

---

ASX ANNOUNCEMENT  
(ASX: ANO)

23 JANUARY 2006

---

## **ADVANCED NANOTECHNOLOGY REPORTS CONTINUED REVENUE GROWTH**

Advanced Nanotechnology Limited (Advanced Nano) is pleased to provide an update on its operations following conclusion of the first half of the 2006 financial year. Sales to customers for the six months to the end of December totalled approximately \$1.520 million (unaudited), as compared with \$0.537 million for the first half of the 2005 fiscal year and surpassing its 2005 full year total of \$1.503 million.

Advanced Nano's CEO, Paul McCormick stated "sales growth during the first half of the fiscal year reflects the increasing world-wide demand for the Company's nanotechnology products. The increase in orders has been matched by the Company's program of plant expansion, equipment and maintenance upgrades, enabling production to meet the increase in customer orders." During the second quarter, the Operations group was able to fulfil all back orders, enabling the building of stock levels to further support future sales.

### Personal Care Products

Sales of both the ZinClear<sup>®</sup> and Alusion<sup>®</sup> product lines increased strongly in the first half. Sales of personal care products totalled approx. \$0.924 million (unaudited), exceeding the 2005 financial year total of \$0.719 million. Advanced Nano's recent strengthening of sales and marketing activities is enabling the Company to pursue new opportunities in both Australia and overseas to capitalise on the growing demand and unique qualities of its personal care products. The Company expects to launch two new, zinc oxide based products in the personal care sector in the final half of the current fiscal year that will widen market potential for its products in this sector.

Advanced Nano is also on track to bring all ZinClear<sup>®</sup> manufacturing processes in-house in the third quarter of the fiscal year, leading to reduced costs, decreased lead times, and improved quality. All equipment has been located in the factory and final installation of supporting mechanical and electrical infrastructure is occurring which will enable commissioning to commence once complete. Also in the third quarter of the current fiscal year, additional process equipment to increase Alusion<sup>®</sup> production will be delivered, installed and commissioned as a result of the increased demand for this product.

### Industrial and Environmental Products

Total industrial and environmental product sales for the first half of the 2006 financial year were approx. \$0.597 million, up from \$0.136 million for the corresponding period in the 2005 fiscal year and equal to approximately 76% of total industrial and environmental product sales for the full 2005 financial year (\$0.783 million).

Sales of product to Oxonica plc (UK), which are a major contributor to the Company's industrial and environmental products revenues, decreased in the second quarter relative to first quarter sales as Oxonica processed the first quarter deliveries and built stock. The Directors expect sales to Oxonica to level off for the remainder of the financial year.

During the past quarter Advanced Nano successfully installed and commissioned new process equipment to implement the final processing stage in the manufacture of Envirox™. The full manufacturing of Envirox is now carried out by Advanced Nano. The first shipment of fully processed Envirox™ occurred in December and this allows shipment of the final product directly from Advanced Nano's factory to Oxonica's worldwide distribution centres and final customers. It is expected that all further reported sales to Oxonica will be for Envirox™.

FURTHER INFORMATION

Paul McCormick, Chief Executive Officer

Tel: +61 (8) 9458 0800 / Mob: 0407 381 583