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CALIFORNIA NANOTECHNOLOGIES REPORTS 182% INCREASE IN FIRST QUARTER REVENUES AND CONTINUES TO TRANSITION TOWARDS COMMERCIALIZATION

TSX VENTURE: CNO

CERRITOS, CA, July 24, 2014 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to report record financial results for the first quarter of fiscal 2015, ended May 31, 2014. In the March to May period, revenues increased by 182% to \$159,198 US (\$172,550 CAD), compared to \$56,535 US (\$58,446 CAD) during the same period last year. Gross margin for the first quarter was 95% compared to 86% during the first quarter of fiscal 2014. This increase in revenues was due mainly to increased sales in the oil and gas division.

Cal Nano continued to operate at a near cash flow break even basis during the first quarter. Cash flow provided by (used for) operations ⁽¹⁾ for the period was (\$8,711 US) compared to (\$77,591 US) for the same period last year. This is the second quarter in a row for the Company to achieve near cash flow break-even results.

Cal Nano's net loss for the first quarter was \$54,218 US or \$0.01 per share, a significant improvement from a loss of \$111,148 US last year. Overall operating expenses of \$181,843 US were higher by 16% when compared to the prior period. These expenses are in response to the increased sales and the resulting expenses related to salaries, wages and benefits. To support the growth of the Company, Cal Nano has added new engineering staff to facilitate increased commercial and developmental programs.

SUMMARY OF FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars unless noted.

Basic Weighted Average Shares Issued And Outstanding : 28,888,428	For the period ended May 31, 2014	For the period ended May 31, 2013	% Increase (Decrease)
Revenue	\$ 159,198	\$ 56,535	182%
Cash flow provided by (used for) operations ⁽¹⁾	(8,711)	(77,591)	-
Net income (loss)	(54,218)	(111,148)	-
EPS (LPS) (US)	(0.01)	(0.01)	-
EPS (LPS) (CAD)	(0.01)	(0.01)	-

(Note: at 05/28/14, \$1US = \$1.084 CAD; 05/28/13, \$1US = \$1.034 CAD)

⁽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.

Following the financing completed in April 2014, Cal Nano is in a much stronger financial position with a cash balance of \$536,644 US. The proceeds from this transaction are being utilized for growth opportunities as the Company transitions toward commercialization.

As reported previously, the company recently purchased a larger high-energy mill that is being modified for advanced cryogenic processing. This new mill will increase the company's cryomilling capacity by a factor of six. This equipment is currently being commissioned to assist Cal Nano in meeting the growing demand for its nano-engineered materials.

Management is very pleased with the continued strong financial results achieved in the first quarter of fiscal 2015. The Company is strategically based in Southern California, one of the most significant centers of Nanoscale research. This encourages active collaboration and partnership with leading US Corporations and Academic Institutions to support the commercialization of nanotechnology in the Oil and Gas, Sports and Recreation, Aerospace and Automotive Industries.

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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", "budget", "scheduled", "estimates", "forecast" and other similar words or variations thereof, or statements that certain events or conditions "may", "could", "would", "might" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to the expected use of proceeds. 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: additional funding required by the Company on an ongoing basis; market competition against third parties with greater financial and human resources; the protection of the Company's intellectual property rights; costs of production; capital expenditures; requirements for additional capital; failure of equipment or processes to operate as anticipated; delays in obtaining regulatory approvals, claims limitations on insurance coverage; risks associated with international operations; risks related to material customer agreements; fluctuations in the currency markets; and changes in national and local government legislation, controls, regulations and political or economic developments in Canada, the United States or other countries in which the Company may carry on business in the future. 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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