

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## NANOPHASE TECHNOLOGIES Corp

**Form: 8-K**

**Date Filed: 2017-06-29**

Corporate Issuer CIK: 883107

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**  
**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 29, 2017 (June 26, 2017)

**NANOPHASE TECHNOLOGIES CORPORATION**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other  
jurisdiction of  
incorporation)

**0-22333**  
(Commission  
File Number)

**36-3687863**  
(IRS Employer  
Identification No.)

**1319 Marquette Drive, Romeoville, Illinois 60446**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(630) 771-6700**

**Not applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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### Item 1.01. Entry into a Material Definitive Agreement.

On June 26, 2017, Nanophase Technologies Corporation (the "Company") executed the following agreements with Eminess Technologies, Inc. ("Eminess"):

- Know-How License Agreement, effective as of June 23, 2017 (the "License Agreement");
- Exclusive Supply Agreement, effective as of June 23, 2017 (the "Supply Agreement"); and
- Technology Development Agreement, effective as of June 27, 2016 (the "Development Agreement", and collectively with the License Agreement and the Supply Agreement, the "Agreements").

#### License Agreement

Pursuant to the License Agreement, the Company has granted Eminess an exclusive, perpetual, assignable and irrevocable license, with the right to sublicense, to use the necessary know-how with respect to certain of the Company's polishing slurries (the "License Agreement Products") in the specified polishing field (the "Product Know-How") to make, have made, formulate, use, offer for sale, sell, have sold and import such License Agreement Products in the specified polishing field anywhere in the world. The Company, however, remains the owner of all right, title and interest in and to the Product Know-How, subject to the rights granted under the License Agreement. The License Agreement imposes confidentiality obligations on Eminess with respect to the Product Know-How, but Eminess is permitted to disclose the Product Know-How relating to the manufacture of the License Agreement Products, under terms of confidentiality, to third parties manufacturing the License Agreement Products on behalf of Eminess. The Company and Eminess have agreed that any improvements, developments or modifications made, developed or invented solely by Eminess or its sublicensees or manufacturers related to the Product Know-How will be owned exclusively by Eminess.

In consideration of the license, Eminess has agreed to pay the Company an annual royalty, calculated as a percentage of the gross sales of all License Agreement Products by Eminess, less the amount of any customer returns or credits and adjusted for certain manufacturing costs incurred by Eminess. The License Agreement does not impose any obligation on Eminess to sell any License Agreement Products.

The term of the License Agreement continues until terminated or cancelled. The Company may cancel the License Agreement if (1) a petition in bankruptcy is filed or Eminess is adjudged bankrupt; (2) Eminess takes advantage of any insolvency act or debtor's relief act; (3) Eminess makes an assignment for the benefit of its creditors; or (4) the business or assets of Eminess, or any substantial portion thereof, are seized, nationalized, confiscated or expropriated. After termination or cancellation of the License Agreement, all licenses granted to Eminess will terminate.

#### Supply Agreement

Under the Supply Agreement, the Company has agreed to supply to Eminess, and Eminess has agreed to purchase from the Company, 100% of Eminess' requirements of certain Ceria and Alumina nanoparticles (the "Supply Agreement Products"). The Company has also agreed that, for a period of 10 years, it will not, and will cause its affiliates and designees not to, directly or indirectly, use or market, promote or sell any of the Supply Agreement Products to any person for use in polishing applications of the Supply Agreement Products, but the Company is permitted to use the Supply Agreement Products for surface preparation or modification of its own materials as may be required to facilitate placement of the Supply Agreement Products in connection with other applications. The Supply Agreement sets forth the minimum amount of Supply Agreement Products that Eminess is required to purchase from the Company annually, measured each calendar quarter on a rolling 12-month basis.

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In connection with the purchase and supply of the Supply Agreement Products, Eminess also purchased certain equipment from the Company for a purchase price of \$36,000.

The term of the Supply Agreement will expire on June 23, 2027 (the "Expiration Date"). The Supply Agreement may be extended beyond the Expiration Date by mutual agreement of the parties. If the parties do not agree to an extension, either party may elect to terminate the Supply Agreement on the Expiration Date, with at least 180 days' prior notice to the other party. The Supply Agreement may also be terminated prior to the Expiration Date by either party (1) immediately upon certain events of bankruptcy or insolvency, or an assignment for the benefit of creditors, or similar events, occurring with respect to the other party; (2) immediately in the event of the dissolution, liquidation or winding up of the other party; or (3) upon a material breach or default in the performance of the other party's obligations under the Supply Agreement, which breach or default is not cured within 60 days after receipt of written notification of such breach or default. If Eminess terminates the Supply Agreement based on any of the events set forth in (1), (2) or (3) above, upon such termination, the Company has agreed to grant Eminess an irrevocable option to obtain from the Company an exclusive, assignable, irrevocable license, with the right to sublicense, to all know-how, formulations and technology necessary to make, have made, use, offer for sale, sell, have sold and import the Supply Agreement Products for polishing applications specified in the Supply Agreement anywhere in the world, and Eminess has agreed to pay the Company a one-time royalty of \$10,000 for such license. If granted, this license will expire on the Expiration Date.

