



**California Nanotechnologies Corp.**  
**Condensed Consolidated Interim Financial Statements**  
For the nine months ended November 30, 2025 and 2024  
(Unaudited, in United States Dollars)

**Contents**

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**Condensed Consolidated Interim Financial Statements**

<b>Notice to Reader</b>	<b>2</b>
<b>Interim Statements of Financial Position</b>	<b>3</b>
<b>Interim Statements of Income and Comprehensive Income</b>	<b>4</b>
<b>Interim Statements of Changes in Shareholders' Equity/(Deficit)</b>	<b>5</b>
<b>Interim Statements of Cash Flows</b>	<b>6</b>
<b>Notes to Condensed Consolidated Interim Financial Statements</b>	<b>7 - 17</b>

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## UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canada Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated financial statements for the nine months ended November 30, 2025 and 2024.

### NOTICE TO THE READER OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The interim financial statements of California Nanotechnologies Corp. and the accompanying interim condensed consolidated statements of financial position as at November 30, 2025 and the interim condensed consolidated statements of loss, comprehensive loss, changes in equity and cash flows for the nine months ended November 30, 2025 and 2024 are the responsibility of the Company's management. These condensed consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, MNP LLP.

The condensed consolidated interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

"signed" Sebastien Goulet  
Director

"signed" Roger Dent  
Director

**California Nanotechnologies Corp.**  
**Condensed Consolidated Interim Statement of Financial Position**  
**United States Dollars**

As at	Note	November 30, 2025 (Unaudited)	February 28, 2025 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 341,417	\$ 533,845
Accounts receivable		538,970	1,232,703
Prepaid expenses and deposits		43,186	63,697
<b>Total current assets</b>		<b>923,573</b>	<b>1,830,245</b>
Property and equipment	6	3,152,967	3,626,330
Deposits		41,736	41,736
Intangible assets	7	2,677	3,108
<b>Total assets</b>		<b>\$ 4,120,953</b>	<b>\$ 5,501,419</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 497,674	\$ 808,341
Income tax payable		93,091	168,091
Interest payable		1,784	-
Deferred revenue		-	17,500
Share purchase warrants		-	568,103
Current lease liability	8	317,584	316,348
<b>Total current liabilities</b>		<b>910,133</b>	<b>1,878,383</b>
Non-current lease liability	8	1,073,841	1,306,706
<b>Total liabilities</b>		<b>1,983,974</b>	<b>3,185,089</b>
<b>Shareholders' equity</b>			
Share capital	10	6,623,000	5,176,599
Contributed surplus	12	1,390,583	1,181,375
Deficit		(5,876,604)	(4,041,644)
<b>Total shareholders' equity/(deficit)</b>		<b>2,136,979</b>	<b>2,316,330</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 4,120,953</b>	<b>\$ 5,501,419</b>

Going concern 2

On behalf of the Board:

"signed" Sebastien Goulet  
**Director**

"signed" Roger Dent  
**Director**

The accompanying notes are an integral part of these consolidated financial statements

**California Nanotechnologies Corp.**  
**Condensed Consolidated Statements of Income**  
**United States Dollars**  
**Unaudited**

