



**CALIFORNIA NANOTECHNOLOGIES
CORPORATION**

Management Discussion and Analysis
For the year ended
February 29, 2024

Dated: June 27, 2024

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California Nanotechnologies Corporation

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the Condensed Consolidated Interim Financial Statements and related notes of California Nanotechnologies Corporation (the “Company” or “Cal Nano”) for the year ended February 29, 2024. The Company’s functional and presentation currency is U.S. dollars and all amounts in this MD&A are expressed in U.S. dollars. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). This MD&A has been completed as of June 27, 2024.

FORWARD-LOOKING STATEMENTS

This Management Discussion and Analysis (MD&A) includes predictions about future events, commonly known as forward-looking statements. These statements, typically identified by specific words like "plans," "expects," "estimates," and "anticipates," as well as other similar expressions, outline expected actions, occurrences, or outcomes. However, they are subject to various known and unknown risks and uncertainties, leading to potentially significant differences in the actual outcomes or performance of the Company compared to those suggested by these statements. The accuracy of these forward-looking statements depends on several assumptions that might not hold true. These include factors such as the Company's financing capabilities, overall economic conditions, customer interest in its products and services, competition levels, and unexpected costs. It's important to note that the Company's perspective might change over time due to new events and developments. Still, it is not obligated to update these statements according to securities legislation.

Readers are advised not to rely solely on these forward-looking statements as they represent the Company's position only as of the MD&A's date. Other potential factors not listed here could cause actual results and events to differ from those projected. The "Risk Factors" section of this MD&A and other periodic filings provide more details on these risks and uncertainties. These documents are available on the SEDAR+ website at www.sedarplus.ca. The Company does not commit to updating these statements in light of new information or future events. All forward-looking statements in this MD&A are given with this caution in mind.

COMPANY OVERVIEW

Cal Nano is an American company specializing in comprehensive R&D and commercial manufacturing services and equipment sales tailored to address intricate material enhancement challenges. With a nearly two decades-long track record, we have successfully conducted thousands of trials, enabling our clients to realize their material advancement objectives. Renowned for our expertise, Cal Nano stands out as the premier partner in North America for the cutting-edge technologies of Spark Plasma Sintering and Cryomilling. Having conducted over 9,500 trials, we have solidified our reputation as a trusted leader in the industry among multinationals, startups, and government research labs.

Mission & Vision

Cal Nano's mission is to bring next generation materials to market with cutting-edge technologies.

We envision a world in which our advanced technologies are used to help make the most innovative products on this planet and beyond. Global leaders trust us to help push the boundaries of applied material science by utilizing our unique technical expertise and vision.

Cal Nano hosts a complement of advanced processing and testing capabilities for materials research & production needs in its main manufacturing facility and headquarters in Cerritos, California. Multiple in-house Spark Plasma Sintering systems, cryogenic mills, mechanical testing, and tooling fabrication combine for an agile ability to serve a variety of customer's needs. R&D and pilot-scale production services are performed by Cal Nano for customers across all industries, universities, and labs. These customers range from Fortune 500 companies and government research labs to startups with programs spanning aerospace, renewable energy, defense, and semiconductors.

Core Technologies

Cal Nano's two core technologies are Spark Plasma Sintering (SPS) and Cryogenic Milling. SPS is an advanced sintering & bonding technique for all varieties of materials, including metallic alloys, high-temp ceramics, high entropy alloys, and everything in between. Cal Nano provides powder consolidation and material bonding toll services via its multiple Spark Plasma Sintering Systems for everything from fundamental R&D to production. Cryogenic Milling is a cutting-edge powder processing technique used for particle size reduction (to nano scale), mechanical alloying and nano-grain refinement. This process is high-energy attrition ball milling at cryogenic temperatures, which provides unique benefits to traditional milling/mixing technology. Cal Nano provides toll services for R&D along with production and has multiple milling systems on-site.

The Company trades on two exchanges: the TSX Venture Exchange (TSX-V) under the symbol CNO for Canadian investors, and on the OTC Markets (OTC) under the symbol CANOF for US investors.

MARKETS & STRATEGY

Cal Nano currently services customers in the aerospace, renewable energy, cleantech, defense, and semiconductors industries. The mix of customers varies year-to-year depending on the size and timing of projects. Historically, the Company has provided R&D and pilot-scale production services to customers in North America. As part of its new growth strategy, Cal Nano aims to transition from solely R&D-based work to commercial-scale production while potentially servicing customers headquartered outside of North America who want a local U.S. manufacturing presence.

