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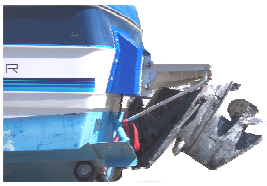
MISSION STATEMENT

IntelliJet Marine, Inc. (IMI) will commercialize its revolutionary design to provide more fuel efficient, safer, and more reliable propulsion for recreational, commercial, and military boats. The company's goal is to replace the propeller with the IntelliJet™ as the dominant means of propelling boats.

OVERVIEW



Boats are legendary for excessive fuel use, and horrific injuries to both humans and marine life. Marine propulsion has yet to benefit from the computer controls that have revolutionized aircraft and automobile propulsion by dramatically reducing fuel consumption, emissions, noise, and injuries. The vast majority of propellers in use today are little changed from those used on the Monitor and the Merrimac in 1862. The marine jet was invented in the 1950's and still has basically the same design. IntelliJet has seized the obvious opportunity to revolutionize marine propulsion through the use of computer-controlled components. The IntelliJet design also sets a new standard in safety, reliability and the preservation of marine life.

We believe that IntelliJet technology offers compelling advantages over both propellers and conventional marine jets in applications ranging from boat to ships. We have divided the marketing efforts roughly by management function: 1) custom engineered solutions and 2) mass markets to be served by mass production and mass marketing.

To address the custom engineered solutions, IMI has a JV marketing and IP agent agreement with Art Anderson Associates, a marine architecture and engineering firm in Bremerton WA. Anderson is well established in the industry and has an active and successful business development program, as demonstrated by their history of success in winning and performing on R&D grants for the development of US Military boats. We gave a technical presentation at a Panel Meeting of the National Shipbuilding Research Program in June 2008 with Anderson's support, and have jointly presented and published a paper at the Advanced Naval Propulsion Symposium in Arlington VA in December 2008. This market segment is self-supporting and expected to generate revenue.

IMI requires funding to accelerate product development, prototyping, pilot production and marketing in the mass-market segments, which include all recreational and commercial IntelliJet products and IP licensing up to 2000 horsepower/unit. (All US military applications and related IP licensing are covered under the Anderson agreement.)

We will outline the recreational mass market plan with the note that some of the forecast sales will go into commercial applications. The need for improving the recreational boating experience is undeniable as is evidenced in this recent quote from West Marine Chairman Randolph K. Repass:

Cruising is jokingly referred to as repairing your boat in beautiful anchorages around the world. As a result of our experience, it's obvious to me that we need to increase the ratio of fun to hassle. [1]

[1] ***Trade Only Today***, November 13, 2007

Reliability and repair cost problems plague boaters and the recreational marine industry. Industry surveys have repeatedly found that boaters are dissatisfied with reliability and service support. Now they also have to worry about fuel costs and emissions. Because of these issues the marine industry has suffered a 14% decline in new unit sales over the past five years, a 20% decline in the last ten years[2], and even bigger declines this year. The most problematic component in boating is the stern drive, a competing technology that is installed on about 70 thousand new boats per year.

In 2002 the boating industry's burden increased when the US Supreme Court ruled that the lack of effective propeller guards did not shield the industry from propeller injury liability. The safety issue has several advocacy groups such as SPIN, SAFER, and the U.S. Coast Guard's Independent Propeller Injury Mitigation Device Initiative. IntelliJet incorporates a solution to the industry's liability problem and unprecedented value to boaters by delivering fuel-efficient, safe, and reliable performance across a wide range of speeds, loads, and applications. No other approach to propelling boats, including stern drives, conventional jets, inboards, and outboards, offers the combination of safety benefits or performs as well as the IntelliJet.

We believe the IntelliJet will do for boats what the jet has done for high-performance airplanes. It features real-time computer control of the inlet, pump, and nozzle of a high-capacity jet. By varying the volume of water flowing through the system, the IntelliJet maximizes thrust (and so both fuel-economy and performance) for a given input of energy from an engine. The IntelliJet configures itself to allow the engine to operate in its most efficient manner, just as an automatic transmission does in an automobile. Simultaneously, it increases the thrust-to-power ratio by reducing the jet velocity. The function and abilities of the IntelliJet's design are well documented in our US Patent #7,241,193 Variable Marine Jet Propulsion. The result is more performance with less wear and tear on the engine and fuel savings of up to 50%.

In addition to making the best use of the power supplied by the engine, the IntelliJet eliminates many vulnerable points of existing propellers. The unit's moving parts are above the boat's bottom and not exposed to damage by groundings or floating debris. Also, the IntelliJet does not use gear-shifting to achieve forward, neutral, and reverse. The internal propeller always rotates in the same direction so rapid changes of direction, as with an uncertain docking, will not stress the system.

