
ASX RELEASE

25 JULY 2007

CONTACT

Paul McCormick
Chief Executive Officer

DIRECTORS

David Griffiths (Chairman)
Paul McCormick (CEO)
Harold Clough AO
Robert Mangioni
Bruce Cameron

ISSUED CAPITAL

181,407,566 shares

ASX CODE

ANO

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REPORT FOR FOURTH QUARTER FY07

Advanced Nano is pleased to provide an update on its activities for the fourth quarter of the 2007 financial year.

STRATEGIC ALLIANCE WITH ENERGENICS

Advanced Nano (ANO) and Singapore based Energenics have completed all conditions for their strategic partnership for fuel borne combustion catalysts. Energenics has subscribed for the first tranche of A\$3 million of new Advanced Nano shares at a price of A\$0.22 per share. The shares were issued on 25 July 2007, along with 4,545,455 options having an exercise price of A\$0.308 per share.

A second A\$3 million tranche of new shares under the same terms and conditions of the first tranche of shares and options will be issued to Energenics upon Advanced Nano achieving invoiced sales of 150,000 litres of 2% Cercat (or equivalent) or within 24 months (by 20 June 2009).

Further information regarding the strategic alliance is set out in separate ASX announcements dated 20 June 2007 and 3 July 2007.



SALES TO CUSTOMERS

Sales to customers for the 2007 financial year were \$2,787,000 (unaudited), up 4% from the 2006 financial year total of \$2,671,000. Sales for the June 2007 quarter were \$474,000 (unaudited) compared with \$588,000 for the corresponding quarter ended June 2006 and \$595,000 for the March 2007 quarter.

Advanced Nano's CEO Paul McCormick commented, "Our fourth quarter and full year results were negatively impacted by our customer Oxonica's loss of their Envirox™ supply contract with Petrol Ofisi, Turkey. Whilst this set us back in 2007, the Company believes that the strategic alliance executed with the Energenics group provides Advanced Nano with a stronger pathway to the world clean burn energy markets, which we expect will provide an important revenue stream for the Company."

Mr. McCormick also stated "In the Personal Care sector, we see strong interest for our ZinClear® product range in Asia as Asian consumers seek safe and effective daily protection against UVA light to prevent skin tanning. To capitalise on this opportunity, ANO has redeployed its marketing efforts throughout Asia by engaging and training focused distributors throughout the territory. We are also pleased with the early sales success of our new ZinClear-IM™ product which we expect will be consolidated over the next twelve to twenty-four months as a result of recent marketing activities."

PERSONAL CARE

Sales of Personal Care products for the June 2007 quarter were \$441,000 (unaudited) reflecting an increase of 17% over the March 2007 quarter of \$377,000 and an increase of 66% over the previous corresponding quarter ended June 2006 of \$266,000. Overall, sales of Personal Care products for the 2007 financial year were \$1,408,000 (unaudited) compared to \$1,480,000 in the previous financial year.

The Company's best performer in terms of sales growth for the 2007 financial year was its ZinClear[®] dispersions for the suncare market, with ZinClear[®] sales increasing by almost 33% compared to the previous financial year. As reported previously, sales of Alusion[®] for the year were adversely affected by the discontinuation of a major cosmetics product launch in the US. Interest in the Company's new ZinClear-IM[™] continues at a high level, with companies in Asia, Europe and North America formulating and testing new suncare products based on ANO technology.

ANO has established its first international subsidiary, Advanced Nano Inc., located in New Jersey, USA and led by a manager with over 20 years of experience in the US personal care market. The US setup includes local stock, which significantly improves our service to our customers in North America.

INDUSTRIAL & ENVIRONMENTAL

Sales of Industrial & Environmental products for the 2007 financial year were \$1,379,000 (unaudited) compared to \$1,191,000 in the corresponding period in 2006. Sales of Industrial & Environmental products for the June 2007 quarter were \$33,000 (unaudited) compared to the March 2007 total of \$218,000 and previous corresponding quarter ended June 2006 of \$322,000.

As reported previously, sales of Industrial and Environmental products for the second half of FY2007 were adversely affected by the termination of a major supply agreement held by Advanced Nano's customer Oxonica plc with Petrol Ofisi (Turkey), resulting in Advanced Nano sales Envirox to Oxonica ceasing in the March 2007 quarter. The Company however expects that its strategic partnership with Energenics will provide greater market access for its fuel-borne catalyst Cercat[™].

Over the past three months ANO exhibited its NanoZ[™] product range at major industry trade shows in Asia, Europe and the US, and received strong interest from dozens of coatings and plastics companies. Product development activities are currently focused on broadening the compatibility of NanoZ[™] with a wider range of coatings & plastics systems, and reducing production costs to enable broad market penetration.

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