A related company, Omni-Lite Industries, also has many long-standing relationships in similar areas, providing further access to future commercial customers.

RESULTS OF OPERATIONS

Revenue: For the fiscal year ended February 29, 2024, the Company reported revenue of \$3,337,457 compared to \$1,381,934 from the prior fiscal year, an increase of 142%. The year over year revenue increase of \$1,955,523 is primarily due to the \$1,598,823 increase in spark plasma sintering, and equipment delivery of Spark Plasma Sintering (SPS) systems in the first, and third quarters of FY2024 totaling \$404,925. Continued revenue in equipment sales is expected from focused marketing efforts and organic growth.

	YTD as of 2/29/24	% of Total Sales	YTD as of 2/28/23	% of Total Sales
Sales by Type				
Manufacturing	2,901,412	87%	1,371,524	99%
Equipment	404,925	12%	-	0%
Other	31,120	1%	10,410	1%
Total Sales	\$ 3,337,457	100%	\$ 1,381,934	100%

Gross profit on equipment sales at 26% is significantly less than the gross profit on the service-based business of manufacturing work which is 76% for FY 2024. Year-over-year gross profit increased \$1,336,411, while the percentage showed only a 200bps reduction. The increase in operations headcount and optimized scheduling allowed for additional capacity and revenue generation. Costs were managed effectively so as not to compromise overall gross profit levels.

	YTD as of 2/29/24	% of Total Sales	YTD as of 2/29/23	% of Total Sales
Gross Profit				
Manufacturing	2,212,154	76%	987,770	72%
Equipment	106,317	26%	-	
Other	16,120	52%	10,410	100%
Total Gross Profit	\$ 2,334,591	70%	\$ 998,180	72%

Operating Expenses: Overall operating expenses for the year ended February 29, 2024, was \$1,699,335, or 51% of revenue, compared to the prior fiscal year which totaled \$808,922, or 59% of revenue. The year-over-year increase of 110% is due to increases in stock-based compensation of approximately \$313,000, salaries and benefits expenses of \$276,000, professional and consulting fees of \$131,000, advertising and promotion of \$59,000, and travel of \$56,000. The \$313,000 increase in stock-based compensation expense was the result of the issuance of 2,080,000 stock options in the second quarter FY2024 of approximately \$119,000, and the expense related to the loan agreement with Eric Eyerman for the purchase of stock and warrants during the private placement of \$195,000. The salaries and benefits increase are the result of wage and bonus increases of approximately \$140,000 and \$106,000 respectively, and increased benefits costs of \$10,000. Included in the professional and consulting expenses are primarily sales consulting fees of \$100,000.

Net Income: Net Income for the fiscal year ended February 29, 2024 was \$381,678 compared to \$79,764 in the prior fiscal year. The growth is attributed to the increase in revenue and gross profit, partially offset by increases in operating expenses.

Earnings (loss) per share: At February 29, 2024, basic earnings per share was \$0.01 with the weighted average number of shares at 35,187,083.

The diluted earnings per share is \$0.01, with the diluted weighted average number of shares at 36,879,656.

The basic gain (loss) per common share is calculated using net income (loss) divided by the weighted-average number of common shares outstanding. The diluted gain (loss) per common share is calculated using net income (loss) divided by the weighted-average number of diluted common shares outstanding.

At February 29, 2024, 2,061,666 stock options and 1,388,900 warrants were included in the calculation of the weighted average number of diluted common shares outstanding.

SUMMARY OF FINANCIAL HIGHLIGHTS (U.S. \$)

All figures in US dollars unless noted.

	For the year ended February 29, 2024	For the year ended February 28, 2023	% Increase (decrease)
Revenue	\$3,337,457	\$ 1,381,934	142%
Cash flow from operations	104,284	623,085	(83%)
Net income	381,678	79,764	379%