Safety is designed into every aspect of the IntelliJet. The spinning blades are totally enclosed and guarded by grates, and pinch points have been eliminated. The IntelliJet will set a new standard in marine safety. Representatives from propeller safety groups are taking an active interest in the IntelliJet.

As one boat builder interviewed said "I'd be a happy man if I never had to install another stern drive". The IntelliJet is the transformative technology that recreational boaters and boat builders want.

MARKET

While the IntelliJet will be the preferred choice for many applications in the recreational, commercial, and military marine markets, this discussion focuses upon the recreational market segment. Brunswick and Genmar are by far the two largest manufacturers of recreational power boats. They produce over half of the boats sold each year. The other half are sold by numerous smaller manufactures.

In the first five years, Intellijet will compete strongly against 70k sterndrive, 50k big outboard, 30k inboard, and 10k SportJet boats sold annually for about $6 billion at retail. IntelliJet will be by far the most fuel-efficient alternative in each of these segments, in addition to offering higher performance, reliability, and safety.

Among marine inboard/stern drive engine manufacturers, Brunswick's Mercury Marine, Volvo, and PleasureCraft Marine are the largest. Caterpillar, Crusader, Cummins, Daytona, Indmar, Lugger, Marine Power, MANN, MTU/DaimlerChrysler, and Yanmar supply most of the remaining US market.

New boat sales have had a declining trend on a unit basis for the last five years, however sales on a dollar basis have increased over the same period of time. For the most part, quality-oriented independent boat builders have been more successful in holding market share than low-quality/low-price builders.

Boat builders compete in styling and quality of construction, but most boats sold today are very similar in operation to those sold 20 years ago. Boaters have not been offered much in the way of innovation in answer to their vociferous complaints.

The lack of innovation is hard to understand since boaters have been ready and receptive buyers when new products do come to market. Mercury's SportJet went from zero to 20 thousand units in five years, and V-drive variants doubled the wakeboard boat market in three years. Boaters have also shown a willingness to pay a premium for new products. For example, counter-rotational (DuoProp) propeller drives cost 30 percent more than standard stern drives, yet offer reduced reliability with modestly increased performance and fuel economy.

COMPETITION

The market is dominated by propellers on stern-drives, outboards, and straight-shaft inboard propellers, and outboards. Conventional marine jets have a small but growing share. Brunswick's Mercury Marine and Volvo supply nearly all stern drive units. Both are established and have strong brand recognition. There are no dominant brands for inboard propeller systems, which are commonly made up of components from various manufacturers. Mercury Marine is the leading supplier of conventional jet drives, which are also manufactured by Hamilton, American Turbine, and North American Marine Jet. Brunswick is also a major boat builder (49 brand lines), competing directly with many of Mercury's customers.

COMPETITIVE ADVANTAGES

The table at right shows how the IntelliJet equals or exceeds the competition in every performance parameter. Yellowfin is the only competitor with computer-controlled functions to improve fuel economy.

Competitive Matrix

	IntelliJet™	Ordinary Jet	Inboard Propeller	Stern Drive	Yellowfin
Acceleration	●	●	●	●	●
Maneuverability	●	○	●	○	○
Dependability	●	●	○	●	○
Safety	●	●	●	●	●
Shallow Draft	●	●	●	○	●
Fuel Efficiency	●	●	○	○	●
Less Maintenance	●	●	○	●	○
Quiet Operation	●	●	○	○	●
Load Carrying Capacity	●	●	●	●	●

Great ● Average ○ Poor ●

PATH TO MARKET

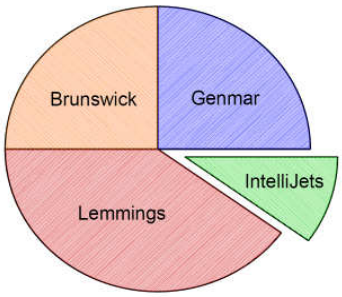
IMI will initially target boat builders making high-end boats, particularly those installing stern drives. This segment is a large portion of the market, selling 67,000 boats at a total retail value of $2.7 billion[3].

Several motor distributors have expressed an interest in packaging their motors with IntelliJets to sell a turn-key combo to boat manufacturers. Such partnerships will give IMI access to an established sales force, which would compliment IMI's in-house and direct representative sales efforts. On the other hand, many custom boat builders prefer to buy the motor separately and integrate the package themselves.

[2] ***The Boating Industry*** "Market Data Book 2007"

IntelliJets can reduce the fuel consumption of any marine motor, so there is a corresponding market segment for each type of motor. For example, the new CleanDiesel motors cost more than twice as much as gas motors, and many can be directly connected to an IntelliJet. This makes a nice package for early adopters, who are relatively insensitive to price premiums. For 100 to 250 hp applications, existing outboard motor power heads can be packaged with an IntelliJet to make a far more fuel efficient competitor for 10k Mercury Jet (SportJet) and 50k outboards sold annually. As per-unit costs fall, the IntelliJet will be more price competitive, while still maintaining high gross margins based on the higher value of the IntelliJet boat over the stern drive boat.

