

PROSPECTUS

InJet Digital Aerosols Ltd

ABN 26 104 014 379

Non-Renounceable Rights Issue – Shareholders can apply for oversubscriptions

A non-renounceable rights issue of New Shares
on the basis of 1 New Share for every 75 Shares held,
at an issue price of \$0.15 per New Share issued

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|--|
| The Offer closes at 5.00 pm on 26 June 2006 |
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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.**

CHAIRMAN'S LETTER

29 May 2006

Dear Shareholder

Your 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 \$900,000 through the issue of up to 6,014,379 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 Company also intends to accept oversubscriptions from shareholders wishing to enhance their shareholding in the company.

The proceeds of the Offer will be used primarily to maintain the company's patents and pay the administrative costs of the Company. This will enable the Company to continue operating and position it to potentially obtain revenue through future royalty income. The Offer is subject to a minimum subscription amount of \$350,000 being raised, which will allow the Company to operate for the next 12 months.

In the Board's opinion, patience in maintaining the Company is now showing rewards through the advancement of Canon's development program. We are continuing to maintain the minimal operating costs of the business and will only consider a change in business operation if and when the details of that relationship can be defined properly, again ensuring shareholders avoid unnecessary dilution and potentially maximising value to the Company.

On the 13th of January of this year we were pleased to update you on the progress of Canon's inhaler development program. In particular, Canon has made significant advances in bubble-jet technology towards generating a respirable 3µm aerosol. This is a critical achievement for the inhaler technology, expected to enable the delivery of aerosolized drug to the deep lung using bubble-jet technology, although there are still major technical challenges to be achieved in the commercialization.

Canon's progress with their program is of significant importance to InJet shareholders as it potentially provides access to product manufacture and sales from the InJet intellectual property with one of the world's leading inkjet manufacturers. The agreement between Canon and InJet will potentially provide the Company with revenue based on royalties resulting from Canon's product sales of inhaler units and their royalties from inhaled drug sales.

There is no guarantee that the product will progress to manufacture. It is also difficult to forecast possible sales and consequently estimate the royalties to be paid to InJet, or even confirm that the revenues will exceed expenditure.

In the Director's opinion, however, Canon's commitment to its project as demonstrated by its ongoing research and development program, is a positive indicator. As the Agreement represents the best, if not sole, opportunity to derive revenue from the Company's intellectual property, it is imperative that InJet continue to meet its obligations under the Canon agreement.

The R&D conducted by Vapotronics in 1999 and 2000 resulted in four new patents being filed to protect features of inhaler design and drug formulation and to complement and enhance the two patents originally filed for the use of inkjet aerosolisation. The examination of these patents (part of the registration process) commenced recently and has incurred considerable cost to support in all the major patenting countries. Budgets from our patent attorneys indicate these expenses will continue over the next year as each of the patents continue to be issued in different countries. This portfolio of intellectual property is the subject of the Canon Agreement, so InJet maintains these patents to potentially realise future royalties under the Canon Agreement and maintain Company value.

The Directors have proposed a range of additional 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. These proposals remain under

discussion and the Directors will address the need for funds to maintain a technical collaboration with Canon by future documents when the structure of any such agreements has been clarified.

We commend the Offer for your consideration.

Yours sincerely

Dr Michael Monsour
Chairman

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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 29 May 2006 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 2.4 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. A copy of the Prospectus may be viewed during the exposure period on the website www.injet.com.au however this shall not constitute an electronic prospectus and only Application Forms accompanying the printed Prospectus will be accepted by the Company. Copies are also available upon request from the Company Secretary. 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.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Dr Michael Monsour (Chairman)
Mr Stephen Goodall (Non Executive Director)
Mr Bryan Dulhunty (Non Executive Director)

COMPANY SECRETARY

Mr Bryan Dulhunty

REGISTERED OFFICE

c/- CoSA Pty Ltd
19-23 Bridge Street
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AUSTRALIA

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Email: investorrelation@injet.com.au
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SHARE REGISTRY

Link Market Services Limited
GPO Box 1500
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PATENT ATTORNEYS

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St Martin's Tower
31 Market Street
Sydney NSW 2000

Tel: +61 2 9207 0777
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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 75 Shares held |
| Number of New Shares to be issued under the Offer | Up to 6,014,379 |
| Amount to be raised from the issue of New Shares under the Offer | Up to \$902,157 |

There are no options on issue.