#### Development Agreement

The objective of the parties under the Development Agreement is to develop effective chemical formulations along with physical processes that enable the dispersion of particles into stable liquid formulations suitable for use in polishing applications (the "Technology"). To achieve that objective, the Company has agreed to investigate certain particle stabilization systems that impact stability, perform types of experiments generally described in the Development Agreement and provide technical data and written information on the research findings to Eminess, and Eminess has agreed to pay the Company a research and development fee of \$250,000. The Company has agreed to transfer the Technology to Eminess in accordance with the process and procedure outlined in the Development Agreement. Eminess and the Company will jointly own all Technology developed under the Development Agreement. Neither party will acquire any rights under any intellectual property owned or created by the other party prior to the effective date of the Development Agreement or after that date through efforts independent of the activities covered by the Development Agreement (the "Background IP"). To the extent that any of the Company's Background IP is incorporated into the Technology, the Company has granted Eminess a nonexclusive, royalty-free, perpetual license to such Background IP solely in connection with the Technology. Each party has also agreed to keep confidential information and data relating to, among other things, the other party's business, intellectual property and the Technology.

The foregoing descriptions of the Agreements do not purport to be complete and are qualified in their entirety by reference to the text of the License Agreement, which is filed, with confidential portions redacted, as Exhibit 10.1 hereto and is incorporated herein by reference, the text of the Supply Agreement, which is filed, with confidential portions redacted, as Exhibit 10.2 hereto and is incorporated herein by reference, and the text of the Development Agreement, which is filed as Exhibit 10.3 hereto and is incorporated herein by reference.

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**Item 8.01. Other Events.**

On June 29, 2017, the Company issued a press release announcing that it had executed the Agreements with Eminess. A copy of the press release is attached hereto as Exhibit 99.1 and the information set forth therein is incorporated herein by reference and constitutes a part of this report.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

The following items are filed as exhibits to this Current Report on Form 8-K:

Exhibit No. Exhibit

10.1*	Know-How License Agreement, executed by the Company on June 26, 2017, by and between the Company and Eminess Technologies, Inc.
10.2*	Exclusive Supply Agreement, executed by the Company on June 26, 2017, by and between the Company and Eminess Technologies, Inc.
10.3	Technology Development Agreement, executed by the Company on June 26, 2017, by and between the Company and Eminess Technologies, Inc.
99.1	Press Release, dated June 29, 2017

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\*Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: June 29, 2017

NANOPHASE TECHNOLOGIES CORPORATION

By: /s/ Frank Cesario

Name: Frank Cesario

Title: Chief Financial Officer

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**EXHIBIT INDEX**

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Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked “[\*]” in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

#### KNOW-HOW LICENSE AGREEMENT

This Know-How License Agreement (this “**Agreement**”) is made and effective this 23<sup>rd</sup> day of June, 2017, by and between Nanophase Technologies Corp., a Delaware corporation (“**Licensor**”) and Eminess Technologies, Inc., an Arizona corporation (“**Licensee**”).

**WHEREAS**, Licensor owns and/or has rights under technology to make or have made Licensor’s series [\*] and [\*] polishing slurries as further described on **Exhibit A** attached hereto (the “**Products**”);

**WHEREAS**, Licensor desires to strategically focus its business operations to development areas outside of the Polishing Field (as defined below); and

**WHEREAS**, Licensor desires to grant Licensee an exclusive license to use the Product Know-How (as defined below) for use in the Polishing Field in connection with the manufacture, marketing and sale of the Products in the Polishing Field.

**NOW, THEREFORE**, the parties hereto, intending to be legally bound hereby, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agree as follows:

#### ARTICLE 1. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified or referred to in this Article 1:

“**Improvements**” – means novel compositions, processes or methods which rely on or include the Products that have been or will be developed or invented in connection with Licensee’s use of the Product Know-How during the Term.

“**Licensee Improvements**” – shall have the meaning ascribed to it in Section 4.1.