The innovative nature of the IntelliJet should receive much attention and exposure in the boating press; new product reviews are a regular feature in boating magazines. IMI's unadvertised website attracts an average of 70 viewings each day. IMI will also work with its motor-manufacturer partners and boat builders to advertise the many advantages of the IntelliJet boat. Together, free publicity and JV advertising will create a healthy consumer demand for IntelliJet.



IntelliJet boats will establish a new standard for safety, which is an immediate value to the consumer and should reduce insurance costs for manufacturers of IntelliJet boats. Boat manufacturers have experienced increased insurance costs for propeller-injury liability following the 2002 US Supreme Court decision leaving them fully liable for propeller injuries under State tort actions. Insurance cost savings will provide incentive for boat builders to switch to IntelliJet. This graphic shows IntelliJet's projected piece of the recreational market in 5 years.

Market trends are positive for the IntelliJet:

Cap and trade means higher fuel prices in the US over time, which favors the IntelliJet over other boat propulsion systems.

Human safety regulation and environmental protection under the current administration will favor the IntelliJet.

The increasing use of computer controls in up-scale boats favors the IntelliJet, because it is naturally suited for such controls.

MANAGEMENT

IMI management team has the combination of technical expertise and business experience necessary to guide IMI to self-sustaining profitability.

- Jeff Jordan, President: Jeff has developed the IntelliJet's technology based on his extensive experience in managing the design and application of water turbines and pumps in hydroelectric biowaste processing systems. He won Venture Capital commitments in both industries. Jeff had an introduction to marine propulsion as a US Navy officer. His experience also includes production management in a large corporation and operations management in several start-up and technology ventures. Jeff has an MBA from Cal Berkeley.

- David Brazeau, Business Development: David has over 15 years' experience in negotiating complex transactions and in business development. He has played key roles in strategic planning, identifying market opportunities, acting as CFO, and providing financial and operational leadership including recruiting top-tier sales professionals.

- Dave Lyman: Dave was one of the first investors in this venture. He first worked with Jeff in the hydroelectric business and subsequently founded and ran an ISO 9000 manufacturing company with 60 employees making automotive components for Mitsubishi Heavy Industries, Honeywell, and other major corporations. He has recently sold that business.

- Chuck Kearns has had 35 years of comprehensive experience in sales, marketing, management, and engineering in both domestic and international marine businesses. He has designed, sold, installed and serviced mechanical, pneumatic, hydraulic, and electronic systems on board vessels ranging in size from 20' to 1000'. These include controllable pitch propellers, water jet control systems, marine gas turbines, large diesel engines, and hybrid propulsors. He was president in charge of day-to-day operations at Northwest Marine Services Corp. where he was the West Coast representative for Hamilton Marine jets. He later served as the West Coast Sales Manager at Rolls-Royce Marine Systems, Inc.

All of the team has invested money and/or substantial amounts of time into IMI. Collectively, the team has the ability to take the company at least to a pilot production stage. Management is open to assessing opportunities to add strength and depth to the team through additional hires.

NEXT STEPS

The goals for the next funding round are to:

Develop a relationship with a manufacturing partner.

Fully demonstrate the IntelliJet technology in the existing test boat.

Get commitment from marine-engine and boat marketing partners.

Develop a manufacturing and marketing plan with the partners.

Management believes these are the steps necessary to prepare the company for the next round of financing. Ideally, the manufacturing partner will make a significant equity investment in IntelliJet as part of the partnership agreement. It is possible that a substantial portion of the next funding round will come from the marketing partners.

Develop a relationship with a manufacturing partner.

IMI is offering 10% of the company for $250k in this round and to give the investors in this round the first option to invest in the follow-on round. Ideally, as much of this round as possible will be placed with the manufacturing partner.

There are several factors that favor doing the assembly and testing of the boat in the Seattle area this year: The weather allows boat testing and demonstration most of the winter; the time and expense of relocating the company is postponed.

Fully demonstrate the IntelliJet technology in the existing test boat.

The steps required to fully demonstrate the technology are:

1) Refine the design of final parts
2) Machine the necessary new parts
3) Assemble and test the mechanical system
4) Test the system in the boat with computer controls
5) Demonstrate the boat to potential partners

1) Final part designs have progressed with various manufacturers and machinists over the recent months. They are ready for final drafting to convey the necessary info to the machine shop that will make them.

2) The large cast parts now on the boat can be used for this demonstration project. Most of the redesigned parts are either custom-order hydraulics or will be made out of bar stock, so there will be no time lost to pattern making and casting. Two months are allowed for the procurement of all of the parts and components, due to the constraints of time, distance and weather.

