



News Release

TSXV, Tier 1: "NTS"

OTCQX: "NTSFF"

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Nanotech Completes \$9.3 Million Financing; Fortress Optical Acquisition Set to Close

VANCOUVER, British Columbia – September 12, 2014 – Nanotech Security Corp. (TSXV: NTS) (OTCQX: NTSFF) is pleased to announce, further to its news release of August 26, 2014, that it has closed an initial tranche of its private placement offering (the "Offering") of subscription receipts, which will automatically convert into Nanotech common shares and warrants concurrently with the closing of the acquisition of Fortress Optical Features Ltd. scheduled for September 16, 2014. Nanotech issued 6,184,953 subscription receipts at a price of \$1.50 per subscription receipt for aggregate gross proceeds of approximately \$9.3 million. Canaccord Genuity Corp. (the "Agent") acted as agent for the brokered portion of the Offering. A second tranche pursuant to the previously announced financing of up to \$16 million is expected to close on or about September 25, 2014.

Each subscription receipt will automatically convert into one Nanotech common share and one-half of a common share purchase warrant of Nanotech upon completion of the acquisition of Fortress Optical. Each whole warrant will entitle the holder to purchase one common share of Nanotech at a price of \$1.90 until the close of business on September 12, 2015. The warrants are subject to accelerated expiry.

The proceeds of the Offering have been deposited into escrow with Computershare Trust Company of Canada pending the completion of the acquisition of Fortress Optical. Provided that the closing of the acquisition of Fortress Optical occurs on or prior to the date of the second closing of the Offering as planned, Nanotech will issue and sell common shares and warrants in lieu of subscription receipts.

The Agent will receive a cash commission equal to 7% of the gross proceeds of the brokered portion of the Offering. In addition, the Agent will receive work fee warrants ("Work Fee Warrants") equivalent to 7% of the total number of subscription receipts sold pursuant to the brokered portion of the Offering. Each Work Fee Warrant will entitle the Agent to purchase one work fee unit at a price of \$1.50 per work fee unit at any time until the close of business on September 12, 2015. Each work fee unit consists of one common share and one-half of one common share purchase warrant of Nanotech with the same terms as the warrants included in the Offering.

Nanotech Security Corp.

#308 - 2999 Underhill Avenue, Burnaby, BC, Canada, V5A 3C2
Phone: +1.604.420.0830 Facsimile: +1.604.420.1985

www.nanosecurity.ca
email: ljb@nanosecurity.ca

All securities issued pursuant to the initial tranche of the Offering will be subject to a four month hold period expiring on January 13, 2015, in accordance with the policies of the TSX Venture Exchange and applicable securities laws. A four-month hold will apply to the second tranche from the date of its closing.

About Nanotech

Nanotech has been a leading innovator in the design and commercialization of advanced security products using nano- optical devices. Nanotech's KolourOptik™ and Plasmogram™ optically variable devices ("OVD"s) are nanotechnology based product platforms originally inspired by the unique optical properties of the iridescent wings of the Blue Morpho butterfly. Nanotech OVD images produce intense, high definition images that are ideal for brand authentication and for distinguishing currency, documents, personal identification, consumer electronics, etc. from fakes. Nanotech's KolourOptik OVD platform creates unique, easy to authenticate images through interaction of light with nano-sized (billionth of a meter) arrays of surface indentation structures imbedded through algorithms and electron beams into various substrates. These nanostructures create vivid colour images, activated by a simple tilt or rotation, and achieve higher resolutions than the best LED-displays currently available, as well as having optical properties not achievable with holograms.

Additional information about Nanotech and its technologies can be found on its website www.nanosecurity.ca or the Canadian disclosure filings website www.sedar.com or the OTCMarkets disclosure filings website www.otcmarkets.com

ADVISORIES

This news release contains forward-looking statements about the proposed acquisition by Nanotech of all of the issued and outstanding securities of Fortress Optical and the proposed second tranche of subscription receipts.

These forward-looking statements include, without limitation, statements about our market opportunities, strategies, competition, and Nanotech's views that its nano-optical technology will continue to show promise for mass production and commercial application. The principal risks related to these forward-looking statements are that Nanotech's intellectual property claims will not prove sufficiently broad or enforceable to provide the necessary commercial protection and to attract the necessary capital and/or that Nanotech's products will not be able to displace entrenched hologram, metalized strip tagging, and other conventional anti-counterfeiting technologies sufficiently to allow for profitability.

There can be no assurance that the transaction will occur or that the anticipated strategic benefits and operational synergies will be realized. While the Fortress Optical acquisition is now subject only to customary completion conditions, there can be no certainty that such conditions will be met.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Nanotech's expectations only as of the date of this news release. Nanotech disclaims any obligation to

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update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person absent U.S. registration or an applicable exemption from the U.S. registration requirements. This news release does not constitute an offer of securities for sale, nor a solicitation for offers to buy any securities. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the company and management, as well as financial statements.

*On Behalf of the Board of Directors of
Nanotech Security Corp.*

*“Doug H. Blakeway”
Chief Executive Officer*

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Canada Investor Relations:

Sean Peasgood – Sophic Capital Inc.
sean@SophicCapital.com
+1.416.565.2805

U.S. Investor Relations:

Dave Mossberg - Three Part Advisors, LLC
+1. 817.310.0051

Media Contact:

Jackie Henry
jp@nanosecurity.ca
+1.778.384.3384

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