	Administration and associated costs	\$237,000
(e)	Repayment of borrowings	\$50,000
(f)	Offer costs	\$89,000

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 while Canon develops and commercialises the IP. The Company also plans to enter into collaborative development agreements with Canon where possible.

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 and the management of the renewal is conducted by CPA Global. The following table lists the countries in which these patents have been issued by:

Reference	Name	Country	Expiry Date
PCT1-AT	Dispenser	Austria	28/06/2014
PCT1-AU	Dispenser	Australia	28/06/2014
PCT1-BE	Dispenser	Belgium	28/06/2014
PCT1-BR	Dispenser	Brazil	28/06/2014
PCT1-CA	Dispenser	Canada	28/06/2014
PCT1-CH	Dispenser	Switzerland	28/06/2014
PCT1-CN	Dispenser	China	28/06/2014
PCT1-DE	Dispenser	Germany	28/06/2014
PCT1-DK	Dispenser	Denmark	28/06/2014
PCT1-EPES	Dispenser	Spain	28/06/2014
PCT1-EPGR	Dispenser	Greece	28/06/2014
PCT1-EPSE	Dispenser	Sweden	28/06/2014
PCT1-FR	Dispenser	France	28/06/2014
PCT1-GB	Dispenser	Great Britain	28/06/2014
PCT1-IE	Dispenser	Ireland	28/06/2014
PCT1-IT	Dispenser	Italy	28/06/2014
PCT1-JP	Dispenser	Japan	28/06/2014
PCT1-KR	Dispenser	South Korea	28/06/2014

Reference	Name	Country	Expiry Date
PCT1-NL	Dispenser	Netherlands	28/06/2014
PCT1-PT	Dispenser	Portugal	28/06/2014
PCT1-US	Dispenser	U.S.A.	28/06/2014
PCT2-EPDE	Piezo Inhaler	Germany	24/02/2020
PCT2-EPGBALER	Piezo Inhaler	Great Britain	24/02/2020
PCT2-FR	Piezo Inhaler	France	24/02/2020
PCT2-US	Piezo Inhaler	U.S.A.	24/02/2019
PCT2-USC	Piezo Inhaler	U.S.A.	24/02/2019
PCT3-AT	Inhaler with removable droplet ejection cartridge	Austria	11/07/2021
PCT3-BE	Inhaler with removable droplet ejection cartridge	Belgium	11/07/2021
PCT3-CH	Inhaler with removable droplet ejection cartridge	Switzerland	11/07/2021
PCT3-CY	Inhaler with removable droplet ejection cartridge	Cyprus	11/07/2021
PCT3-DE	Inhaler with removable droplet ejection cartridge	Germany	11/07/2021
PCT3-DK	Inhaler with removable droplet ejection cartridge	Denmark	11/07/2021
PCT3-ES	Inhaler with removable droplet ejection cartridge	Spain	11/07/2021
PCT3-FI	Inhaler with removable droplet ejection cartridge	Finland	11/07/2021
PCT3-FR	Inhaler with removable droplet ejection cartridge	France	11/07/2021
PCT3-GB	Inhaler with removable droplet ejection cartridge	Great Britain	11/07/2021
PCT3-GR	Inhaler with removable droplet ejection cartridge	Greece	11/07/2021
PCT3-IE	Inhaler with removable droplet ejection cartridge	Ireland	11/07/2021
PCT3-IT	Inhaler with removable droplet ejection cartridge	Italy	11/07/2021
PCT3-LU	Inhaler with removable droplet ejection cartridge	Luxembourg	11/07/2021
PCT3-MC	Inhaler with removable droplet ejection cartridge	Monaco	11/07/2021
PCT3-NL	Inhaler with removable droplet ejection cartridge	Netherlands	11/07/2021
PCT3-PT	Inhaler with removable droplet ejection cartridge	Portugal	11/07/2021
PCT3-SE	Inhaler with removable droplet ejection cartridge	Sweden	11/07/2021
PCT3-TR	Inhaler with removable droplet ejection cartridge	Turkey	11/07/2021
PCT3-US	Inhaler with removable droplet ejection cartridge	U.S.A.	25/05/2021
PCT4-AU	Compositions for protein delivery via the pulmonary route	Australia	21/05/2022
PCT4-BE	Compositions for protein delivery via the pulmonary route	Belgium	21/05/2022
PCT4-CH	Compositions for protein delivery via the pulmonary route	Switzerland	21/05/2022
PCT4-CN	Compositions for protein delivery via the pulmonary route	China	21/05/2022
PCT4-DE	Compositions for protein delivery via the pulmonary route	Germany	21/05/2022
PCT4-DK	Compositions for protein delivery via the pulmonary route	Denmark	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Austria	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Cyprus	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Finland	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Greece	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Ireland	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Monaco	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Portugal	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Sweden	21/05/2022
PCT4-EP	Compositions for protein delivery via the pulmonary route	Turkey	21/05/2022
PCT4-ES	Compositions for protein delivery via the pulmonary route	Spain	21/05/2022
PCT4-FR	Compositions for protein delivery via the pulmonary route	France	21/05/2022
PCT4-GB	Compositions for protein delivery via the pulmonary route	Great Britain	21/05/2022
PCT4-IT	Compositions for protein delivery via the pulmonary route	Italy	21/05/2022
PCT4-LU	Compositions for protein delivery via the pulmonary route	Luxembourg	21/05/2022
PCT4-NL	Compositions for protein delivery via the pulmonary route	Netherlands	21/05/2022
PCT4-SG	Compositions for protein delivery via the pulmonary route	Singapore	21/05/2022
PCT5-US	Respiratory deliverance system with power/medicament recharge assembly	U.S.A.	28/04/2011
PCT6-EP	Inhaler with airflow regulation	Europe	16/09/2023
PCT6-US	Inhaler with airflow regulation	U.S.A.	24/05/2022

