

ASX ANNOUNCEMENT  
 (ASX: ANO)

30 JUNE 2006

## APPENDIX 3B – NEW ISSUE ANNOUNCEMENT, APPLICATION FOR QUOTATION OF ADDITIONAL SECURITIES AND AGREEMENT

<b>Name of entity</b>	Advanced Nanotechnology Limited
<b>ABN</b>	54 079 845 855

We (the entity) give ASX the following information.

### PART 1 – ALL ISSUES

1	Class of securities issued or to be issued	Options over fully paid ordinary shares	
2	Number of securities issued or to be issued (if known) or maximum number which may be issued	3,000,000	
3	Principal terms of the securities (e.g. if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion)	<u>Commencement Date:</u>  <u>Tranche 1</u> Number of options: Vesting date:  Expiry date:  Exercise price:  <u>Tranche 2</u> Number of options: Vesting date:  Expiry date:	Expected to be 25 July 2006  1,000,000 25 July 2008 <i>(2 years from the Commencement Date)</i> 25 July 2011 <i>(5 years from the Commencement Date)</i> 30.8 cents per ordinary share  1,000,000 25 July 2008 <i>(2 years from the Commencement Date)</i> 25 July 2011 <i>(5 years from the Commencement Date)</i>

		<p><u>Tranche 2 cont.</u> Exercise price:</p> <p><u>Tranche 3</u> Number of options: Vesting date:</p> <p>Expiry date:</p> <p>Exercise price:</p> <p><u>Tranche 4</u> Number of options: Vesting date:</p> <p>Expiry date:</p> <p>Exercise price:</p>	<p>Higher of 20 cents or the volume weighted average price (VWAP) calculated over the 10 trading days prior to the Commencement Date</p> <p>500,000 25 July 2007 <i>(1 year from the Commencement Date)</i>, subject to the Executive receiving notice from the Company that the Executive has achieved the KPIs for Year 1</p> <p>25 July 2011 <i>(5 years from the Commencement Date)</i></p> <p>Higher of 20 cents or the VWAP calculated over the 10 trading days prior to the Commencement Date</p> <p>500,000 25 July 2008 <i>(2 years from the Commencement Date)</i>, subject to the Executive receiving notice from the Company that the Executive has achieved the KPIs for Year 2</p> <p>25 July 2012 <i>(5 years from the first anniversary of the Commencement Date)</i></p> <p>Higher of 20 cents or the VWAP calculated over the 10 trading days prior to the first anniversary of the Commencement Date</p>
4	Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?	Yes	
5	Issue price or consideration	Nil upon issue of options	

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Offer of options pursuant to Employee Share Option Plan
7	Dates of entering securities into uncertificated holdings or despatch of certificates	Expected to be 14 July 2006
8	Number and class of all securities quoted on ASX (including the securities in clause 2 if applicable)	Number – 150,337,880 Class – Fully paid ordinary shares
9	Number and class of all securities not quoted on ASX (including the securities in clause 2 if applicable)	Number – 13,317,291 Class – Options to acquire fully paid ordinary shares  Number – 17,433,322 Class – Fully paid ordinary shares, subject to two-year escrow restriction
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The same as previously disclosed with respect to ordinary shares on issue

**PART 2 – BONUS ISSUE OR PRO RATA ISSUE**

Not applicable

**PART 3 – QUOTATION OF SECURITIES**

Not applicable

**QUOTATION AGREEMENT**

Not applicable

Sign here: *D. Cesari*  
Company Secretary

Dated: 30 June 2006

Print Name: Deana Cesari