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CALIFORNIA NANOTECHNOLOGIES ANNOUNCES RECORD REVENUE FOR FISCAL 2017 AND MOVES INTO PHASE 1A OF PROJECT WITH MAJOR MICROCHIP MANUFACTURER

- ◆ Company announces record revenue for Fiscal 2017
- ◆ Cal Nano begins work on Phase 1A for large microchip fabricator
- ◆ Production SPS unit scheduled to arrive August 2017

TSX VENTURE: CNO

LOS ANGELES, CALIFORNIA, JULY 4, 2017 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to announce record revenues of \$543,534 US for fiscal 2017, ending February 28, 2017. This represents an increase of 26 percent over the prior year. At the exchange rate of June 30th 2017, this revenue would be approximately \$704,746 CDN. Cash flow used for operations was \$175,034 US. Cash flow requirements increased in the fourth quarter as the Company prepared for the new large scale production SPS that will be arriving in August. "The Cal Nano technical team was in Japan in the week of June 19 to review the progress, being made by our partner Fuji, on the large SPS. We also received training on a similar system and reviewed the requirements for the installation planned for August and September of this year," stated Eric Eyerman, COO. "Once operational, the system should allow the Company to move into the production phase of the programs planned for execution this fall."

Since January 2017, the company has delivered several working prototypes to its semiconductor and chip fabrication customer for continuous testing and evaluation. The Company is pleased to note that, due to exceeding our microchip fabrication customer's expectations, the Company is moving into Phase 1A of the program, effective immediately. The completion of Phase 1A in late July should lead directly into Phase 2 of this program, which will broaden the effort with the development of a variety of different sizes and styles of the current design. "As the exclusive provider of SPS technology and services required by this customer for the foreseeable future, we believe this is a long term partnership that will lead to continued R and D and the manufacturing of production components as each development is completed," stated Brian Weinstein, SPS Division Manager.

SUMMARY OF FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars

Basic Weighted Average Shares Issued And Outstanding at February 28, 2017: 31,368,378	For the year ended February 28, 2017	For the year ended February 29, 2016	% Increase
Revenue	\$ 543,534	\$ 431,763	26%
Cash flow used for operations ⁽¹⁾	(175,034)	(139,880)	-
Net Loss	(269,763)	(170,379)	-
LPS	(0.01)	(0.01)	-

⁽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 would like to announce that it has granted 25,000 incentive stock options to Roger Dent, a director of the Company. The options were granted pursuant to the Company's Stock Option Plan, which received shareholder approval at the Annual General and Special Meeting held on November 17, 2016. The options were granted at the exercise price of \$0.14 per share which was the closing price on June 30, 2017. The stock options will vest over a three years, expire after a five year period and are subject to TSX Venture Exchange requirements.

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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 information.

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