
ASX ANNOUNCEMENT
(ASX: ANO)

29 SEPTEMBER 2006

PRODUCTION TRIALS COMMENCE FOR ZINCLEAR-IM™

Advanced Nanotechnology Limited (Advanced Nano) has commenced final production scale-up trials of its new ZinClear-IM™ transparent zinc oxide. Potential customers have begun formulation trials with sample quantities of ZinClear-IM™ following its introduction to the US market in May 2006. Advanced Nano's production trials are used to confirm that the product can be manufactured under production conditions and follow several initial scale-up trials which confirmed the results of the previous R&D trials.

ZinClear-IM™ uses Advanced Nano's new Index Match technology which achieves transparency in larger micron-size zinc oxide particles used for UV protection in personal care applications. In addition to high transparency, ZinClear®-IM also provides excellent soft focus and low photoactivity, increasingly required for enhanced cosmetic acceptability.

ZinClear-IM™ is Advanced Nano's first product to be manufactured using process technology incorporating improvements to the MCP™ technology that enable significantly higher throughputs and a substantial reduction in manufacturing cost. The Company expects that the lower cost of ZinClear-IM™ will enable Advanced Nano to enter higher volume segments of the sun care market with a competitively priced product whilst retaining the superior transparency performance of ZinClear®.

Final production trials for ZinClear-IM™ are scheduled to start at the end of October. If these production trials are successfully completed by December this year, the Company is on track for production to commence in the third quarter of its 2007 financial year.

The Company expects that the drive for increased UVA protection in sunscreens and limited options currently available in the US as a result of existing regulatory constraints will expand opportunities in the previously restricted A\$200 million US market. Zinc Oxide is one of only two UVA absorbers approved for use in the US market by the US Food & Drug Administration.

Advanced Nano also expects to see new growth in the European market. Zinc oxide is a naturally occurring mineral and therefore the Company believes ZinClear-IM™ is ideally positioned for the natural cosmetics segment which is currently showing growth rates of 20% per annum. Consequently, Advanced Nano's sales and marketing efforts are now being extended to the European and Asian markets. Advanced Nano will be presenting ZinClear-IM™ at the International Federation of Cosmetic Chemists Congress in Osaka, Japan on 17-19 October.

ABOUT ADVANCED NANOTECHNOLOGY LIMITED

Advanced Nano Limited develops, manufactures and sells advanced nanomaterials products worldwide that deliver significant performance and value improvements to its customers' products. As the only Australian public company to successfully operate in the rapidly expanding global nanomaterials sector. Advanced Nano's MCP™ nanopowder manufacturing technology is a patented, platform technology that enables the production of a broad range of high quality nanopowders and nanomaterials. The Company has achieved early revenues and strong growth

through high value, short time to market products where the high quality of its nanomaterials provides a clear competitive edge.

The Company's first products are in personal care, coatings, plastics and environmental catalyst markets where product transparency and functionality are required attributes. The products are manufactured and marketed under three 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; and NanoZ[®] – nano zinc oxide additives that allow stable UV absorber performance for coatings and plastics. Advanced Nano also manufactures Envirox^{™(1)}, a fuel borne nanocatalyst for use in diesel fuel, for UK-based Oxonica plc.

(1) Envirox[™] is a trademark of the Oxonica group.

FURTHER INFORMATION

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