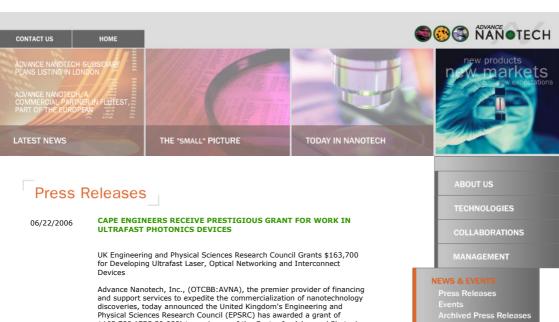
INVESTOR RELATIONS



Advance Nanotech, Inc., (OTCBB:AVNA), the premier provider of financing and support services to expedite the commercialization of nanotechnology discoveries, today announced the United Kingdom's Engineering and Physical Sciences Research Council (EPSRC) has awarded a grant of \$163,700 (GBP 89,000) to engineers of the Center for Advanced Photonics and Electronics (CAPE) at the University of Cambridge working with Advance Nanotech on the development of carbon nanotubes for photonic applications. The research and the technology under development enables the creation of ultrashort laser pulses and the regeneration of optical signals in high data rate systems and could significantly reduce the cost of doing business across a broad range of industries. These include computer servers and telecommunication applications to medical diagnostics, biomedical research, material marking, drilling, processing and inspection. The grant follows the research team's demonstration of the first working prototype of a new ultrashort pulse laser and acknowledges both the scientific and commercial merits of the project, as was announced by Advance Nanotech on March 13, 2006.

This grant is the second awarded to the carbon nanotubes for photonics project by EPSRC. In 2004, before Advance Nanotech partnered with CAPE on this project, EPSRC awarded a grant of \$467,500 (GBP 247,000) to help fund the first phase of the project. The additional grant has been awarded to complete key enabling steps for the commercialization of the carbon nanotube-based technology. These include securing intellectual property rights; initiating interactions with laser and material manufacturers; and identifying key product requirements such as time to market, productions costs, and technical specifications.

"The EPSRC funding will enable our team to develop fully packaged demonstrators that will showcase the potential of our technology while meeting the technical requirements of the industry leaders across a range of application sectors," said Dr. Andrea Ferrari, one of the leading scientists on the development team. "Advance Nanotech's guidance will be crucial in identifying and prioritizing suitable target applications and defining our market entry strategy."

Components of the laser under development are compact and employ only a tenth of a milligram of Carbon NanoTube (CNT) material at a cost of about ten cents per device. The manufactured components are extremely cost competitive and their integration in optical and photonic circuits is much less labor intensive compared to existing technologies since the new class of nanomaterials-based components require almost zero alignment. The technology could initially target ultrashort pulsed lasers such as modelocked lasers. The EPSRC's funding, which is designed to turn research outputs into commercial propositions, acknowledges the commercial potential of the technologies and will allow significant progress towards its full expression.

Advance Nanotech's investment in the ultrafast laser project was made in partnership with CAPE, the Center for Advanced Photonics and Electronics, at the Department of Engineering of the University of Cambridge. CAPE is an integrated Research Facility for Electrical Engineering with a staff of 20 academics, 70 post-doctoral researchers and 170 research students. CAPE is funded by Advance Nanotech, Alps Electric Company Limited, Dow Corning Corporation, and Ericsson Marconi Corporation, and is designed to encourage research activities to proceed to development and exploitation in close collaboration with industry. The program enables designers and engineers within academia and industry to benefit from the burgeoning developments in advanced photonics and electronics. In the past five years, numerous patents have been filed and ten spin-out companies have been formed from projects which began in the Electrical Division within Cambridge's Department of Engineering.

Advance Nanotech is currently funding 20 nanotechnologies in the electronics, biopharma, and materials industries. The firm provides services ranging from funding, to human capital and research equipment essential to ensuring that the most promising companies can accelerate the path to rapid commercialization. In this way, investor exposure to any particular technology is mitigated with Advance Nanotech retaining the option to increase investment in those technologies that successfully mature.

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