	Note	For the nine months ended November 30, 2025	For the nine months ended November 30, 2024	For the three months ended November 30, 2025	For the three months ended November 30, 2024
<b>Revenue</b>		\$ 1,888,950	\$ 5,077,216	\$ 392,481	\$ 1,806,205
<b>Cost of goods sold</b>		934,784	1,281,252	329,096	413,983
<b>Gross profit</b>		954,166	3,795,964	63,385	1,392,222
<b>Expenses</b>					
Advertising and promotion		131,107	77,054	53,773	21,930
Depreciation and amortization	6, 7	524,076	388,396	175,255	153,382
Consulting		161,290	157,557	46,382	51,136
Office		224,492	189,383	67,445	94,064
Professional fees		283,539	127,648	114,620	55,317
Repairs and maintenance		2,203	5,045	1,532	4,755
Salaries, wages, and benefits		600,114	669,154	174,674	247,678
Supplies		204,732	187,866	62,644	71,577
Travel and entertainment		49,497	49,235	10,642	22,810
Share-based compensation	12	373,881	156,574	182,749	59,753
<b>Total Expenses</b>		2,554,931	2,007,912	889,716	782,402
<b>Income/(loss) from operations</b>		(1,600,765)	1,788,052	(826,331)	609,820
<b>Other income (expense)</b>					
Other income		1,148	43,913	-	3,522
Other expense		(80)	(44)	-	(22)
Foreign exchange (loss)		(203)	(1,902)	-	-
Interest expense, net		(91,625)	(187,305)	(31,336)	(61,049)
Gain on sales of fixed assets		-	14,900	-	-
Realized loss- warrants	10	(403,333)	(974,260)	(232,895)	(655,782)
Unrealized gain/(loss)-warrants	10	263,986	(528,398)	-	216,651
<b>Income/(loss) before taxes</b>		(1,830,872)	154,956	(1,090,562)	113,140
Income tax expense		4,088	805	4,088	-
<b>Net income/(loss) and comprehensive income/(loss)</b>		(1,834,960)	154,151	(1,094,650)	113,140
<b>Income/(loss)per share - basic</b>	11	\$ (.04)	\$ nil	\$ (.02)	\$ nil
<b>- diluted</b>	11	(.04)	nil	(.02)	nil
<b>Weighted average shares outstanding-basic</b>	12	47,526,825	44,836,103	47,526,825	44,836,103
<b>- diluted</b>	12	47,526,825	51,470,802	47,526,825	51,470,802

The accompanying notes are an integral part of these consolidated financial statements

**California Nanotechnologies Corp.**  
**Consolidated Statements of Changes in Shareholders' Equity/(Deficit)**  
**United States Dollars**  
**Unaudited**

	Note	Share capital	Contributed surplus	Comprehensive income/(loss)	Total
<b>Balance at February 28, 2024</b>		<b>\$ 3,343,837</b>	<b>\$ 685,446</b>	<b>\$ (3,883,311)</b>	<b>\$ 145,972</b>
Warrants exercised	12	198,749	318,478		517,227
Share based compensation			96,821		96,821
Net income and comprehensive income				41,011	41,011
<b>Balance at November 30, 2024</b>		<b>\$ 3,542,586</b>	<b>\$ 1,100,745</b>	<b>\$ (3,842,300)</b>	<b>\$ 801,031</b>
 <b>Balance at February 28, 2025</b>		 <b>\$ 5,176,599</b>	 <b>\$ 1,181,375</b>	 <b>\$ (4,041,644)</b>	 <b>\$ 2,316,330</b>
Stock options exercised	12	44,730			44,730
Share-based compensation	12		373,881		373,881
Warrants exercised	12	1,401,671	(164,673)		1,236,998
Net loss and comprehensive loss				(1,834,960)	(1,834,960)
<b>Balance at November 30, 2025</b>		<b>\$ 6,623,000</b>	<b>\$ 1,390,583</b>	<b>\$ (5,876,604)</b>	<b>\$ 2,136,979</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**California Nanotechnologies Corp.**  
**Consolidated Statements of Cash Flows**  
**United States Dollars**