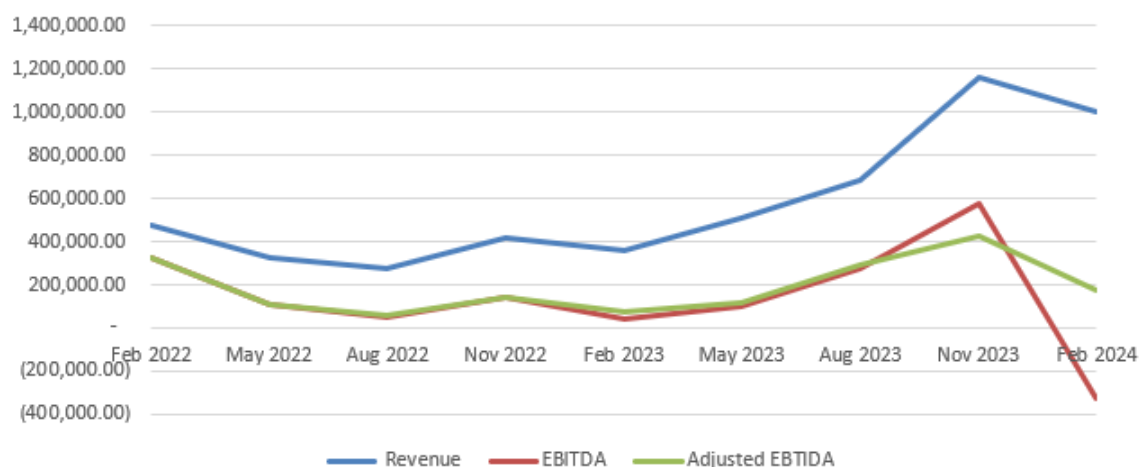
Selected Quarterly Information

The following table summarizes selected quarterly information from the last eight quarters.

ALL FIGURES IN US DOLLARS UNLESS NOTED

	Feb 29, 2024	Nov 30, 2023	Aug 31, 2023	May 31, 2023	Feb 28, 2023	Nov 30, 2022	Aug 31, 2022	May 31, 2022
Revenue	\$983,004	\$1,159,234	\$685,931	\$509,288	\$362,364	\$418,422	\$271,968	\$329,180
Cash flow (used for) from operations	(93,532)	239,127	15,456	(56,767)	195,051	118,130	112,875	197,029
Net income (loss)	(381,360)	513,897	213,674	35,467	(8,811)	64,801	(26,496)	50,270
EBITDA	(\$324,837)	\$ 577,928	\$279,308	\$100,943	\$ 44,159	\$139,511	\$ 49,437	\$104,805
Adjusted EBITDA	\$325,236	\$ 426,686	\$292,565	\$112,654	\$ 73,025	\$145,309	\$ 55,236	\$110,604

Revenue & EBITDA



“EBITDA” means the earnings before interest, income taxes, depreciation, and amortization, where interest is defined as net finance costs as per the consolidated statement of comprehensive income.

“Adjusted EBITDA” refers to earnings before interest, income taxes, depreciation, amortization, share-based compensation, and the unrealized gain on share purchase warrants, with interest defined as net finance costs as per the consolidated statement of comprehensive income.

Liquidity and Capital Resources

The following table summarizes the Company's cash flows by activity and cash on hand.

	February 29, 2024	February 28, 2023
Net cash from operating activities	\$ 104,284	\$ 623,085
Net cash used for financing activities	535,329	(372,571)
Net cash used for investing activities	(14,302)	(85,805)
Net (decrease)/increase in cash	625,311	164,709
Cash at the beginning of the period	216,041	51,332
Cash at the end of the period	841,352	216,041

At February 29, 2024, the source of liquidity came in large part from the non-brokered private placement stock issuance during the third quarter, which increased the cash balance by a net amount of \$764,434. For the year ended February 29, 2024, the Company's working capital (current assets less current liabilities) was \$964,626 (2023-deficiency of \$1,215,677).

The Company's functional and reporting currency is U.S. dollars; however, the calculation of income tax expense is based on income in the currency of the country of origin. As such, the Company is continually subject to foreign exchange fluctuations, particularly as the Canadian dollar moves against the U.S. dollar.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures. The Company reports in its functional currency, the U.S. dollar.

The Company does not have any off-statement of financial position arrangements.

RECENT DEVELOPMENTS

Cal Nano continues to focus on Spark Plasma Sintering and Cryogenic Milling as its main technologies and drivers for future development and growth. Cal Nano's pilot-scale SPS and cryomilling systems enable scale-up from small-scale R&D programs to low-volume production of powders and sintering products. Cal Nano's recent efforts have seen success in areas such as cleantech with programs also expanding in aerospace, defense, and industrials.

