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ASX ANNOUNCEMENT  
(ASX: ANO)

21 NOVEMBER 2007

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## **ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS**

Fellow shareholders, on behalf of the Board of Advanced Nanotechnology it is my pleasure to welcome you to our 2007 Annual General Meeting.

The 2007 financial year has been a very significant one for the Company. During the year Advanced Nano has successfully commercialised ZinClear-IM™ which is proving to be a very important new product, formed a key strategic relationship with Energenics and put into place a more marketing focused organisation structure to facilitate strong growth going forward.

In some respects the 2007 financial year was also a challenging one for the Company. We commenced the year with a positive sales outlook based in part on expected sales of Cercat™ through our customer Oxonica who had a contract to sell their product Envirox™ to Petrol Ofisi in Turkey, and also on anticipated sales growth in our ZinClear® and Alusion® product ranges. Success has been achieved in terms of our objective in relation to ZinClear®, however sales of Cercat™ to Oxonica ceased in the March 2007 quarter following Petrol Ofisi's cancellation of their supply agreement with Oxonica. As a consequence, Advanced Nano's supply arrangements with Oxonica formally terminated in September. In addition, sales of Alusion® were adversely affected by the discontinuation of the launch of a customer's major cosmetics product line in the US.

Notwithstanding these setbacks, Advanced Nano's sales increased by 4% overall. The Company's ZinClear® range of products achieved a 33% increase in sales, due in part to the very encouraging early sales performance of the new ZinClear-IM™ product.

Despite an increased loss for the year, the Company increased its investment in sales and marketing activities to capitalise on the opportunities available for our products and technologies. We have been encouraged by the early response to these initiatives and we intend to continue with this investment strategy in the current financial year.

The 2007 launch of our new ZinClear-IM™ suncare product in Australia has been very successful. At least six new product lines featuring ZinClear-IM™ are being launched by leading Australian suncare manufacturers for the current summer season. The Company swiftly moved ZinClear-IM™ through scale-up to commercial sale in the 2007 financial year. While still at an early stage, sales of ZinClear-IM™ are already having a significant impact on Company revenues.

Our immediate focus for this product is on the significant North American market which is showing great promise. Increased consumer awareness and proposed new FDA regulations for protection against UVA radiation are creating a strong demand for transparent zinc oxide and our ZinClear-IM™. Our early success with ZinClear-IM™ in Australia is demonstrating to the North American market that Advanced Nano offers a cost-effective and safe UV protection solution.

Advanced Nano's recently established US subsidiary, Advanced Nano Inc, is providing a platform for growing ZinClear-IM™ sales in the US. Located in New Jersey, Advanced Nano Inc is led by a local manager with substantial experience in the US personal care market and will be further strengthened by additional business development resources relocating from Australia to the US in early 2008 to lead this significant sales and marketing campaign.

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A second important element in the Company's US strategy is the establishment of a manufacturing plant to provide local US supply. Plans are well advanced for a GMP (Good Manufacturing Practice) compliant manufacturing facility to meet customers' requirements to be in place during the 2008 financial year.

In the clean burn fuel markets, Advanced Nano's new 5-year supply agreement with Energenics provides the foundation for Advanced Nano's future activities. The new relationship is progressing well and there is currently joint development and testing activity being undertaken. The Company expects that Energenics' strategy of becoming a fully integrated supplier of clean burn fuel additives will provide strong market access and growth opportunities for our Cercat™ nano cerium oxide fuel catalyst.

In July, Energenics subscribed to a \$3 million placement at 22 cents per share and committed to a further \$3 million placement with both tranches including an issue of options. This investment in Advanced Nano underscores their confidence in our technology and ability to deliver products, and has provided Advanced Nano additional capital for funding future growth.

Looking to the future, the Company sees the promising sales trends for our sun care products currently being experienced in Australia extending to the US and Asia Pacific markets. We also expect our new supply agreement and strategic alliance with Energenics will provide Advanced Nano with greater opportunities in international clean-burn energy markets.

The Company will continue with a focused research and development program, a program which will include the transparent functional coatings projects supported by the Federal Government's Commercial Ready grant, and will also explore opportunities for strategic alliances and other business opportunities to facilitate growth of our products.

At the end of this meeting Harold Clough will step down as a director of Advanced Nano after serving over six years as its non-executive chairman and more recently serving as a non-executive director. Harold played a very important role guiding the Company through its early years and on to its position as a growing company listed on the Australian Stock Exchange. All of us at Advanced Nano wish to thank Harold for his contribution and wish him well in his retirement.

We would also like to thank our staff who have helped the Company through a challenging and exciting year as we set the base for future growth.

#### ABOUT ADVANCED NANO

Advanced Nano develops, manufactures and sells advanced materials worldwide that deliver significant performance and value improvements to its customers' products. Advanced Nano's MCP™ manufacturing technology is a patented, platform technology that enables the development and production of a broad range of high quality advanced material products.

Advanced Nano is targeting four key markets with its commercial products – Personal Care; Industrial Coatings & Textiles; Plastics & Polymers; and Environmental & Emerging Technologies. Advanced Nano's products are manufactured and marketed under four parent brands: ZinClear® – sunscreen dispersions that allow SPF 30+ sunscreens containing only zinc oxide as the UV absorber; Alusion® – soft focus effect pigments for masking ageing effects; NanoZ® – nano zinc oxide additives that allow stable UV absorber performance for coatings and plastics; and Cercat™ – fuel-borne nanocatalysts.

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#### FURTHER INFORMATION:

Paul McCormick, Chief Executive Officer  
Tel: +61 (8) 9458 0800