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CALIFORNIA NANOTECHNOLOGIES REPORTS SIGNIFICANT POSITIVE CASH FLOW AND NET INCOME IN THIRD QUARTER

- ◆ Q3 Positive Cash Flow of over \$65,000 US
 - ◆ Q3 Earnings of over \$33,000 US
- ◆ Nine Month Revenues up 10% year on year

TSX VENTURE: CNO

CERRITOS, CA, February 25, 2016 - California Nanotechnologies Corp. ("Cal Nano" or the "Company") is pleased to report financial results for the first nine months of fiscal 2016 which ended November 30, 2015. In the March to November period, revenues on a US basis, increased by 10% to \$330,216 US, compared to \$299,179 US during the same period last year.

Cal Nano's net loss for the first nine months was \$90,718 US, a significant improvement from a loss of \$205,180 US in the same period last year. Overall operating expenses of \$360,631 US were lower by 34% when compared to the prior period.

SUMMARY OF NINE MONTH FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars

Basic Weighted Average Shares Issued And Outstanding : 31,230,296	For the period ended November 30, 2015	For the period ended November 30, 2014	% Increase (Decrease)
Revenue	\$ 330,216	\$ 299,179	10%
Cash flow from operations ⁽¹⁾	(29,048)	(237,891)	-
Net income (loss)	(90,718)	(205,180)	-
EPS (LPS)	(0.00)	(0.01)	-

⁽¹⁾ Cash flow from 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, future income taxes, non-recurring items, asset write-downs and gains (losses) on sale of assets, if any.

SUMMARY OF THREE MONTH FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars

Basic Weighted Average Shares Issued And Outstanding : 31,230,296	For the three months ended November 30, 2015	For the three months ended November 30, 2014	% Increase (Decrease)
Revenue	\$ 143,567	\$ 80,495	78%
Cash flow from operations ⁽¹⁾	65,837	(97,741)	-
Net income (loss)	33,309	(98,335)	-
EPS (LPS)	(0.00)	(0.00)	-

"The positive cash flow of \$65,837 US and the net income of \$33,309 US are significant milestones for the Company," stated Christopher Melnyk, CEO. "These results were driven by a 94% gain in revenues in the R and D division, due to significant orders from a major aerospace customer. Overall in the third quarter revenues were up 78% from the prior year."

The Company is also pleased to announce that it has received new contracts worth approximately \$53,000 US since November 3, 2015. Of these orders 64% are in the Spark Plasma Sintering ("SPS") division, 31% are in the Research and Development division and 5% are in the Sports and Recreational division. This brings the new orders announced since May 13, 2015 to approximately \$646,000 US. At the US to CAD conversion rate of February 24, 2016 this would be approximately \$891,000 CAD.

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