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CALIFORNIA NANOTECHNOLOGIES REPORTS RECORD REVENUE FOR BOTH NINE MONTHS AND THIRD QUARTER

- ◆ Nine Month Revenue over \$465,000 US, up 41%
- ◆ Q3 Revenue approximately \$262,000 US, up 82%
- ◆ Company delivers first working prototype for wafer fabricator
- ◆ Company commits to large production SPS

TSX VENTURE: CNO

LOS ANGELES, CALIFORNIA, JANUARY 31, 2017 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to report financial results for the first nine months of fiscal 2017, which ended November 30, 2016. In the March to November period, revenues on a US basis, increased by 41% to \$465,463 US, compared to \$330,216 US during the same period last year.

"Of particular significance, in mid-January 2017, the Company delivered the first working prototype to its wafer fabrication customer for testing and evaluation," stated Eric Eyeran, COO. "This product was delivered ahead of schedule. This milestone is critical to proceeding with phases 2 and 3 of this important program. Based on this success, the Company has committed to procuring the large SPS required for the production phase of this and other large programs. The Company is in the process of completing the documentation to facilitate this transaction."

SUMMARY OF NINE MONTH FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars

Basic Weighted Average Shares Issued And Outstanding at November 30, 2016: 31,430,296	For the period ended November 30, 2016	For the period ended November 30, 2015	% Increase (Decrease)
Revenue	\$ 465,463	\$ 330,216	41%
Cash flow from operating activities	(89,565)	(92,419)	n/a
Net loss	(107,591)	(90,718)	n/a
EPS (US)	(0.01)	(0.01)	n/a

SUMMARY OF THREE MONTH FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars

Basic Weighted Average Shares Issued And Outstanding at November 30, 2016: 31,430,296	For the period ended November 30, 2016	For the period ended November 30, 2015	% Increase (Decrease)
Revenue	\$ 261,996	\$ 143,567	82%
Cash flow from operating activities	22,999	12,809	80%
Net income (loss)	(13,623)	33,309	n/a
EPS (US)	(0.01)	(0.01)	n/a

"In the third quarter, the Company continued to generate increasing amounts of cash from operating activities. In this period, cash flow provided from operating activities increased to \$22,999 US from \$12,809 US, an increase of 80% from the prior period," stated David Grant, Chairman. "These results are leading the Company toward sustainability. To provide for increased visibility in the United States, the Company has made an application to trade it's securities on the OTCQB market."

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Reader Advisory

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to the expected future performance of the Company. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, governmental regulation, including environmental regulation; unanticipated operating events or performance; failure to obtain industry partner and other third party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, capital, skilled personnel and supplies; changes in tax laws; and the other risk factors disclosed under our profile on SEDAR at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking

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