



NEWS RELEASE

CALIFORNIA NANOTECHNOLOGIES ANNOUNCES NEW ORDER FROM A MAJOR AIRFRAME MANUFACTURER

◆ Total new orders exceed \$80,500 US

◆ Total of new orders since May exceed \$593,500 US

◆ New Spark Plasma Sintering System Sold

CNO – TSX VENTURE

CERRITOS, CALIFORNIA, November 3, 2016, 2015 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to note that it has received new contracts worth approximately \$80,500 US. Of these orders, 75% are in the Research and Development division, 15% are in the Spark Plasma Sintering ("SPS") division and 10% are in the Sports and Recreational Division. This brings the number of new orders announced since May 13, 2015 to approximately \$593,500 US. In Canadian dollar terms, at today's conversion rate, this equates to over \$777,485 CAD. Of these total combined orders, 48% are in the Sports and Recreation division, 29% are in the Research and Development division, 21% are in the SPS division, and 2% are in the Oil and Gas division.

Of particular significance, the Company has received an order from a new business unit within a major longstanding aerospace customer. This brings the total value of the contracts underway for this customer to over \$133,000 US, which further demonstrates the Company's established position as a prime contractor for cutting edge aerospace research. "The initial results of this research have been quite positive," stated Christopher Melnyk, CEO. "This has accelerated the additional work currently underway."

Further adding to the diversified revenues of the Company, the SPS division is pleased to note that the University of Montreal has recently placed an order for a Spark Plasma Sintering furnace that could be installed by Cal Nano this quarter. The SPS units ordered earlier in the year have been delivered to both the University of Illinois (the first Fuji-SPS-615 in North America) and McMaster University in Hamilton, Ontario and will be installed and tested by Cal Nano in the coming months.

"Exhibiting at the October MS&T 2015 conference held in Columbus, Ohio, which was co-

sponsored by Fuji-SPS, generated leads and created additional awareness of the latest SPS systems that are ideally suited for academic research and pilot production,” stated CNO’s lead SPS engineer, Brian Weinstein. “As previously noted, the SPS division is becoming a cornerstone in the Company’s recurring revenue stream.”

Cal Nano is also pleased to report financial results for the six months ended August 31, 2015. In the March to August period, revenues were \$186,649 US compared to \$218,684 US in the same period in 2014. This decrease in overall revenue was primarily due to decreased revenue in the Oil and Gas and Research and Development divisions. Revenues increased in the SPS and Sports and Recreational divisions.

The Company’s cash flow used for operations⁽¹⁾ was \$94,885 US compared with \$140,150 US during the prior period.

Cal Nano’s net loss for the period was \$124,027 US or \$0.01 per share, compared to a loss of \$106,845 US or \$0.01 per share in the prior period. Overall operating expenses of \$259,500 US were lower by 31% when compared to the prior period. These reduced expenses are primarily related to the reduction in labor, benefits, and consulting costs necessitated by the decrease in activities in the Oil and Gas division of the Company.

"In the first six months of fiscal 2016, the cash flow used for operations⁽¹⁾ was less than \$16,000 US per month versus approximately \$29,000 US in fiscal 2015," stated Christopher Melnyk, Chief Executive Officer. "This reflects the Company’s continued path towards sustainable growth and demonstrates the benefit of a broad diversification of revenues."

SUMMARY OF FINANCIAL HIGHLIGHTS

All figures in US dollars

Basic Weighted Average Shares Issued And Outstanding :	For the six months ended August 31, 2015	For the six months ended August 31, 2014	% Increase (Decrease)
31,230,296			
Revenue	\$ 186,649	\$ 218,684	(15%)
Cash flow used for operations ⁽¹⁾	94,885	140,150	N/A
Net earnings (loss)	(124,027)	(106,845)	N/A
EPS (LPS)	(0.01)	(0.01)	N/A

⁽¹⁾ Cash flow used for operations is a non-GAAP term requested by the oil and gas investment community that represents net earnings adjusted for non-cash items including depreciation, depletion and amortization, deferred taxes, asset write-downs and gains (losses) on sale of assets, if any.

“Cal Nano is also pleased to note that the Company currently has approximately \$361,000 US in the sales backlog,” stated Rebecca Lim, CFO. “The continued growth in two major divisions is rapidly moving the Company towards long term sustainability.”

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