Summary of Key Dates – New Shares

| | |
|--|----------------------|
| Date of Prospectus | 29 May 2006 |
| Record Date to determine entitlement to New Shares | 5:00 pm 2 June 2006 |
| Prospectus despatched to shareholders | 2 June 2006 |
| Closing Date and time for receipt of Entitlement and Acceptance Forms under the Offer and payment in full for New Shares | 5:00 pm 26 June 2006 |
| Allotment date | 30 June 2006 |

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 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 full, 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 5:00 pm on 26 June 2006. 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.

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 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.

Shareholders can apply for 1 New Share for every 75 Shares held as at the Record Date (being 5.00 pm on 29 May 2006). Existing Option holders are not eligible to participate in this Offer unless they have exercised their Options on or before the Record Date.

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, as set out in sections 2.6 and 2.8.

The Company is seeking to raise up to \$900,000 through the issue of New Shares under this Offer. The primary purpose of the Offer is to raise funds to provide working capital for the company for the next 2 years to ensure the Company's patent portfolio is maintained and administrative expenses and costs of this offer are paid.

Further details are contained in section 3.

If you are a Shareholder, this document is important and requires your immediate attention. It should be read in its entirety. Please read carefully the instructions on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement. If you are in any doubt as to the course of action you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

Shareholders can apply for additional New Shares. Any New Shares which are not taken up by Shareholders are able to be placed by the Directors within 3 months of the Closing Date of this Prospectus, i.e. 29 September 2006.

2.2 Maximum Number of New Shares

The Company currently has 451,078,391 fully paid ordinary shares on issue. The Company is offering for subscription, under a non-renounceable *pro rata* rights issue, New Shares in the Company on the basis of 1 New Share for every 75 Shares held with fractional entitlements rounded up to the nearest whole New Share. The subscription price for each New Share is \$0.15.

There are currently no Options on issue.

2.3 Timetable for the Issue

| | |
|--|----------------------|
| Date of Prospectus | 29 May 2006 |
| Record Date to determine entitlement to New Shares | 5:00 pm 2 June 2006 |
| Prospectus despatched to shareholders | 2 June 2006 |
| Closing Date and time for receipt of Entitlement and Acceptance Forms under the Offer and payment in full for New Shares | 5:00 pm 26 June 2006 |
| Allotment date | 30 June 2006 |

The Directors may alter the Closing Date, and the Shortfall Closing Date, and any subsequent date, at their discretion (subject to the Corporations Act).

Subscription Price

Each New Share is offered at a subscription price of \$0.15 payable in full upon acceptance.

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 75 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.

Issue Amount

The total number of New Shares to be issued pursuant to the Offer will be up to 6,014,379 New Shares, to raise up to \$900,000, before issue costs.

Entitlements and Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date. 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 accept, scale back or refuse any application for additional New Shares in excess of a Shareholder's entitlement. (The Shortfall Application Form should only be completed if you are applying for Shortfall New Shares).

2.4 Action required by Shareholders

(a) Shareholders may:

(i) Take up their entitlement in full

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

Cheques and bank drafts, in Australian currency, should be made payable to '**InJet Digital Aerosols Ltd**' and crossed 'not negotiable'.

(ii) Take up part of their 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 for the total amount payable to reach the Company's share registry by 5:00 pm on the Closing Date or such later date as the Directors notify.

Cheques and bank drafts, in Australian currency, should be made payable to '**InJet Digital Aerosols Ltd**' and crossed 'not negotiable'.

(iii) Take up more than their entitlement

If you wish to apply to take up more than 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 more than your entitlement as specified on the Entitlement and Acceptance Form) and forward the completed Form together with your

cheque or bank draft for the total amount payable to reach the Company's share registry by 5:00 pm on the Closing Date or such later date as the Directors notify.

Cheques and bank drafts, in Australian currency, should be made payable to '**InJet Digital Aerosols Ltd**' and crossed 'not negotiable'.

InJet Digital Aerosols Limited will refund any amount not used for the additional New Shares applied for.

The Directors reserve the right to accept, scale back or refuse any application for additional New Shares in excess of a Shareholder's entitlement.

(iv) 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.

- (b) If you have any queries concerning your entitlement, please contact Link Market Services telephone 02 8280 7454 or contact your stockbroker or professional adviser.
- (c) Entitlement and Acceptance Forms and accompanying cheques or bank drafts may be lodged at any time 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.
- (d) Shortfall Application Forms and accompanying cheques or bank drafts may be lodged at any time before the Shortfall Closing Date.