**For the nine months ended November 30, 2025 and November 30, 2024**

	Note	2025	2024
<b>Cash flows from operating activities</b>			
Net income/(loss) for the year		\$ (1,834,960)	\$ 154,151
Adjustments for:			
Depreciation and amortization	6, 7	524,076	388,396
Interest expense, net		99,983	138,540
Realized loss on share purchase warrants	10	403,333	974,260
Unrealized (gain)/loss on share purchase warrants	10	(263,986)	528,398
Share-based compensation	4,12	373,881	156,574
		(697,673)	2,340,319
Net change in non-cash working capital items			
Accounts receivable		693,734	(777,440)
Prepaid expenses and deposits		20,511	513,643
Accounts payable and accrued liabilities		(403,167)	470,350
<b>Net cash from operating activities</b>		<b>(386,595)</b>	<b>2,546,872</b>
<b>Cash flows used/from for financing activities</b>			
Payments to related parties		-	(978,568)
Options exercised		44,731	20,000
Warrants exercised		529,547	330,770
Repayment of lease liability	8	(329,829)	(299,077)
<b>Net cash used/from financing activities</b>		<b>244,449</b>	<b>(926,875)</b>
<b>Investing activities</b>			
Purchase of equipment & leasehold improvements	6	(50,282)	(2,057,516)
<b>Net cash used for investing activities</b>		<b>(50,282)</b>	<b>(2,057,516)</b>
<b>Increase/(Decrease) in cash</b>		<b>(192,428)</b>	<b>(437,519)</b>
<b>Cash, beginning of year</b>		<b>533,845</b>	<b>841,352</b>
<b>Cash, end of period</b>		<b>\$ 341,417</b>	<b>\$ 403,833</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

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**1. Incorporation and operations**

Veritek Technologies Inc. (“Veritek”) was incorporated under the laws of the Province of Alberta on May 19, 2002. On February 1, 2007, Veritek changed its name to California Nanotechnologies Corp. (the “Company”) in connection with the reverse takeover with California Nanotechnologies Inc. The consolidated financial statements of the Company for the nine months ended November 30, 2025 include the accounts of the Company and its wholly-owned subsidiaries. Its head office, research and development, and production operations are located at 17220 Edwards Road, Cerritos, California, U.S.A, 90703. A corporate, registered office is located at 110 Yonge Street, Suite 1601, Toronto, Ontario, Canada, M5C 1T4. Since the date of the reverse takeover, the Company has been devoted to the development of nanocrystalline materials through grain size reduction. The advantages of these materials include improved strength and ductility. The Company's target markets are Aerospace, Defense, Automotive, Medical and Sports and Recreation. Since the most significant portion of the Company's operations is located in the United States and its functional currency is denominated in United States (“U.S.”) dollars, these consolidated financial statements are presented in U.S. dollars. The Company is listed for trading on the TSX Venture Exchange under the symbol CNO and in the U.S. on the OTC Markets under the symbol CANOF. These consolidated financial statements were authorized for issue in accordance with a resolution by the Board of Directors on January 28, 2026.

**2. Significant accounting policies**

These condensed consolidated interim financial statements, which are unaudited, have been prepared by management in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

The accounting policies applied in these financial statements are consistent with those disclosed in the Company’s most recent annual audited consolidated financial statements and have been applied consistently to all periods presented, including the comparative interim periods ended November 30, 2025 and November 30, 2024.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. In management’s opinion, these financial statements have been prepared using reasonable judgments and are presented within the framework of materiality appropriate for interim reporting.

(a) **Basis of consolidation**

The Company has consolidated the assets, liabilities, revenues and expenses of the subsidiaries after the elimination of intercompany transactions and balances. These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, California Nanotechnologies Inc. and White Roof Solutions, Inc.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent company, using consistent accounting policies.

The table below provides information relative to the Company’s significant subsidiaries, including the entity's name, its jurisdiction of incorporation/formation, the percentage of securities directly or indirectly owned by the Company, and the market areas served, if applicable. currency of each entity is U.S. dollars.

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

<b>Company (Jurisdiction of Incorporation/ Formation</b>	<b>Percentage of ownership by California Nanotechnologies Corp.</b>	<b>Overview</b>	<b>Market Area</b>
California Nanotechnologies Inc. (California, USA)	100%	Wholly-owned subsidiary of California Nanotechnologies Corp. which was formed and incorporated on February 4, 2005. It is the head office which conducts research and development, and materials processing.	USA
White Roof Solutions Inc. (California, USA)	100%	Wholly-owned subsidiary of California Nanotechnologies Inc. which was formed and incorporated on May 21, 2012. This entity is inactive.	USA

**4. Inventory**

The company expenses any materials used in the production process as cost of goods sold at the time of purchase. The cost of materials for the nine months ended November 30, 2025 was \$116,258 (2024 - \$287,263).

