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Investor Contact: Christian Hansen
Phone: (858) 381-4677
Email: chansen@nanotechent.com



NANOTECH ENTERTAINMENT (NTEK) ISSUES LETTER TO SHAREHOLDERS

NanoTech Addresses Shareholder Questions Recently Compiled

San Jose, CA – February 18, 2014 – [NanoTech Entertainment](#) has released the following statement from Jeff Foley, Chairman and CEO of NanoTech Entertainment.

We've recently had an increase of questions from shareholders claiming that the company is not providing any information to the shareholder community. This seems to be fueled by a recent leveling off our share price and a concerted effort to scare shareholders away from NanoTech. While we find this unfathomable as the company routinely publishes press releases whenever we have significant news. We have a dedicated team available to answer shareholder questions.

We have reached out to our IR people, along with shareholders that contact us on a regular basis and have compiled a list of questions shareholders feel need to be addressed and will address each of them here. NanoTech has a full time staff that is available on a daily basis to answer shareholder questions. We provide a high level of transparency and respond quickly to shareholders questions. People should feel free to reach out to our Investors Relations team at any time with questions and they will receive, as always, prompt and courteous attention.

While the company has seen tremendous growth in the share price from last year, some shareholders seem to be expecting the stock to continually climb on a week by week basis without having fluctuations and consolidation periods. Our primary focus at NanoTech is to build a strong and profitable company. Our employees are also shareholders in the company and we all benefit from a strong share price. We are also long term shareholders and see NanoTech as an investment and not a day trading stock. We value our shareholders and we feel that by building a well-established, diverse, profitable company, we will all benefit in the long term in both the form of dividends and share price increase. Our detractors have said that because we are currently an OTC PINK company that anything that we promise is without substance. We can only reflect back on the many things that we have said we would accomplish and then accomplished: the great people that have joined our company, our continued expansion in both facilities and personnel, and our continued overall growth.

We recently launched our second generation Nuvola media players. The award winning Nuvola NP-1 4K Ultra HD media player was debuted last month at the Consumer Electronics Show in Las Vegas. Just a couple of weeks ago we launched the Nuvola NP-C 4K Ultra HD commercial media player at the Digital Signage Expo in Las Vegas. These were both a tremendous success for NanoTech and the Nuvola product family. We are very excited about the amount of attention and interest that we have generated for the products in the few weeks since they were launched.

Having established our relationship with Foxconn last fall for our primary manufacturing and assembly, we have issued several purchase orders for the production of the product. We are thrilled that the product orders have far exceeded our expectations and we have increased our

production runs several times over our initial orders. We have prioritized our shipments based on our OEM and distribution commitments followed by the reseller orders and finally by our online web pre-order reservations. Much like Apple's recent success with the Mac Pro tower, we have far greater demand than initial inventory and we are working to have production meet demand. With the recent Chinese New Year's month long shut down of manufacturing in all of China and Taiwan, we anticipate that the balance of our pending pre-orders will be cleared in the next 4 weeks, with all customers that have ordered, reserved or shown interest in purchasing the product prior to launch receiving their units.

There have been a recent slew of questions intimating that somehow the company and/or shareholders are solely reliant on the Nuvola NP-1. Nothing could be further from the truth. While the company has put a strong effort into the Nuvola product line, it is by no means our only source of revenue. Our fourth quarter 2013 was completed with virtually no NP-1 or NP-C revenues. We have many other successful products and services, and will continue to operate on our plan as we have for the past two years. Given our higher than anticipated demand, we feel the NP-1 and NP-C will create substantial revenues in 2014 and beyond, however, the company will continue to operate its several business units and variety of products to balance out and achieve our plans regardless of any individual product or service.

We have had inquiries about our retail distribution and partners in the media space. NanoTech continues to work with Seiki in the 4K Ultra HD Television space, and we continue to sell their products as we feel they bring a great value proposition to customers. We have already announced Ingram Micro as our master distributor for resellers of our product line and we have recently started seeing the benefit of that relationship with several online resellers positioning our products on their stores including companies such as PC Nation. We feel that this will continue to expand as our production inventory levels increase. We had several excellent meetings last month at the CES show with major reseller and retail channel partners. We will be making several announcements about these partnerships in the next two months as we move into the retail distribution channel with brick and mortar partners for our consumer products. Having just shown the products to retailers in the past few weeks, we have started the process of closing retail sales channels, including several key partners that will help NanoTech become a significant supplier in the consumer electronics space.

We have had some inquiries into the technical functionality of the Nuvola NP-1 product, specifically as it relates to delivery of video to the consumer. The product was initially built around the H.264 video standard, and our infrastructure and content delivery was all benchmarked assuming that standard. Our amazing technical team was able to build in a requirement of 6 mbps for 4K Ultra HD video delivery on the platform. We have recently had success in achieving the recently ratified HEVC (H.265) standard on the Nuvola NP-1 and NP-C platforms. This amazing achievement will allow us to push the requirements of bandwidth to roughly half of our current requirements. We have also been able to achieve similar results with the new VP9 standard. These updates, like any other improvements to the Nuvola family of products will be available for all customers in automatic updates to the units.

Some people have inquired about the recently ratified HDMI 2.0 specification. While the specification was just released in the past couple of months, there is currently no silicon that can generate HDMI 2.0 output for TV's. We anticipate seeing HDMI 2.0 capable chipsets next quarter, and production of those chipsets in the fall. The current product line will not be upgraded to HDMI 2.0. We will design HDMI 2.0 into our next generation product line which will make use of the next generation silicon. While HDMI 2.0 provides 60fps playback, a majority of the current 4K, including 99% of all movies will not take advantage of this as movies continue to be shot at 24fps, and all scanned movies will be delivered at 24fps.