- On March 5, 2024, Cal Nano completed a US\$300,000 down payment for a cutting-edge MSP-5 Spark Plasma Sintering machine by Germany-based Dr. Fritsch.
- On February 20, 2024, Cal Nano signed a new lease agreement for an additional manufacturing facility in Santa Ana, California.
- On January 16, 2024, Cal Nano released its Q3 2024 results and paid down US\$120,000 of its borrowings from Omni-Lite Industries Canada Inc. while continuing to assess potential new sites for its production facilities and headquarters.
- On December 4, 2023, Cal Nano provided a year end business and operational update which included highlights on the Company's growth strategy and manufacturing production expansion. This update summarized indications of potential customer demand and recent equipment purchases to increase manufacturing capacity.
- On November 1, 2023, Mr. Chris Melnyk, a distinguished figure in the materials science industry, was appointed to the Cal Nano Board of Directors. Mr. Melnyk previously served as a board member and CEO of the Company until 2016.

- On October 30, 2023, Cal Nano released its Q2 2024 results and indicated it is in the process of identifying potential new sites for its production and headquarters.
- On October 30, 2023, Cal Nano announced the closing of its non-brokered private placement (CAD \$1.5 million) and shares for debt exchange (CAD \$180,000).
- On July 31, 2023, Cal Nano released its Q1 2024 results as it continued to explore options for increasing manufacturing capacity, which included the potential for a larger-sized Spark Plasma Sintering machine.
- On June 29, 2023, Cal Nano released its FY2023 results which marked a record year in annual revenues along with strong profitability and operating cash flow generation. Within the fiscal year, the Company paid US\$245K towards its bank debt and borrowings from Omni-Lite Industries Canada Inc., demonstrating a commitment to reducing its overall debt.

RISK FACTORS

The Company is subject to several risks as outlined below.

Experimental Field

Cal Nano is engaged in the research and development of new materials with the goal of commercializing viable products. The nanotechnology and advanced materials industry require extensive experimental effort and can require significant investment. Customers may hesitate to implement any technologies and/or new materials developed without extensive and time-consuming testing.

No Assurance of Commercial Production

Cal Nano has historically been a research and development firm. As part of its growth plan, the Company is now looking to transition some of those R&D projects into commercial production. However, there is no assurance that it will achieve commercial levels of production or sales for any product.

Relationships with Customers

The success of Cal Nano is directly related to the strength of its relationships with and the economic success of its larger customers. Should Cal Nano's relationships with these customers become strained or the profitability of these customers become negatively affected, the Company's profitability may be impacted.

Competition

Cal Nano is uniquely positioned as, at the current time, one of the only toll manufacturers utilizing Spark Plasma Sintering and Cryomilling technologies to process and enhance powder materials. That being said, there is a high degree of competition within the powder processing industry, which could impact Cal Nano's ability to find and keep customers.

Potential Fluctuations in Financial Results

If Cal Nano's future anticipated revenues are not realized on a timely basis, Cal Nano's financial results could be materially adversely affected.

Financial results in the future may be influenced by these or other factors.

Management of Growth

Any expansion of Cal Nano's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that Cal Nano will be able to manage its operations and financial assets successfully in order to manage any growth it undertakes. Any inability of Cal Nano to manage growth successfully could have a material adverse effect on Cal Nano's business, financial condition and results of operations.

Government Regulations

Cal Nano may be subject to various laws, regulations, regulatory actions, and court decisions that may negatively affect it. Changes in the regulatory environment imposed upon Cal Nano could adversely affect its ability to attain its corporate objectives.

Reliance on Key Personnel and Consultants

There can be no assurance that any of Cal Nano's directors, officers or employees will remain with Cal Nano or that, in the future, directors, officers or employees will not organize competitive businesses or accept employment with companies competitive with Cal Nano.

Additional Financing Requirements and Access to Capital

Cal Nano may require additional financing to implement its business plan. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of Cal Nano. There can be no assurance that Cal Nano will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to Cal Nano. If additional financing is raised by the issuance of shares from the treasury of Cal Nano, control of Cal Nano may change and shareholders may suffer additional dilution. There can be no assurance that Cal Nano will generate cash flow from operations necessary to support the continuing operations of Cal Nano.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Corporation is accumulated and communicated to our management as appropriate to allow timely decisions regarding disclosure. The Company's Chief Executive Officer and a Director have concluded, based on their evaluation at February 29, 2024, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to Cal Nano, is made known to them by employees or third-party consultants working for the Company. It should be noted that while the Company's Chief Executive Officer and a Director believe that the disclosure controls and procedures will provide a reasonable level of assurance and that they are

effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

OUTSTANDING SHARE CAPITAL

At February 29, 2024:

