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CALIFORNIA NANOTECHNOLOGIES REPORTS PROGRESS ON PROGRAM WITH CHIP FABRICATOR AND EARLY DELIVERY OF LARGE SPS FROM JAPAN

- ◆ **Three Month Revenue over \$116,000 US, up 21%**
- ◆ **Company completes Phase 1A with microchip fabricator**
- ◆ **Large production SPS to be delivered August 2017**

TSX VENTURE: CNO
OTCQB: CANOF

CERRITOS, CALIFORNIA, AUGUST 2, 2017 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to announce that revenues of \$116,723 US in the first quarter, just completed on May 31, 2017, were an increase of 21% over the first quarter of the prior year. In addition the Company posted net income of \$12,001, the second time the Company has reported a positive net income. "As the Company broadens its customer base, adds the large production SPS this month and takes on larger projects with its Fortune 500 customers, reaching the point of sustainability and long term growth become feasible targets," stated Eric Eyerman, COO. In particular, the addition of the large SPS is attracting world class customers such as the US National Laboratories and 3M."

The Company has completed Phase1A for its large microchip fabrication customer with the delivery of several additional working prototypes for further testing and evaluation. If successful, the Company could move into Phase 2 of the program in September, 2017.

SUMMARY OF THREE MONTH FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars

Basic Weighted Average Shares Issued And Outstanding : 31,430,296	For the period ended May 31, 2017	For the period ended May 31, 2016	% Increase (Decrease)
Revenue	\$ 116,723	\$ 96,195	21%
Cash flow used for operations ⁽¹⁾	(37,569)	(82,292)	-
Net income (loss)	12,001	(69,681)	-
EPS (US)	0.01	(0.01)	-

⁽¹⁾ Cash flow from (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.

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