



May 15, 2017

Dear Shareholders,

There have been a lot of inquiries about the recent issuance of shares after a quarter with no change to our outstanding share issuances. We are reaching out to provide an update to provide some details on the current status of the company.

As was pointed out in last quarter's shareholder letter, we have identified several key team members that have agreed to join NanoTech with a majority of their compensation taken in restricted shares. By issuing them shares that they are required to hold for a minimum period of a year they are highly incentivized to help increase shareholder value as their compensation is directly tied to the overall increase in shareholder value. This strategy was brought to us by those new members joining us in the past quarter as they not only see the long term strategy of the company, they also believe, like those who have been on board building this company, that we have a bright future ahead of us.

We working to clean up past investment deals that had a conversion element as the key incentive for investment. To this end we are contractually obligated to issue shares at certain milestones. We are hoping to have these deals significantly reduced if not eliminated by the end of the next quarter.

The previous management team had entered into some contracts that were not sustainable and while those agreements have been defaulted on, we are working to bring them to a conclusion. This required the issuance of shares as well as a substantial cash component that we are hoping to complete by the end of the month, putting these legacy deals behind us.

Finally, we are pleased to announce that in March we entered into a contract to bring in substantial investment into the company. This investment will not only allow us to clean up the past issues, but also to complete our path of licensing studio titles as well as provide the capital needed to make several key acquisitions within our space allowing us to grow our business in all aspects in the coming year. We anticipate the closing of this financing this quarter and will follow up with announcements and details when it is completed.

We are excited to have our UltraFlix team travelling to Cannes this week to meet with the international film community as we look to expand our services beyond North America. Look for more announcements and news releases in the coming months.

Jeffrey A. Foley / Chairman