**5. Related party transactions**

As of November 30, 2025, a related entity holding approximately 13.38% (2024 – 14.43%) of the Company's common shares was considered a related party under IFRS. There were no financing transactions or outstanding balances with this related party during the nine months ended November 30, 2025.

The Company leases its property from the related entity. The lease has been disclosed in Note 8.

As part of the October 2024 private placement, the Company entered into a loan agreement with Eric Eyerman, CEO & Director. In exchange for 2,222,200 units that include one common share and ½ of one common share purchase warrant, the Company agreed to advance the purchase price of \$250,000 as a loan with 4% interest, compounded monthly. The principal and any unpaid interest are due by October 30, 2028.

For accounting purposes, the plan is considered to be an option and the transaction has been accounted as such. Share-based compensation of \$29,673 and \$164,854 was recognized for the year ended February 29, 2024 on the shares and warrants granted, respectively. As this arrangement has been accounted for as an option, neither the loan nor the shares are considered to be outstanding until the options are exercised by repaying the loan or it expires.

During the period ended November 30, 2025, Eric Eyerman, CEO & Director, exercised 361,110 warrants issued pursuant to the private placement. As at November 30, 2025, all warrants issued under the October 2024 private placement had been exercised and accordingly, no related warrants were outstanding nor exercisable at that date.



**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
For the interim nine months ended November 30, 2025 and 2024

**6. Property, plant, and equipment**

	<b>Nanotechnology equipment</b>	<b>Leasehold Improvements</b>	<b>Right-of-use assets</b>	<b>Totals</b>
<b>Cost</b>				
At February 29, 2024	\$ 1,805,087	\$ -	\$ 278,368	\$ 2,083,455
Additions	1,875,794	181,723	1,715,754	3,773,271
Disposals	(588,022)	-	-	(588,022)
<b>At November 30, 2024</b>	<b>\$ 3,092,859</b>	<b>\$ 181,723</b>	<b>\$ 1,994,122</b>	<b>\$ 5,268,704</b>
Additions	63,524	5,842	-	69,366
At February 28, 2025	\$ 3,156,383	\$ 187,565	\$ 1,994,122	\$ 5,338,070
Additions	42,694	7,589	-	50,283
<b>At November 30, 2025</b>	<b>\$ 3,199,077</b>	<b>\$ 195,154</b>	<b>\$ 1,994,122</b>	<b>\$ 5,388,353</b>
<b>Accumulated depreciation</b>				
At February 28, 2024	\$ 1,649,618	\$ -	\$ 71,912	\$ 1,721,530
Depreciation	122,613	6,058	259,296	387,967
Disposals	(588,022)	-	-	(588,022)
<b>At November 30, 2024</b>	<b>1,184,209</b>	<b>6,058</b>	<b>331,208</b>	<b>1,521,475</b>
Depreciation	72,384	10,748	107,133	190,265
At February 28, 2025	1,256,593	16,806	438,341	1,711,740
Depreciation	216,099	32,724	274,822	523,645
<b>At November 30, 2025</b>	<b>\$ 1,472,692</b>	<b>\$ 49,530</b>	<b>\$ 713,163</b>	<b>\$ 2,235,385</b>
<b>Net book value</b>				
At November 30, 2024	\$ 1,908,650	\$ 175,665	\$ 1,662,914	\$ 3,747,229
At November 30, 2025	\$ 1,726,385	\$ 145,624	\$ 1,280,959	\$ 3,152,968

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

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**7. Intangible assets**

	<b>Patents</b>
<b>Cost</b>	
At February 28, 2024, February 29, 2025, November 30, 2024 and 2025	\$ 8,615
<b>Accumulated amortization</b>	
At February 29, 2024	\$ 4,933
Amortization	431
At November 30, 2024	\$ 5,364
Amortization	143
At February 28, 2025	\$ 5,507
Amortization	431
<b>At November 30, 2025</b>	<b>\$ 5,938</b>
<b>Net book value</b>	
At November 30, 2024	\$ 3,251
<b>At November 30, 2025</b>	<b>\$ 2,677</b>