2.5 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.

2.6 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 (i.e. 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.

2.7 Opening and closing dates

The Prospectus will be despatched by no later than 2 June 2006 and the Closing Date will be on 26 June 2006. The Shortfall Closing Date will be no later than 29 September 2006.

2.8 Allotment

The date for the New Shares allotted as a result of the offer is expected to be no later than 30 June 2006.

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.

2.9 Terms of the New Shares

The terms of the New Shares are set out in section 7.1. 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 7.2.

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.

2.10 Minimum subscription

The Offer made pursuant to this Prospectus is subject to a minimum subscription condition under section 723(2) of the Corporations Act. The minimum subscription is the amount of \$350,000.

The minimum subscription will fund the operations of the Company for 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 | \$150,000 |
| (b) | Corporate compliance costs | \$ 75,000 |
| (c) | Costs associated with InJet Digital Aerosols, Inc. | \$ 75,000 |
| (d) | Administration and costs associated with this offer | \$ 50,000 |

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 2 years.

3.2 Application of Funds

The Company is seeking to raise up to \$900,000 under this Offer. The primary purpose of the Offer is to raise capital for:

| | | |
|-----|---|-----------|
| (a) | Maintenance of the company's patent portfolio | \$300,000 |
| (b) | Corporate Compliance costs | \$200,000 |
| (c) | Management and travel costs | \$150,000 |
| (d) | Administration and costs associated with this Offer | \$150,000 |
| (e) | InJet Digital Aerosol Incorporated associated costs (including US tax advice and regulatory compliance costs) | \$100,000 |

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's strategy is to maintain the patent portfolio while Canon develops and commercialises the intellectual property. The Company will also enter into collaborative development agreements with Canon where possible.

3.4 The Company's technology

Six patents have been developed by InJet describing inkjet aerosolisation for inhalation, device technology and drug formulation. InJet will maintain such a patent portfolio as it believes valuable for its own businesses (including licensing under the Canon Agreement), and will use proceeds to conduct its businesses such as prosecution of patents in major countries.

The 6 existing patents are the subject of the Canon Agreement. Should InJet determine it does not wish to maintain a patent, Canon shall have a first right of refusal to acquire that patent. The patents have been applied for in major territories around the world, 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:

| Country name | Type name | Description | Expiry date |
|--------------|------------------------|---|-------------|
| China | Granted Patent | COMPOSITIONS FOR PROTEIN DELIVERY VIA THE PULMONARY ROUTE | 21-May-22 |
| Hong Kong | Granted New Law Patent | DISPENSER | 28-Jun-14 |
| Australia | Patent | DISPENSER | 28-Jun-14 |

| | | | |
|---------------|--------------------------------|-----------|-----------|
| Greece | European Patent | DISPENSER | 28-Jun-14 |
| Netherlands | European Patent - New Law | DISPENSER | 28-Jun-14 |
| China | Patent | DISPENSER | 28-Jun-14 |
| Brazil | Nominal Working | DISPENSER | |
| Brazil | Granted New Law Patent | DISPENSER | 28-Jun-14 |
| Brazil | Granted New Law Patent | DISPENSER | 28-Jun-14 |
| Brazil | Nominal Working | DISPENSER | |
| Canada | Large Entity Granted Patent | DISPENSER | 28-Jun-14 |
| Germany | European Patent | DISPENSER | 28-Jun-14 |
| Austria | European Patent - New Law | DISPENSER | 28-Jun-14 |
| Belgium | European Patent | DISPENSER | 28-Jun-14 |
| Switzerland | European Patent | DISPENSER | 28-Jun-14 |
| Germany | European Patent | DISPENSER | 28-Jun-14 |
| Denmark | European Patent | DISPENSER | 28-Jun-14 |
| Spain | European Patent | DISPENSER | 28-Jun-14 |
| France | European Patent | DISPENSER | 28-Jun-14 |
| Great Britain | European Patent | DISPENSER | 28-Jun-14 |
| Ireland | European Patent | DISPENSER | 28-Jun-14 |
| Italy | European Patent | DISPENSER | 28-Jun-14 |
| Portugal | European Patent | DISPENSER | 28-Jun-14 |
| Sweden | European Patent | DISPENSER | 28-Jun-14 |
| Japan | Granted New Law Patent | DISPENSER | 28-Jun-14 |
| South Korea | New Law Patent | DISPENSER | 28-Jun-14 |
| U.S.A. | Large Entity PCT | DISPENSER | 20-Apr-16 |