- Common Shares issued and outstanding: 41,831,550
- Share purchase warrants 3,888,900
- Stock options:

<u>Description</u>	<u>Number</u>
Options outstanding at February 29, 2024	4,200,000
Options exercisable at February 29, 2024	2,061,666

During the Annual Stockholder’s Meeting held on August 23, 2023, the stockholders approved an amendment to replace the Company’s stock option plan with a Fixed Stock Option Plan. The amendment increased the number of shares authorized for issuance from 10% to 20% of the issued and outstanding shares of common stock.

RELATED PARTY TRANSACTIONS

Advances from related party are from a related entity that owns 16.6% (2023 – 19.1%) of the Company’s shares. Included in the advances from related party is a term loan that bears interest at 7.5% and interest is paid monthly. Previously the loan included a demand feature that was removed in September 2023. The loan is secured by all assets of the Company. The term loan balance of \$728,567 requires monthly principal payments of \$10,000 with the remainder due on or before May 30, 2025.

The Company made principal payments on the term loan of \$220,000 (2023 - \$120,000) during the year, including \$120,000 which was a prepayment of the \$10,000 per month for fiscal 2025. The Company incurred and paid interest for the year of \$74,177 (2023 - \$66,804).

On October 30, 2023, the Company issued 1,200,000 common shares to the related entity to settle \$131,589 of the term loan.

Also included in advances from related party is a loan in the amount of \$250,000 (2023 - \$250,000). The loan bears interest at a rate of 4.25% and interest expense incurred and paid during the year was \$10,625 (2023 -\$10,625).

RELATED PARTY TRANSACTIONS-Continued

On August 1, 2022 the Company entered into a lease agreement with the related entity.

At February 29, 2024, the lease liability consists of the following:

Opening Balance	\$	249,111
Payments		(42,000)
Interest		21,263
Lease Liability at end of period	\$	228,374
Less current portion		(22,681)
Long term portion	\$	205,693

In 2022, the Company entered into an agreement with Omni-Lite to sub-lease a portion of the property located at 17220 Edwards Road, Cerritos, California. The property location is that of the existing operations for Cal Nano. The Company recorded a right of use asset and lease liability of \$278,368, using an incremental borrowing rate of 9%. The Company is responsible for its own maintenance and operating costs, including insurance. For the year ended February 29, 2024, the costs totaled \$60,235 (2023 \$36,681) and are recorded in office expenses.

BOARD OF DIRECTORS

Some of the Company's directors are material shareholders.

FINANCIAL INSTRUMENTS

As part of its operations, the Company utilizes a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed. The Company manages these risks by operating to minimize risk exposure to the extent practical.

Financial instruments of the Company consist of cash, accounts receivable, accounts payable and accrued liabilities, interest payable, bank indebtedness and advances from related parties.

	February 29, 2024		February 28, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
At FVTPL				
Cash	\$ 841,352	\$ 841,352	\$ 216,041	\$ 216,041
Share purchase warrants	741,274	741,274	-	-
At amortized cost				
Accounts receivable	432,982	432,982	175,554	175,554
Accounts payable & accrued liabilities	263,964	263,964	404,529	404,529
Interest payable	-	-	154,634	154,634
Advances from related party	978,568	978,568	1,175,522	1,175,522

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market data.

There have been no transfers during the period between Levels 1, 2 and 3.

The carrying values of accounts receivable, accounts payable and accrued liabilities, interest payable and current portion of bank indebtedness approximate their fair value due to their short-term nature.

The fair value of the Company's long-term portion of bank indebtedness approximate its fair values due to the interest rates applied to these instruments, which approximate market interest rates. The fair value of the Company's advances from related party approximate their fair values due to the amounts being due on demand.

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to various risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not make use of off statement of financial position contracts to manage these risks.

Liquidity Risk

The Company defines liquidity risk as the financial risk that the Company will encounter difficulties meeting its obligations associated with financial liabilities. The Company's objective for managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. This risk is mitigated by managing the cash flow by controlling receivables and payables to vendors and related parties. At February 29, 2024, the Company had working capital of \$964,626 (2023 – deficiency of \$1,215,677).