**8. Lease liability**

In 2022, the Company entered into an agreement with a related party to sub-lease a portion of the property located at 17220 Edwards Road, Cerritos, California. 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 period ended November 30, 2025, the costs totaled \$158,672 (2024 - \$119,995) and are recorded in office expenses. Effective March 1, 2024, the lease agreement with the related party was amended to increase the monthly rent from \$3,500 to \$4,300. The amendment was accounted for as a lease modification under IFRS 16, resulting in a remeasurement of the lease liability and adjustment to the right-of-use asset as of the effective date of the amendment.

In 2024, the Company entered into an agreement to lease a warehouse and equipment. The Company recorded a right of use asset of \$1,663,554 and lease liability of \$1,586,421, using an incremental borrowing rate of 9% and 7.8% for warehouse and equipment, respectively.

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

**8. Lease liability-continued**

The table below summarizes the changes in the Company's lease liabilities for the period ended November 30, 2025 and 2024, including additions from the new lease agreements, scheduled lease payments, and interest expense recognized during the period.

	<u>At Nov 30, 2025</u>	<u>At Nov 30, 2024</u>
Opening Balance	\$ 1,623,054	\$ 228,375
Additions	-	1,708,834
Payments	(329,829)	(362,372)
Interest	98,200	119,264
Lease Liability at end of period	\$ 1,391,425	\$ 1,694,101
Less current portion	(317,584)	(305,634)
Long term portion	\$ 1,073,841	\$ 1,388,467

**Maturity analysis-contractual  
undiscounted cash flow**

	<u>At Nov 30, 2025</u>	<u>At Nov 30, 2024</u>
Less than one year	\$ 428,782	\$ 442,352
One to ten years	1,208,822	2,088,167
Total undiscounted lease obligations	1,637,604	2,530,519
Unrecognized imputed interest	(246,180)	(540,034)
Total Lease obligation	\$ 1,391,424	\$ 1,990,485

**9. Compensation of key management personnel**

The remuneration of key management personnel during the year was as follows:

	<u>November 30, 2025</u>	<u>November 30, 2024</u>
Remuneration	\$ 345,851	\$ 346,247
Share-based payments	288,654	134,637
	<u>\$ 634,505</u>	<u>\$ 480,884</u>

Key management personnel of the Company include the CEO and Directors.

**10. Share capital**

(a) Authorized:

Unlimited number of Class "A" Common shares, without nominal or par value.

(b) Issued:

	<u>Number</u>	<u>Amount</u>
Total issued and outstanding, February 28, 2025	44,242,087	\$ 5,176,599
Options exercised	648,974	44,730
Warrants exercised	2,984,709	1,401,671
Issued and outstanding, November 30, 2025	47,875,770	\$ 6,623,000

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

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**10. Share capital-continued**

<sup>(i)</sup> On October 30, 2024, the company issued 7,777,800 shares through a private placement, at US\$0.1088 (CA\$0.15) per share unit, for total proceeds of US\$846,499 (CA\$1,166,667). Each share unit was comprised of one common share plus ½ of one common share purchase warrant. Each warrant is exercisable at CA\$0.25 through October 30, 2025. The warrants were valued at US\$576,991 (CA\$798,160). The warrant values were determined using the Black-Scholes fair value pricing model based on a risk-free rate of 4.65%, expected volatility of 132.65% and an expected life of two years. The total costs to complete the private placement were US\$87,848, which included legal fees of US\$62,466, finder's fees of US\$16,553, and investor relations expense of US\$8,829.

Warrants:

	<b>Number</b>	<b>Amount</b>
Total issued and outstanding, February 28, 2025	<b>1,873,610</b>	<b>\$ 568,103</b>
Warrants exercised	<b>(1,873,610)</b>	<b>(332,349)</b>
Loss on share purchase warrants	<b>-</b>	<b>(235,754)</b>
Issued and outstanding, November, 2025	<b>-</b>	<b>\$ -</b>

Due to the exercise price of the share purchase warrants being denominated in Canadian dollars while the Company's functional currency is the US dollar, the warrants were classified as derivative financial liabilities and measured at fair value through profit and loss. The share purchase warrants were remeasured at fair value at each reporting date until exercised, with changes in fair value recognized in earnings.