Some patents are still undergoing examination. These patents are expected to be issued over the next two years with the continued support and management of Spruson and Ferguson. 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	28/06/2014
PCT3-HK	Inhaler with removable droplet ejection cartridge	Hong Kong	11/07/2021
PCT3-JP	Inhaler with removable droplet ejection cartridge	Japan	11/07/2021
PCT4-CA	Compositions for protein delivery via the pulmonary route	Canada	21/05/2022
PCT4-HK	Compositions for protein delivery via the pulmonary route	Hong Kong	21/05/2022
PCT4-JP	Compositions for protein delivery via the pulmonary route	Japan	21/05/2022
PCT4-US	Compositions for protein delivery via the pulmonary route	U.S.A.	21/05/2022
PCT6-JP	Inhaler with airflow regulation	Japan	16/09/2023
PCT7-US	Inhalation device having an optimised air flow path	U.S.A.	22/02/2022

3.5 Overview of Operations

The minimisation of corporate costs within InJet over the past three 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. Meanwhile Canon has maintained a high priority on the inhaler program although only permitting brief insights into their progress, such as on the Channel 7 ‘Sunrise’ program (4 January 2006).

InJet directors met with Canon executives in their Tokyo headquarters in January 2007 where Canon maintained their priority for the program and their continued expectation of commercial success. InJet directors have been privileged with information regarding improvements in Canon facilities and organization to secure the program success. A typical device development program would require the device to complete preclinical performance evaluations, clinical studies, a clinical registration trial and regulatory approval. These discussions about the program have lead directors to provision the company for the next five years while this program is carried out. Device and clinical R&D cannot be certain about outcomes and timelines, however it is expected that royalties from the InJet Intellectual Property will not result in royalty payments before 5 years.