| | Patent | | |
|-------------|------------------------------|---------------|-----------|
| Sweden | European Patent | PIEZO INHALER | 24-Feb-20 |
| Portugal | European Patent | PIEZO INHALER | 24-Feb-20 |
| Monaco | European Patent | PIEZO INHALER | 24-Feb-20 |
| Luxembourg | European Patent | PIEZO INHALER | 24-Feb-20 |
| Italy | European Patent | PIEZO INHALER | 24-Feb-20 |
| Ireland | European Patent | PIEZO INHALER | 24-Feb-20 |
| Belgium | European Patent | PIEZO INHALER | 24-Feb-20 |
| Europe | Patent Application | PIEZO INHALER | 24-Feb-20 |
| Denmark | European Patent | PIEZO INHALER | 24-Feb-20 |
| Spain | European Patent | PIEZO INHALER | 24-Feb-20 |
| Netherlands | European Patent - New Law | PIEZO INHALER | 24-Feb-20 |
| Finland | European Patent | PIEZO INHALER | 24-Feb-20 |
| Greece | European Patent | PIEZO INHALER | 24-Feb-20 |
| Cyprus | European Patent | PIEZO INHALER | 24-Feb-20 |

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.

3.5 Overview of operations

Licensing the InJet intellectual property to Canon in 2003 secured its technical and commercial development through the resources of one of the world's leading printing technology companies. InJet has continued to complete its patent applications and has maintained the granted patents over the past two years in expectation of Canon's successful commercialisation of the digital inhaler product.

In December 2005, directors of InJet visited Canon in Japan to be advised of Canon's advances in bubble-jet technology towards creating a respirable 3µm aerosol and development of their prototype inhaler designs. The Board notes inhaler device concepts were displayed to attendees of Canon Expo 2005 held in Japan, New York and Paris. Canon's inhaler development has also been the subject of media coverage, which has included a national presentation on Channel 7's 'Sunrise' program. Whilst the Board is of the opinion that Canon has made advances in bubble-jet technology towards generating a respirable 3µm aerosol, there are still major technical challenges to be achieved in the commercialisation process.

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. This prospectus does not address the need for funds to maintain a technical collaboration with Canon and will be addressed in detail by future documents if and when the structure of any such agreement has been established.

Details of the intellectual property program are addressed in section 3.4. 16 patent lodgements are expected to be completed by the company's patent attorneys, Spruson and Ferguson, within the next 18 months at an expected cost of \$150,000. 31 renewals of issued patents as managed by CPA Global, are expected to fall due within the next two years at an estimated cost of \$150,000.

Compliance and Shareholder expenses over the next two years are expected to include the cost of this capital raising, ASIC compliance costs, audit, accounting and company secretarial costs. Administration expenses are budgeted to include provision of web services, basic filing and storage facilities and minimal travel to maintain the Canon collaboration and negotiations.

The directors consider \$900,000 to be sufficient to continue the maintenance of the patent portfolio and the Company over the next two years. Alternatively, the minimum subscription of \$350,000 will be sufficient to continue the maintenance of the patent portfolio and the Company over the next 12 months.

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 negotiations with Canon deliver collaboration agreements that require additional working capital, the Directors current intention is to offer existing shareholders first right to participate in any future fundraising.

4. EFFECT OF THE ISSUE ON THE COMPANY

4.1 Effect of Issue on the Company

The principal effects of the Issue will be:

Cash reserves

Cash reserves will initially increase by up to \$900,000 (before expenses of the Issue) to enable the Company to pursue its objectives (see section 3.1), if the Offer of New Shares and Shortfall New Shares is fully subscribed.

Number of Shares on issue

The number of Shares on issue will increase from 451,078,391 by up to 6,014,379 to 457,092,770, if the Offer of New Shares and Shortfall New Shares is fully subscribed.

Options currently on issue

There are no options currently on issue and there are no options offered under or in connection with this Prospectus.

