Advanced Nanotechnology Limited
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ASX ANNOUNCEMENT
(ASX: ANO)

30 JUNE 2006

APPENDIX 3B – NEW ISSUE ANNOUNCEMENT, APPLICATION FOR QUOTATION OF ADDITIONAL SECURITIES AND AGREEMENT

Name of entity	Advanced Nanotechnology Limited
ABN	54 079 845 855

We (the entity) give ASX the following information.

PART 1 – ALL ISSUES

1	Class of securities issued or to be issued	Options over fully paid ordinary shares	
2	Number of securities issued or to be issued (if known) or maximum number which may be issued	3,000,000	
3	Principal terms of the securities (e.g. if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion)	<u>Commencement Date:</u> <u>Tranche 1</u> Number of options: Vesting date: Expiry date: Exercise price: <u>Tranche 2</u> Number of options: Vesting date: Expiry date:	Expected to be 25 July 2006 1,000,000 25 July 2008 *(2 years from the Commencement Date)* 25 July 2011 *(5 years from the Commencement Date)* 30.8 cents per ordinary share 1,000,000 25 July 2008 *(2 years from the Commencement Date)* 25 July 2011 *(5 years from the Commencement Date)*

		<u>Tranche 2 cont.</u> Exercise price:	 Higher of 20 cents or the volume weighted average price (VWAP) calculated over the 10 trading days prior to the Commencement Date
		<u>Tranche 3</u> Number of options: Vesting date: Expiry date: Exercise price:	 500,000 25 July 2007 *(1 year from the Commencement Date),* subject to the Executive receiving notice from the Company that the Executive has achieved the KPIs for Year 1 25 July 2011 *(5 years from the Commencement Date)* Higher of 20 cents or the VWAP calculated over the 10 trading days prior to the Commencement Date
		<u>Tranche 4</u> Number of options: Vesting date: Expiry date: Exercise price:	 500,000 25 July 2008 *(2 years from the Commencement Date),* subject to the Executive receiving notice from the Company that the Executive has achieved the KPIs for Year 2 25 July 2012 *(5 years from the first anniversary of the Commencement Date)* Higher of 20 cents or the VWAP calculated over the 10 trading days prior to the first anniversary of the Commencement Date
4	Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?	Yes	
5	Issue price or consideration	Nil upon issue of options	

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Offer of options pursuant to Employee Share Option Plan
7	Dates of entering securities into uncertificated holdings or despatch of certificates	Expected to be 14 July 2006
8	Number and class of all securities quoted on ASX (*including* the securities in clause 2 if applicable)	Number – 150,337,880 Class – Fully paid ordinary shares
9	Number and class of all securities not quoted on ASX (*including* the securities in clause 2 if applicable)	Number – 13,317,291 Class – Options to acquire fully paid ordinary shares Number – 17,433,322 Class – Fully paid ordinary shares, subject to two-year escrow restriction
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The same as previously disclosed with respect to ordinary shares on issue

PART 2 – BONUS ISSUE OR PRO RATA ISSUE

Not applicable

PART 3 – QUOTATION OF SECURITIES

Not applicable

QUOTATION AGREEMENT

Not applicable

Sign here: D. Cesari
Company Secretary

Dated: 30 June 2006

Print Name: Deana Cesari