Patents have continued to be granted over the past two years with new approvals being secured in four of the seven families. Recent Chinese approval of the original “Dispenser” (PCT1) patent has secured coverage of that patent in all territories sought, with only a divisional patent outstanding in China. Selection of countries for the validation of the “Inhaler with removable droplet ejection cartridge” (PCT3) was conducted in collaboration with Canon to ensure maximum commercial coverage of the patent was maintained across Europe without imposing an unnecessary burden of fees on InJet. The same countries have been selected for validation of the “Compositions for protein delivery via the pulmonary route” (PCT4) following approval of that patent in Europe. The patent “Inhaler with airflow regulation” has been approved in USA leaving only “Inhalation device having an optimized airflow path” (PCT7) being the only patent without approval in a major territory. Negotiations with the US Patent Office for the approval of the “Compositions for protein delivery via the pulmonary route” (PCT4) are continuing and approval there is expected to assist approval in Canada. All other applications are proceeding without undue difficulty.

The directors of InJet propose two objectives for the business over the next five years. Firstly, the Company must maintain its obligations under the Canon agreement by supporting the ongoing granting and maintenance of the patent portfolio and maintaining the company as a vehicle for returning Canon royalty payments to shareholders. 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. No provision for directors fees are made in the plan, however frugal consulting fees have been included to remunerate directors or specialists for activity in addition to the conventional directors responsibilities. A minimum subscription for the prospectus is calculated on the first year of the plan over which Canon's progress may offer shareholders and investors a clearer outcome of the commercialization program. 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 year leaving only maintenance expense thereafter.

The second objective for InJet is to secure a collaboration agreement with Canon to permit the company to develop its own inhaled therapeutic products using the Canon device. InJet directors have proposed a range of collaborative arrangements with Canon, including InJet continuing its original projects of nicotine replacement, systemic delivery of pain medications, topical therapeutics such as antibiotics or protein drugs such as insulin. The collaboration was discussed again during the directors meeting with Canon in January 2007. Canon is still unable to commit to a collaboration and directors do not expect to be able to secure an agreement within the next 12 months. However discussions remain positive and InJet has been encouraged to develop its proposal while device development continues. The current business plan does not include any development activities. However costs associated with communicating with Canon are budgeted to include the ongoing prosecution of the Company's interests. InJet directors will only seek funding for a development program in the event a collaboration agreement is reached with Canon.

The business plan for InJet remains tightly focused on maintaining the Intellectual Property portfolio and solvency of the company awaiting royalties from the Canon commercialization. Funds from this Prospectus support corporate reporting obligations, patent costs and minimal administration costs. Provision has been made to conduct the face to face meetings with Canon that are needed to continue an open and collaborative dialogue and for directors or consultants to prepare patent amendments or attend meetings as necessary. The scope of this Prospectus does not include any directors fees, employment contracts, contractor agreements or development activities.

The directors consider \$400,000 to be a minimum subscription required to continue the maintenance of the patent portfolio and the corporation over the next year. 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 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, 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 before the Shortfall Closing Date (ie within 3 months of the Closing Date). The issue price for the Shortfall Shares will be \$0.15. New Shares placed by the Company in this manner will be subscribed for under this Prospectus, on the Shortfall Application Form for new shareholders.

If you wish to apply for Shortfall New Shares, please complete the Shortfall Application Form which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept under this Prospectus 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 Shortfall Closing Date or such later date as the Directors notify.

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 \$2,000,000 (before expenses of the Issue) to enable the Company to pursue its objectives (see section 3.1); and

Number of Shares on issue

The number of Shares on issue will increase from 453,470,060 by up to 13,333,333 to 466,803,393 if the Offer of New Shares and Shortfall New Shares is fully subscribed.

Options currently on issue

There are no Options currently on Issue. The number of Options on issue will increase to 13,333,333 if the Offer of New Shares and Shortfall New Shares is fully subscribed.

	31 December 2006 \$ Reviewed	Unreviewed Pro forma 31 December 2006 Fully subscribed	Unreviewed Pro forma 31 December 2006 Minimum subscription
ASSETS			
Current assets			
Cash and cash equivalents	108,580	2,108,580	508,580
Trade and other receivables	5,266	5,266	5,266
Total current assets	113,846	2,113,846	513,846
TOTAL ASSETS	113,846	2,113,846	513,846
LIABILITIES			
Current liabilities			
Payables	31,383	31,383	31,383
Total current liabilities	31,383	31,383	31,383
TOTAL LIABILITES	31,383	31,383	31,383
NET ASSETS	82,463	2,082,463	482,463
EQUITY			
Contributed Equity	1,329,273	3,329,273	1,729,273
Accumulated losses	(1,246,810)	(1,246,810)	(1,246,810)
TOTAL EQUITY	82,463	2,082,463	482,463

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 6.2). 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 us 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 may 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

Whilst InJet is not aware of any existing 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 in its discretion.