Balance Sheet – Offer Fully Subscribed

The following Proforma illustrates the effect of the issue on the Company, assuming the Offer of New Shares and Shortfall New Shares is fully subscribed:

| Proforma 31 December 2005 Balance sheet based on full subscription | 31 December 2005 Audit reviewed | Rights issue | Pro forma 31 December 2005 Balance sheet |
|---|--|-------------------------|---|
| | \$ | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 142,943 | 900,000 | 1,042,943 |
| Trade and other receivables | 4,161 | | 4,161 |
| Total current assets | 147,104 | 900,000 | 1,047,104 |
| Non-current assets | | | |
| Plant and equipment | 497 | - | 497 |
| Total non-current assets | 497 | - | 497 |
| TOTAL ASSETS | 147,601 | 900,000 | 1,047,601 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 31,599 | 75,000 | 106,599 |
| Provisions | 19,000 | - | 19,000 |
| Total current liabilities | 50,599 | - | 125,599 |
| TOTAL LIABILITIES | 50,599 | 75,000 | 125,599 |
| NET ASSETS | 97,002 | 825,000 | 922,002 |

| EQUITY | | | |
|---------------------------|-----------|---------|-----------|
| Contributed Equity | 1,000,000 | 825,000 | 1,825,000 |
| Accumulated losses | (902,998) | | (902,998) |
| TOTAL EQUITY | 97,002 | 825,000 | 922,002 |

Balance Sheet – Minimum Subscription Amount

If only the minimum subscription is achieved, InJet will have sufficient funds to carry out its objectives as described in section 2.9. The following Proforma illustrates the effect of the issue on the Company, assuming the Offer of New Shares and Shortfall New Shares only reaches the minimum subscription amount.

| Proforma 31 December 2005 Balance sheet based on the minimum subscription | 31 December 2005 Audit reviewed | Rights issue | Pro forma 31 December 2005 Balance sheet |
|--|--|-------------------------|---|
| | \$ | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 142,943 | 350,000 | 492,943 |
| Trade and other receivables | 4,161 | | 4,161 |
| Total current assets | 147,104 | 350,000 | 497,104 |
| Non-current assets | | | |
| Plant and equipment | 497 | - | 497 |
| Total non-current assets | 497 | - | 497 |
| TOTAL ASSETS | 147,601 | 350,000 | 497,601 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 31,599 | 40,000 | 71,599 |
| Provisions | 19,000 | - | 19,000 |
| Total current liabilities | 50,599 | 40,000 | 90,599 |
| TOTAL LIABILITIES | 50,599 | 40,000 | 90,599 |
| NET ASSETS | 97,002 | 310,000 | 407,002 |
| EQUITY | | | |
| Contributed Equity | 1,000,000 | 310,000 | 1,310,000 |
| Accumulated losses | (902,998) | | (902,998) |
| TOTAL EQUITY | 97,002 | 310,000 | 407,002 |

5. RISK FACTORS

5.1 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 commercialising 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 6.2.) and subject to the risks noted below (in section 5.4). 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.

5.2 General Market Risks

Actual Events

Actual events and circumstances may differ from those anticipated in this Prospectus and may have an adverse impact upon the Company's operations.

General economic conditions

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

Exchange rate fluctuations

InJet is exposed to incurring costs in a number of different countries and these costs and future revenue may therefore be subject to adverse currency fluctuations.

5.3 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 a 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 and 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 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.

5.4 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. 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. The board must manage finite resources 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 to 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 licence 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 commercialize 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 Canon and InJet. 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 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 general competition law, which have a significant influence in 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 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 highly 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 7.4, 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.

6. MATERIAL CONTRACTS

6.1 Continuous disclosure

The Board considers that the Canon Licence is significant to the Offer, the operations of InJet and will be relevant to investors. InJet is subject to continuous disclosure obligations and has previously made ASIC lodgements as outlined in section 7.8. To assist shareholders' understanding of the rights and obligations of InJet under this agreement, however, a summary of the important details is set out below.

6.2 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 products, including the right to use and sell those products. Canon has the ability to sub-licence the products in 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. Should InJet not wish to maintain a patent, then Canon shall have the first right of refusal to acquire such patent. 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.

Psiron Limited and Australian Innovation Fund Limited have guaranteed the performance of InJet under the agreement.

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.

7. ADDITIONAL INFORMATION

7.1 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 5.00 pm on the Closing Date;
- (c) New Shares issued pursuant to this Offer will rank pari passu with existing Shares in all respects.

7.2 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.

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.

Dividends

The Directors may from time to time determine dividends to be distributed to Shareholders according to their rights and interests. 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 a written instrument of transfer in any usual form or in any other form approved by the Directors.

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. 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 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, with the sanction of a special resolution of the Company, 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 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

The rights attaching to any class of shares may only be varied or abrogated in accordance with the provisions of the Corporations Act.