Last year NanoTech acquired Magic Screen 3D and all of their glass free 3D technology. We have been working with the Magic Screen team in an effort to strategically combine their technology with some of our technology. We intend of offering this technology in the commercial marketplace. While 3D television was not a commercial success, we feel there are very relevant uses in several vertical markets which we intend to exploit using this technology. NanoTech has in the past created some proprietary consumer based 3D technology, however we don't see that market expanding and we will be focusing our 3D efforts in the commercial space.

NanoTech has been working on several consumer gaming products including the retro gaming and pinball controllers and the Pinball Wizard 2. We have had questions about when the PBW2 will be launched. It is NanoTech policy to not give out release dates for products until such time as they have been completed and are in production. With the recent addition of our new Gaming Labs R&D facility we have several gaming products, both for the consumer and out of home entertainment space coming to market. Like many of our gaming products, the Pinball Wizard 2 requires acceptance by third parties before we can finalize the design and enter production. NanoTech was founded on a pinball product, and we have a great passion for Pinball related products and the Pinball Wizard 2 will be coming to market once we feel we have achieved the goals set out for the team and had sign off from all of those involved with the product.

We have had some inquiries about the UltraFlix product, and the content from our 4K Studios. We continue to expand the UltraFlix library with over 100 hours of content available to customers. We are also expanding the platforms that we will be delivering the UltraFlix product on. With the Nuvola NP-1 being the launch platform for the channel, we plan on releasing a version for the NP-H1 users along with a Windows version next month. In Q2 we will be launching a Smart TV version of the UltraFlix channel and plan on having it available on all 4K Ultra HD capable players as they become available. 4K Studios continues to expand and look for news coming from this division in the coming weeks as we continue to leverage our investment in being one of the early adopters and providers of 4K video technology and services.

Some people have asked when our Communications division will be making news. Last year saw the creation and adoption of multiple products including the NanoTweet tools. We have been working on new Mobile Phone based apps. With the recent addition of Carl Bellitti taking over the product development for the Communications team we look forward to the completion of these new apps and technologies. This team will also be working with the Nuvola team to create second screen add-on apps for the Nuvola product line allowing people to use their mobile phone and tablets to interact with the Nuvola products.

We have recently launched our new corporate website and our new online store. Some people have asked if we will be price matching on our store with other online retailers carrying our products. We will always offer our products on our store at our MSRP. We do not want to compete with our resale partners and will always sell items on our store at the MSRP. We are expanding our online store and this week will be posting the nanoGear products as well as some new audio products for sale.

We have recently expanded our video production team and added a studio and editing bay to our San Jose facility. This expansion will include, amongst other things, the ability to add many of the videos that we have shot, but not produced to the Inside NanoTech channel. Look for another 6 interviews to be added to the channel in the near future.

Last year we announced our intentions to move back to a fully reporting status. We have been putting the systems in place to achieve those goals in 2014. We have setup a new accounting system. We have been creating ISO9000 procedures and documentation to our operations and

methodologies and have brought in new accounting personnel and hired CPA's and Auditors to achieve this goal. We are working with these teams to create a full set of audited financials for 2014 and once released, will start the process of moving up to bigger and better exchanges.

We have not yet scheduled our 2014 shareholders meeting. We will provide plenty of notice of the meeting to be held in San Jose, CA so shareholders can make their travel plans to attend.

We have had some inquiries about our 2014 projections including the logistics around dividends and share reductions. Dividends are calculated on a quarterly basis and as the company achieves certain profit goals, it is our intention to share a percentage of those profits with shareholders. Dividends are distributed to shareholders of record and you do not need to do anything to receive them. We have identified some of the use of proceeds to reduce our share overhead. This is of course, a balancing act as the company is also contractually obligated to issue shares from time to time to employees and some partners. Our goal is to quarter by quarter, when fiscally responsible, reduce the net outstanding shares, thereby increasing shareholder value of the company.

We have had some inquiries and have been asked to respond to rumors and slanderous statements that have been posted on websites or chat forums about the company and former employees. We have a team of over 50 dedicated people who work hard on a daily basis to build this company into the great company that we are becoming. We have an amazing seasoned executive staff that is supported by a hardworking and talented team of employees. We welcome legitimate criticism and concerns about the company, and have a dedicated team of investor relations people available to answer questions. If you have any questions or concerns feel free to contact us. We appreciate our shareholders and look forward to continuing the enormous success that we achieved last year as we move into 2014.

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About NanoTech Entertainment

Headquartered in San Jose, CA NanoTech Entertainment is a technology company that focuses on all aspects of the entertainment industry. With six technology business units, focusing on 3D, Gaming, Media & IPTV, Mobile Apps, and Manufacturing, the company has a unique business model. The company has a diverse portfolio of products and technology. NanoTech Gaming Labs operates as a virtual manufacturer, developing its technology and games, and licensing them to third parties for manufacturing and distribution in order to keep its overhead extremely low and operations efficient in the new global manufacturing economy. NanoTech Media develops proprietary technology which it licenses to publishers for use in their products as well as creating and publishing unique content. NanoTech Media Technology includes the world's first 4K Ultra HD streaming solution. NanoTech Communications develops and sells proprietary apps and technology in the Mobile and Consumer space. Clear Memories is the global leader in 3D ice carving and manufacturing technology. 4K Studios creates digital 4K Ultra HD content using both licensed materials as well as original productions. NanoTech is redefining the role of developers and manufacturers in the global market. More information about NanoTech Entertainment and its products can be found on the web at www.NanoTechEnt.com.



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