3) The mechanical assembly and testing of the hydraulic and control system on the test boat will be done in parallel with the design and machining of new parts, so that the whole system could be assembled and ready for testing in the test boat in two months, although we allow up to four months in this plan.

4) The remaining development work on the control program must be done with the boat operating in the water to adjust the pump power demand to the most efficient power curve of the motor, verify the nozzle area control function is maintaining the pump near peak efficiency, and verify the control function is matching the inlet entrance velocity to the boat speed.

5) We expect the boat to be ready for demonstration to potential partners 3 to 5 months after funding. Some of them might come to Seattle for a demonstration, possibly around the Seattle Boat Show in January, 2010. We will bring the boat east in the spring to take it around for further demonstrations.

Get commitment from marine-engine and boat marketing partners.

Several marine motor marketers have approached IntelliJet about a joint effort to market a system including their motor with an IntelliJet. Ideally, a motor partner will loan us a motor for the test boat, which can be installed during the sourcing the mechanical, hydraulic and control components.

Management will begin recruiting boat marketing partners as soon as the boat is ready to fully demonstrate the technology. Experience has shown that getting decision makers to drive the boat has to be the number one marketing tool. To support this effort, management will produce video and present test results in technical-paper format.

The basis of our presentation to boat marketing partners is compelling. From the "Competitive Matrix" on Page 3 above, the IntelliJet boat beats the propeller boat in every trait that boaters value. This graphic does not show product liability, which is already a big issue for boat manufacturers. It will be an even bigger issue when the manufacturer has had the IntelliJet as a safe alternative, yet chose to install the propeller that maimed the plaintiff.

The IntelliJet's advantages in fuel economy and protecting manatees, turtles, fish, coral reefs and other wildlife are another set of values that any forward-looking boat builder will want to have over the competition.

Develop a manufacturing and marketing plan with the partners.

Manufacturing and Marketing Plan:

Management will develop the Business Plan for the introductory marketing in concert with the manufacturing and marketing partners. We will attempt to fund and execute the following elements of that Business Plan as development allows. We believe that much of the engineering and sourcing for manufacturing can be done in the last half of this effort as part of the planning for the next round of funding.

1) Major castings development and tooling
2) Hydraulics subsystem supplier relationship
3) System integration with motor partner(s)
4) Boat development with boat partner(s)
5) Development of marketing plans(s)

1) The patterns and tooling for the castings used in the current prototype will be modified or replaced to incorporate design modifications made as a result of the development in this round. The tooling for machining these castings by our manufacturing partner will also be considered in this development process.

2) The hydraulic subsystem consists of a pump, valve block, and hydraulic cylinders with their connecting hoses. It will probably be most economic to procure this as a sanitary, tested assembly from a subcontractor. Ideally, this subsystem will be packaged so that it can be shipped as part of the IntelliJet system for assembly in the boat.

3) IntelliJet will be integrated with diesel and gas motors that are electronically controlled. Each motor has a different ideal power supply curve, which is programmed into the Intellijet's electronic controller.

4) The IntelliJet requires some design features and allows other desirable design features, like swim platforms that are safe and convenient. We will consult with the boat partner to achieve the ideal design for the target niche.

5) The IntelliJet's features and benefits add value to the boat, including the value in press attention due to a revolutionary boat design. We will work with the boat partner(s) to develop and finance a marketing plan. Our contribution to this plan will be in the form of a reduced net cost to the partner through an advertising allowance in the introductory period.

BASIS OF FINANCIAL PROJECTIONS

The execution of this plan establishes win-win relationships that utilize existing resources to market IntelliJet boats, which consumers and government regulators clearly prefer over the existing propeller boats. The need for additional investment is small, and the breakeven point is only a few hundred units per year, yet AICPA valuation on an earlier, less competent form of this technology suggested 20,000 boats in year 5.

In the technical paper we presented at the Advanced Naval Propulsion Symposium, Anderson and IMI showed the performance and fuel-consumption advantages of the IntelliJet over the Hamilton 292 marine jet, which is priced at $29k. Management has been using $17k as a unit price in conversation with interested parties, and has had a neutral response. This price is also justified by the value of the IntelliJet boat over the propeller boat, following the AICPA methods. In financial projections, we have been using $8.5k as our unit revenue to cover manufacturing costs of $4k to $5k and operating costs. This leaves half of the nominal price for marketing costs.

The partners will use this data to develop a marketing and financial plan for the next round.

USE OF FUNDS

Mechanical components	$8k
Hydraulic components	6k
Test instrumentation	11k
Outside engineering	25k
Salaries	120k
Travel	20k
SG&A	30k
Contingency	30k
Total	$250k