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## CALIFORNIA NANOTECHNOLOGIES REPORTS RECORD FOURTH QUARTER AND YEAR END FINANCIAL RESULTS

CNO – TSX VENTURE

CERRITOS, CALIFORNIA, July 2, 2014 - California Nanotechnologies Corp. (“Cal Nano” or the “Company”) is pleased to report record financial results for the 4<sup>th</sup> quarter and year ended February 28, 2014. For fiscal 2014, revenues increased 43% to \$373,481US (\$415,804CAD) compared to \$261,302US (\$268,025CAD) in 2013. Gross margin for the year was 87% which was unchanged from fiscal 2013. This improvement in revenues was due primarily to increases in the oil and gas and sports and recreational divisions. In the fourth quarter, Cal Nano achieved record quarterly results with revenues of \$175,172US (\$195,023CAD), an increase of 338% over the same quarter last year. The main sources of revenue during fiscal 2014 were from cryogenic milling, research projects, engineering services and the sale of commercial parts made from advanced nano-engineered materials.

The Company’s cash flow provided by (used for) operations <sup>(1)</sup> for the year was (\$198,383US) compared with (\$327,631US) during the prior year. Cash flow from operations <sup>(1)</sup> in the fourth quarter of fiscal 2014 neared break-even at (\$6,310US).

Cal Nano’s net loss for the year was \$302,365US (\$336,629CAD) or \$0.01 per share, compared to a loss of \$531,811US (\$545,494CAD) or \$0.02 per share in the prior year. Amortization and depreciation expense and salaries, wages and benefits, research, and supplies were the greatest expense items. Overall operating expenses of \$619,161US were lower by 12% when compared to the prior year.

### SUMMARY OF FINANCIAL HIGHLIGHTS (US \$)

All figures in US dollars unless noted.

| Basic Weighted Average Shares Issued And Outstanding :     | For the year ended February 28, 2014 | For the year ended February 28, 2013 | % Increase (Decrease) |
|--|--------------------------------------|--------------------------------------|-----------------------|
| 25,820,000   |                                      |                                      |                       |
| Revenue  | \$ 373,481                           | \$ 261,302                           | 43%                   |
| Cash flow provided by (used for) operations <sup>(1)</sup> | (198,383)                            | (327,631)                            | n/a                   |
| Net Loss   | (302,365)                            | (531,811)                            | n/a                   |
| EPS (US)   | (0.01)                               | (0.02)                               | n/a                   |
| EPS (CAD)  | (0.01)                               | (0.02)                               | n/a                   |

(Note: at 02/28/14, \$1US = \$1.1133 CAD; 02/28/13, \$1US = \$1.0257 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.

The Company's immediate short-term objectives will be to install larger scale production systems to meet the growing demand for the nano-engineered materials currently produced by Cal Nano. The Company has recently purchased a larger high-energy attritor to be adapted and modified for advanced cryogenic processing, increasing the Company's cryomilling capacity by a factor of six. The company is continuing to develop new technology and is sourcing new opportunities through collaborations and partnerships with select universities and tier one production suppliers.

Subsequent to year end, Cal Nano completed a private placement raising gross proceeds of \$714,190 CAD. As a result of this transaction, Cal Nano currently has 31,230,296 shares issued and outstanding.

"Management is very pleased with financial results achieved in fiscal 2014 and those obtained in Q1/15. Revenues in Q1 were approximately \$159,575US (\$172,959CAD) and the movement toward cash flow break-even strengthens the company's financial position while allowing management to focus on moving Cal Nano's products toward commercialization. With increasing revenues, high margins, and several research and development projects scheduled for completion in the near future, management remains optimistic as the Company transitions into the commercial marketplace," stated Christopher Melnyk, CEO.

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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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