

ASX ANNOUNCEMENT
 (ASX: ANO)

24 OCTOBER 2005

**APPENDIX 4C – QUARTERLY REPORT FOR ENTITIES ADMITTED ON
 THE BASIS OF COMMITMENTS**

Name of entity	Advanced Nanotechnology Limited
ABN	54 079 845 855
Quarter ended	30 September 2005 (“Current Quarter”)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Quarter \$A	Year to date (3 months) \$A
Cash flows related to operating activities		
1.1 Receipts from customers	305,283	305,283
1.2 Payments for (a) staff costs (excluding R&D Staff)	(511,179)	(511,179)
(b) advertising and marketing	(14,778)	(14,778)
(c) R&D (including Staff Costs)	(169,857)	(169,857)
(d) leased assets	(4,724)	(4,724)
(e) other working capital	(651,723)	(651,723)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	81,035	81,035
1.5 Interest and other costs of finance paid	(5,925)	(5,925)
1.6 Income taxes paid	-	-
1.7 Other	-	-
1.8 Net operating cash flows	\$ (971,868)	\$ (971,868)
Cash flows related to investing activities		
1.10 Payments for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(1,606)	(1,606)
(d) physical non-current assets	(138,066)	(138,066)
(e) other non-current assets	-	-

CONSOLIDATED STATEMENT OF CASH FLOWS CONT.

	Current Quarter \$A	Year to date (3 months) \$A
Cash flows related to investing activities (continued)		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	\$ (139,672)	\$ (139,672)
1.14 Total operating and investing cash flows	\$ (1,111,540)	\$ (1,111,540)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(8,329)	(8,329)
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	\$ (8,329)	\$ (8,329)
Net increase (decrease) in cash held	(1,119,869)	(1,119,869)
1.21 Cash at beginning of quarter/year to date	8,405,549	8,405,549
1.22 Exchange rate adjustments to item 1.2	(321)	(321)
1.23 Cash at end of quarter	\$ 7,285,359	\$ 7,285,359

**PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS
PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED
ENTITIES**

	Current Quarter \$A
1.24 Aggregate amount of payments to the parties included in item 1.2	\$ 12,857
1.25 Aggregate amount of loans to the parties included in item 1.11	\$ -

1.26 Explanation necessary for an understanding of the transactions

Watson Mangioni is a director related entity and bills Advanced Nanotechnology Limited at normal commercial terms. During the year Watson Mangioni acted as Commercial Lawyer for Advanced Nanotechnology Limited. Fees related to these activities totalled \$12,857 for the quarter and year to date. This is disclosed at items 1.2(e) and 1.24.

NON-CASH FINANCING AND INVESTING ACTIVITIES

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

NON-CASH FINANCING AND INVESTING ACTIVITIES (CONTINUED)

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

FINANCING FACILITIES AVAILABLE

	Amount Available \$A	Amount Used \$A
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

RECONCILIATION OF CASH

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Quarter \$A	Previous Quarter \$A
4.1 Cash on hand and at bank	164,579	125,342
4.2 Deposits at call	7,120,780	8,280,207
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total cash at end of quarter (item 1.23)	\$ 7,285,359	\$ 8,405,549

ACQUISITIONS AND DISPOSALS OF BUSINESS ENTITIES

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

