

ASX RELEASE

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ISSUED CAPITAL

181,407,566 shares

ASX CODE

ANO

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REPORT FOR FY08 SEPTEMBER QUARTER

ADVANCED NANO REPORTS RAPID MARKET UPTAKE OF NEW ZINCLEAR-IM™

HIGHLIGHTS

- Sales to customers for the September 2007 quarter were approximately \$960,000 (unaudited, including a one-off item of \$181,000), up 102% from the previous quarter (June 2007) and up 188% from the previous corresponding quarter ended September 2006.
- Sales of Personal care products were up 71% from the June 2007 quarter and over 1100% up on the previous corresponding quarter ended September 2006.
- Significant uptake of new ZinClear-IM™ product experienced in September 2007 quarter.
- First order received from Energenics for Cercat™ cerium oxide fuel catalyst. All conditions relating to the supply agreement with Energenics and its strategic investment in Advanced Nano were completed in July 2007.
- The Company's order book for the December 2007 quarter remains strong.

SALES FOR THE QUARTER ENDED 30 SEPTEMBER 2007



Advanced Nanotechnology Limited reports that sales to customers for the quarter ended 30 September 2007 of \$960,000 (unaudited) are up from \$333,000 in the previous corresponding quarter ended 30 September 2006 and up from \$474,000 in the quarter ended 30 June 2007.

The increase in sales is primarily due to increased sales of Personal Care products. Advanced Nano's CEO Paul McCormick stated "We are currently receiving significant interest for our sun care products, driven by market demand for daily use sunscreens and cosmetics with high transparency, effective broad spectrum UVA/UVB protection and low irritancy."

PERSONAL CARE

Sales of the Company's Personal Care products in the September 2007 quarter of \$755,000 (unaudited) compared to \$441,000 in the June 2007 quarter and \$61,000 in the September 2006 quarter.

The increase in sales occurred across all Personal Care product lines and included strong sales of ZinClear-IM™. ZinClear-IM™ is the Company's new Index Match™ zinc oxide suncare dispersion that achieves high transparency with micron size particles. These sales follow strong interest shown by potential customers since ZinClear-IM™ was first introduced to the market in the 2007 financial year. At least four new suncare products containing ZinClear-IM™ are being launched in the Australian market for the 2007/08 summer season.

Advanced Nano's CEO Paul McCormick stated "It is very pleasing to see how rapidly Australian sunscreen manufacturers have embraced our new IM™ technology. The Company has already sold or currently holds orders for ZinClear-IM™ sufficient to manufacture over 50 tonnes of sunscreen. We are now focussing on building sales in the US market."

The Company's recently established US subsidiary, Advanced Nano Inc, is providing the platform for accelerating its ZinClear-IM™ sales and marketing activities in the United States. The US Federal Drug Administration has recently proposed new rules covering the formulation, labelling and testing requirements for UVA/UVB protection in sunscreens. The Company expects that these new proposed regulations will provide an important driver for the increased use of zinc oxide in sunscreens in the US and will have a very positive effect on sales of the ZinClear range in the US. Plans for manufacturing ZinClear-IM™ in the US are also underway.

INDUSTRIAL COATINGS AND ENVIRONMENTAL

Sales of the Company's Industrial Coatings and Environmental products in the September 2007 quarter totalled \$205,000, compared to \$33,000 in the June 2007 quarter and \$272,000 in the September 2006 quarter.

The September 2007 quarter sales included an amount of \$181,000 in relation to the recognition of a working capital deposit previously paid by Oxonica plc in support of their business with Petrol Ofisi (Turkey). Following cancellation of the supply agreement between Oxonica and Petrol Ofisi effective from July 2007, the supply agreement between Advanced Nano and Oxonica was terminated on 6 September 2007 with both parties agreeing that Advanced Nano was entitled to retain the working capital deposit in full.

Advanced Nano's is now focusing its activities in the fuel borne catalyst market with its key customer and strategic partner Energenics. Advanced Nano and Energenics are jointly testing new cerium oxide fuel catalyst formulations that address important differences in diesel fuel in different geographic markets. Current development activities are focussed on addressing the needs of the Indian market. In September 2007, Advanced Nano recently received its first order from Energenics for its next generation Cercat™ product which is now under development.

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