The following table provides an analysis of the financial liabilities based on the remaining terms of the liabilities as at:

February 29, 2024	≤ 1 year	> 1 year ≤ 3 years	> 3 years ≤ 4 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 263,964	\$ -	\$ -	\$ -	\$ 263,964
Lease liability	22,682	51,946	62,149	91,597	228,374
Advances from related party	-	978,568	-	-	978,568
Total	\$ 286,646	\$ 1,030,514	\$ 62,149	\$ 91,597	\$ 1,470,906

February 28, 2023	≤ 1 year	> 1 year ≤ 3 years	> 3 year ≤ 4 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 228,516	\$ -	\$ -	\$ -	\$ 228,516
Deferred revenue	176,013	-	-	-	176,013
Lease Liability	20,736	47,491	56,819	124,065	249,111
Advances from related party	1,175,522	-	-	-	1,175,522
Total	\$ 1,600,787	\$ 47,491	\$ 56,819	\$ 124,065	\$ 1,829,162

Foreign currency risk

A portion of the Company's operations are located outside of the U.S. and, accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates.

The Company believes its exposure to foreign currency risk to be minimal. At February 29, 2024, the Company had the following balances denominated in CAD. The balances have been translated into U.S. dollars in accordance with the Company's foreign exchange accounting policy.

	<u>U.S Dollar February 29, 2024</u>	<u>U.S. Dollar February 28,2023</u>
Accounts receivable	\$ 7,076	\$ 3,749
Accounts payable and accrued liabilities	43,520	42,000

The Company operates with a U.S. dollar functional currency which gives rise to currency exchange rate risk on the Company's Canadian dollar denominated monetary assets and liabilities, such as Canadian dollar bank accounts and accounts payable, as follows:

	Impact on Net Income
U.S. Dollar Exchange Rate – 10% increase	\$ 3,644
U.S. Dollar Exchange Rate – 10% decrease	(3,644)

Revenue concentration and credit risk

For the year ended February 29, 2024, the Company was engaged in contracts for products with one (2023 – two) customer(s) in excess of 10% of revenue, which accounted for \$1,792,525 (2023 - \$376,004) or 53% (2023 – 27%) of the Company's total revenue. The loss of these customers, or a significant reduction in purchase volume from these customers, could have a material adverse effect on the Company's financial position, results of operations, and cash flows.

The Company manages credit risk by dealing with financially sound customers based on an evaluation of the customer's financial condition. The maximum exposure to credit risk is the carrying value of accounts receivable and cash. Two (2023 - one) customers had an outstanding balance in excess of 10% of accounts receivable, which accounted for \$284,213 (2023 - \$38,220) or 69% (2023 - 28%) of the Company's total accounts receivable balance. The table below provides an analysis of the current and past due accounts receivables.

	Total	Current	≤ 30 days	> 30 days ≤ 60 days	>60 days ≤ 90 days	> 90 days
February 29, 2024	\$ 432,982	\$ 252,683	\$ 21,906	\$ 2,815	\$ 74,813	\$ 80,765
February 28, 2023	\$ 175,554	\$ 130,451	\$ 30,550	\$ 12,188	\$ -	\$ 2,365

As at February 29, 2024, the average expected credit loss on the Company's accounts receivable was 0% and as a result the provision for expected credit losses was \$nil.

CAPITAL DISCLOSURES

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended February 29, 2024.

CONFERENCES

Conferences attended in FY2024

- The Minerals, Metals & Materials (TMS) 2023, San Diego, CA, exhibitor, March 19-23, 2023
- Space Tech Expo 2023, Long Beach, CA, exhibitor, May 2-4, 2023
- Materials Science & Technology, Columbus, OH, exhibitor, October 3-4, 2023
- SPS Experts Meeting, Switzerland, presenter, November 9-10, 2023
- High Entropy Alloys World Congress, exhibitor, Pittsburgh, PA, November 12-15, 2023
- Advanced Ceramics and Composites Expo, attendee, Daytona Beach, FL, January 28-February 2, 2024

INTENTION OF MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A is intended to provide an explanation of financial and operational performance compared with prior periods and the Company's prospects and plans. It provides additional information not contained in the Company's financial statements.

Additional information

Further information regarding California Nanotechnologies Corporation can be accessed under the Company's public filings found at www.sedarplus.ca.

The information contained in this discussion may be considered to contain forward-looking statements. Such forward-looking statements address future events and conditions and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated. There is no representation by the Company that actual results will be the same in whole or in part as implied by the forward-looking statements provided.