For the nine months ending November 30, 2025, the change in fair value was (US\$235,754). During the period, all outstanding share purchase warrants were exercised, with none outstanding. Upon exercise, the carrying value of the share purchase warrants was reclassified to equity.

**(c) Options - directors, officers, employees, and consultants**

During the Annual Stockholder's Meeting held on August 23, 2024, 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.

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

**10. Share capital-continued**

The Company's stock option plan is for directors, officers, employees, and consultants. Stock options can be issued up to a maximum number of common shares equal to 20% of the issued and outstanding common shares of the Company. The exercise price of options granted is not less than the market price of the common shares traded and along with the vesting period, is determined by the Board of Directors. Options granted have a term of up to 5 years.

	Number of Options	Weighted Average price (CAD)
Balance, February 28, 2024	4,200,000	\$ 0.13
Granted	1,300,000	0.83
Exercised	(395,247)	0.07
<b>Balance, February 28, 2025</b>	<b>5,104,753</b>	<b>\$ 0.31</b>
Granted	2,475,000	0.39
Exercised	(648,974)	0.83
Expired	(140,000)	0.08
<b>Balance, November 30, 2025</b>	<b>6,790,779</b>	<b>\$ 0.37</b>

During the nine months ended November 30, 2025, the Company recorded \$373,881 in share-based compensation expense (2024 - \$156,573). The weighted average fair value of the options granted during the nine months ended November 30, 2025, was estimated using the Black Scholes option-pricing model with the following assumptions:

Risk free interest rate (%)	2.63-4.17
Expected term (years)	2-5
Expected volatility (%)	131-147
Dividend per share	-
Forfeiture rate (%)	.74-5.57

The following tables summarize information about stock options outstanding at November 30, 2025:

Options Outstanding			Options Exercisable		
Exercise Price	Number of options	Weighted Average of Remaining Contractual Life (years)	Weighted Average Exercise Price (CAD)	Number of Options	Weighted Average Exercise Price (CAD)
<b>\$ 0.075 - 0.83</b>	<b>6,790,779</b>	<b>3.5</b>	<b>\$ 0.37</b>	<b>4,707,439</b>	<b>\$ 0.31</b>

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

**10. Share capital-continued**

The following tables summarize information about stock options outstanding at November 30, 2024:

Options Outstanding			Options Exercisable		
Exercise Price	Number of options	Weighted Average of Remaining Contractual Life (years)	Weighted Average Exercise Price (CAD)	Number of Options	Weighted Average Exercise Price (CAD)
\$ 0.05 - 0.83	5,500,000	3.28	\$ 0.29	3,489,989	\$ 0.12

**11. Earnings per share**

Basic earnings per common share is calculated by dividing net loss and comprehensive loss by the weighted-average number of common shares outstanding during the period.

Diluted loss per common share is calculated using net loss and comprehensive loss divided by the same weighted-average number of shares outstanding, as the inclusion of stock options would be anti-dilutive due to the net loss during the period.

For the nine months ending November 30, 2025, there were 3,015,779 (2024 – 3,489,989) stock options outstanding. No warrants were outstanding at November 30, 2025 (2024 – 3,144,710). These potential common shares were excluded from the calculation of diluted earnings per share because the company incurred a net loss and their inclusion would have been anti-dilutive.

**12. Financial instruments**

Financial instruments of the Company consist of cash, share purchase warrants, accounts receivable, accounts payable and accrued liabilities, interest payable, and advances from related party.