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.

7.3 Dividend Policy

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

7.4 Litigation

The Company does not have any actual or pending litigation, with the exception of the following matter. An offer was made by InJet to all of the former known creditors of InJet Digital Aerosols, Inc to set off their claims at 35 cents in the dollar. This was accepted by all but one known creditor. That creditor of InJet Digital Aerosols, Inc. has made a claim to InJet for a sum of \$65,000. The Company is currently considering its position in relation to that claim, but does not consider it material to the future plans of the Company. The Company is not aware of any other creditors of InJet Digital Aerosols, Inc. that have any basis for a similar claim.

7.5 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 | - | 2,256,430 | - | - |
| Mr Stephen Goodall | - | 870,350 | - | - |
| Mr B Dulhunty | - | - | - | - |

Remuneration – Directors

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

Details of the nature and amount of each element of the remuneration for each director for the financial year ending 30 June 2005 are as follows:

| Directors | Directors' Fees | Superannuation | Total |
|--------------------|--------------------|----------------|--------|
| | \$ | \$ | \$ |
| Dr Michael Monsour | 23,333 | 2,100 | 25,433 |
| Mr Stephen Goodall | 23,333 | 2,100 | 25,433 |
| Mr B Dulhunty | 23,333 | 2,100 | 25,433 |

Directorships – related parties

Dr Michael Monsour is a director of ATIF Ltd

Mr Bryan Dulhunty is a director and Executive Chairman of Psiron.

Mr Dulhunty is a director of CoSA Pty Ltd, which was paid consulting fees of \$41,195 by InJet Digital Aerosols Ltd for the financial year ending 30 June 2005. The fees were charged on normal commercial terms for the provision of financial management and company secretarial services.

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.

McCullough Robertson has been paid an amount of \$25,000 (GST exclusive) in connection with services provided as solicitors to the Offer.

7.6 Expenses of the Offer

The expenses of the Offer payable by the Company are estimated as approximately \$75,000. These expenses include legal fees, brokerage, 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.

7.7 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, 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.

No New Shares will be issued on the basis of this Prospectus after the expiry date of this Prospectus, which is 13 months after the date of this Prospectus.

7.8 Consents to be named

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of these parties, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified below:

- (a) InJet Digital Aerosols Ltd has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
- (b) Link Market Services has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.
- (c) McCullough Robertson has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

7.9 Directors' Responsibility Statement

The Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that any statements by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements, and that those persons have given their consent to the issue of this Prospectus and have not withdrawn that consent, before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to investors or their professional advisers.

Each Director has consented to lodgement of this Prospectus with ASIC and has not withdrawn that consent.

7.10 Important Company documents

In accordance with Section 712 of the Corporations Act, 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 674 of the Corporations Act and the ASX Listing Rules.

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 | ASIC Lodgement |
|---------------|---|
| 18 April 2006 | Form 484 – Change to Company Details – Changes to (Members) Share Holdings |
| 31 March 2006 | Form 484 – Change to Company Details – Appointment or Cessation of a Company Officeholder |

| Date | ASIC Lodgement |
|----------------------|---|
| 15 March 2006 | Form 7051 - Half Yearly Reports |
| 19 January 2006 | Form 7053 – Disclosure Notice |
| 13 January 2006 | Form 484 – Change to Company Details, Changes to Share Structure, Notification of Share Issue |
| 2 December 2005 | Form 7053 – Disclosure Notice |
| 26 September 2005 | Form 388 – 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 2005 (lodged on 15 March 2006);
- the 2005 Financial Report, including audited financial statements for the period to 30 June 2005 (lodged on 26 September 2005).

The Directors rely upon Section 712(3) of the Corporations Act 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, including the name and extent of any Directors' interests or those of persons identified in Section 711(4) of the Corporations Act.

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

Dr Michael Monsour

Chairman

29 May 2006

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 |
| ATIF or Australian Technology Innovation Fund | Australian Technology Innovation Fund Limited ACN 098 694 690 |
| Canon Agreement | The agreement between Canon and InJet dated 1 April 2003 as summarised in section 6.2. |
| Closing Date | The date on which the Offer closes being or such other earlier or later date as determined by the Company |
| Corporations Act | Corporations Act 2001 (Cth) |
| Psiron | Psiron Ltd ABN 12 010 657 351 |
| 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 |
| 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 2 June 2006 |
| 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. |
| µm | micron |