InJet has received an initial payment royalty of US\$1 million. Should Canon, its subsidiaries or sub-licences 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 \$0.15 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 \$0.15 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 EST 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 Share Consolidation

At the Annual General Meeting held on 30 November 2006, Shareholders approved a share consolidation in the ratio of 20 to 1. Options will be consolidated on the same 20 to 1 ratio and the exercise price of Options will increase in proportion with the consolidation ratio.

The main benefit of the consolidation will be to simplify the administration of the Company's share capital without affecting each Shareholders proportionate interest in the Company. The Company intends to proceed with the share consolidation, however will not do so until after the Shortfall Closing Date.

8.5 Dividend Policy

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

8.6 Litigation

The Company does not have any actual or pending litigation.

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	-	2,286,516	-	-
Mr Stephen Goodall	-	870,350	-	-
Mr Ross Mangelsdorf	-	34,000	-	-

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 forgo 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.

8.8 Loan by Related Party

A company associated with InJet Chairman Dr Michael Monsour has agreed to make an unsecured interest-bearing loan, at an interest rate of 2% above the Bank of Queensland Business Overdraft Rate, available to the Company sufficient to meet its working capital requirements prior to the Shortfall Closing Date. It is expected that this loan will not exceed \$50,000. The parties may agree, subject to Shareholder approval, to convert the amount repayable to equity.

8.9 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.

8.10 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 15c anytime in the next 7 years) for every \$1,000 they raise in the shortfall offer.

8.11 Expenses of the Offer

The expenses of the Offer (fully subscribed) payable by the Company are estimated as approximately \$40,000 . 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.

8.12 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.

8.13 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.

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.

8.14 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*. The Directors report that after due enquiry by them, that they have not become aware of any circumstances which in their opinion will materially affect the Company's position, other than as disclosed in this replacement prospectus.

8.15 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
14/03/2007	7051	Half Yearly Reports

Date Lodged With ASIC	Form	Type
14/03/2007	7053	Disclosure Notice
06/12/2006	7053	Disclosure Notice
06/12/2006	7053	Disclosure Notice
19/10/2006	484	Change to Company Details
	484B	Change of Registered Address
	484C	Change of Principal Place of Business (Address)
	484E	Appointment or Cessation of Company Officeholder
16/10/2006	484	Change to Company Details
	484O	Change to Share Structure
	484G	Notification of Share Issue
04/09/2006	388A	Financial Report Financial Report- Public Company or Disclosing Entity
19/07/2006	7053	Disclosure Notice
13/07/2007	484	Change to Company Details
	484O	Changes to Share Structure
	484G	Notification of Share Issue

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 2006 (lodged on 14 March 2007);
- the 2006 Financial Report, including audited financial statements for the period to 30 June 2006 (lodged on 4 September 2006).

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.

Dr Michael Monsour

Chairman

21 May 2007

GLOSSARY

AEST	Australian Eastern Standard Time
\$	Australian Dollars unless otherwise stated
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 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 pm on 28 May 2007
Share	A fully paid ordinary share in the capital of the Company
Shareholders	Holders of Shares in the Company at the Record Date
Shortfall Application Form	The Shortfall Application Form attached to this prospectus, for use by those who are not Shareholders as at the date of this prospectus, but to whom the Company may issue New Shares which are not taken up under the rights issue.
Shortfall Closing Date	The date on which the Offer of Shortfall New Shares to parties other than Shareholders closes, being a date no later than 3 months after the Closing Date.
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.

PERSONALISED ENTITLEMENT APPLICATION FORM

SHORTFALL APPLICATION FORM