	November 30, 2025		November 30, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>At FVTPL</b>				
Cash	\$ 341,417	\$ 341,417	\$ 403,833	\$ 403,833
Share purchase warrants	-	-	1,269,672	1,269,672
<b>At amortized cost</b>				
Accounts receivable	538,970	538,970	1,210,422	1,210,422
Accounts payable and accrued liabilities	497,674	497,674	716,814	716,814
Interest payable	1,784	1,784	-	-

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

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**13. Financial instruments-continued**

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 date.

There have been no transfers during the nine months ended November 30, 2025 between Levels 1, 2 and 3.

The carrying values of cash, 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 it may encounter difficulty meeting its obligations associated with financial liabilities as they become due. 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 through the active management of cash flows, including the monitoring and collection of receivables and management of payables to vendors and related parties. At November 30, 2025, the Company had working capital of \$13,440 (2024 – deficit 482,994).

**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

**13. Financial instruments-continued**

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

<b>November 30, 2025</b>	<b>≤ 1 year</b>	<b>&gt; 1 year ≤ 3 years</b>	<b>&gt; 3 years ≤ 4 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 497,674	\$ -	\$ -	\$ -	\$ 497,674
Interest payable	1,784	-	-	-	1,784
Income tax payable	93,091	-	-	-	93,091
Lease liability	317,584	805,260	235,063	33,518	1,391,425
<b>Total</b>	<b>\$ 910,133</b>	<b>\$ 805,260</b>	<b>\$ 235,063</b>	<b>\$ 33,518</b>	<b>\$ 1,983,974</b>

<b>November 30, 2024</b>	<b>≤ 1 year</b>	<b>&gt; 1 year ≤ 3 years</b>	<b>&gt; 3 year ≤ 4 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 716,814	\$ -	\$ -	\$ -	\$ 716,814
Deferred revenue	17,500	-	-	-	17,500
Lease Liability	277,832	643,057	838,452	231,145	1,990,486
<b>Total</b>	<b>\$ 1,012,146</b>	<b>\$ 643,057</b>	<b>\$ 838,452</b>	<b>\$ 231,145</b>	<b>\$ 2,724,800</b>

**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. As at November 30, 2025, 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.

	<b><u>U.S. Dollar November 30, 2025</u></b>	<b><u>U.S. Dollar November 30, 2024</u></b>
Accounts receivable	\$ 3,167	\$ 6,866
Accounts payable and accrued liabilities	44,378	29,608

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

	<b><u>Impact on Net Income</u></b>
U.S. Dollar Exchange Rate – 10% increase	\$ 4,121
U.S. Dollar Exchange Rate – 10% decrease	(4,121)



**California Nanotechnologies Corp.**  
**Notes to the Condensed Consolidated Financial Statements**  
**United States Dollars**  
**For the interim nine months ended November 30, 2025 and 2024**

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**13. Financial instruments-continued**

Revenue concentration and credit risk

For the nine months ended November 30, 2025, the Company was engaged in contracts for products with two (2024 - one) customer(s) in excess of 10% of revenue, which accounted for \$440,670 (2024 - \$3,145,850) or 24% (2024 - 62%) 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 (2024 - three) customers had an outstanding balance in excess of 10% of accounts receivable, which accounted for \$133,300 (2024 - \$911,060) or 29% (2024 - 61%) of the Company's total accounts receivable balance. The table below provides a analysis of the current and past due accounts receivable.

The following table below provides an analysis of the current and past due accounts receivable. As at November 30, 2025, 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.

	<b>Total</b>	<b>Current</b>	<b>≤ 30 days</b>	<b>&gt; 30 days ≤ 60 days</b>	<b>&gt;60 days ≤ 90 days</b>	<b>&gt; 90 days</b>
<b>November 30, 2025</b>	<b>\$ 538,970</b>	<b>\$ 229,214</b>	<b>\$ 17,025</b>	<b>\$ -</b>	<b>\$ 79,485</b>	<b>\$ 213,246</b>
November 30, 2024	\$ 1,210,422	\$ 730,141	\$ 397,269	\$ 48,125	\$ 2,222	\$ 32,665

As at November 30, 2025, 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.

**14. 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 for the nine months ended November 30, 2025.