“**Polishing Field**” – means polishing applications of the Products in which the object of polishing is to modify the material to be polished (the workpiece) to meet desired surface attributes. The mechanisms of polishing involve four components: the workpiece, fluid, abrasive, and pad or lap. The workpiece can vary in bulk composition and application (optical glass, semiconductor substrate or device layer, protective coating, etc.). The fluid is the liquid phase of the polishing slurry formulation and is characterized by its chemical composition and physical properties. The function of the abrasive is to mechanically remove material from the surface of the workpiece. Material removal is accomplished at the workpiece surface and pad/lap interface through either mechanical or a combination of chemical and mechanical action. Finally, the pad/lap is used to impose relative motion between the abrasives and the workpiece to facilitate material removal.

“**Product Know-How**” – means all know-how necessary to make, have made, use, develop, produce, market, distribute, offer for sale, sell, have sold, and import the Products in the Polishing Field, including, but not limited to, formulation know-how.

“**Products**” – Licensor’s series [\*] and [\*] polishing slurries as further described on **Exhibit A** attached hereto.

“**Term**” – shall have the meaning ascribed to it in Section 5.1.

Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked "[\*]" in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

**ARTICLE 2. LICENSED KNOW-HOW RIGHTS; ROYALTIES**

2.1 Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee, and Licensee hereby accepts from Licensor, an exclusive, perpetual, assignable, irrevocable (except as provided in Article 5) license, with the right to sublicense, to use the Product Know-How in the Polishing Field to make, have made, use, offer for sale, sell, have sold, and import Products in the Polishing Field anywhere in the world.

2.2 Licensee acknowledges and agrees that Licensor is, and shall remain the owner of all right, title, and interest in and to the Product Know-How, subject to the rights specifically granted to Licensee in this Agreement.

2.3 Notwithstanding the terms provided in Section 6.5 regarding the confidentiality obligations relating to Product Know-How, Licensee shall be permitted to disclose, under terms of confidentiality at least as strict as those set forth in Section 6.5, the Product Know-How relating to the manufacture of the Products to third party manufacturers solely for the purpose of enabling such third party manufacturers to manufacture Products on behalf of Licensee.

2.4 In consideration for the license granted by Licensor to Licensee as set forth in this Agreement, Licensee shall pay to Licensor the royalties set forth below (the "**Royalties**"). The Royalties shall be calculated for each calendar year and shall be paid to Licensor no later than March 31 of the following calendar year (i.e. the Royalties for the 2017 calendar years shall be paid to Licensor on or before March 31, 2018). Notwithstanding the foregoing, nothing in this Agreement shall be construed to obligate Licensee to sell any Products.

The Royalty paid to Licensor for sales of Products to existing Licensor customers set forth on **Exhibit C** (the "**Existing Customers**") for all sales from \$[\*] to \$[\*] shall be a percentage of Net Sales as follows:

Product	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%

The Royalty paid to Licensor for sales of Products to (1) Existing Customers for all sales above \$[\*], or (2) to new customers, shall be a percentage of Net Sales as follows:

Product	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%

Commencing on January 1, 2027, the Royalty on all sales of all Products will be [\*] %.

For purposes of this Agreement, the term "**Net Sales**" means gross sales of all Products by Licensee less the amount of any customer returns or credits.

Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked "[\*]" in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

The Royalties set forth in this Agreement assume that the Licensee, for the first five (5) years of the Agreement, will pay Licensor what is effectively [\*]% of the net cash flow generated from sales to the Existing Customers below \$[\*] annually and that Licensee will be able to manufacture or have manufactured the Products at the following ratios of variable manufacturing costs of goods sold to Net Sales (together, the "**Variable Manufacturing Cost Ratios**"): [\*]% for the [\*] series Products and [\*]% for [\*] series Products (collectively, the "**Baseline Cost Ratios**"). Therefore, if for any period in which the payment of the Royalties is calculated, Licensee's actual Variable Manufacturing Cost Ratio for any Product series is greater than the applicable Baseline Cost Ratio, the applicable Royalty payment will be decreased by the percentage difference between the Licensee's actual Variable Manufacturing Cost Ratio to the applicable Baseline Cost Ratio. This effectively ensures that the Licensee never pays more to the Licensor than sales to Existing Customer actually generated for that period. Because the actual Variable Manufacturing Cost Ratios are dependent on each Existing Customer's Net Sales, Licensee shall not change the per unit selling price for Existing Customers without Licensor's prior written consent.

Product Series	Dispersions- Commercial Name	Weight %	Particle Size (nominal)	ASP (\$/kg)	Variable Manufacturing Cost (Q117, \$/kg)	Variable Manufacturing Cost (%Sales)	Baseline Cost Ratios (%Sales)
[*]	NanoArc® [*]	[*]	[*]nm (PLS)	[*]	[*]	[*]%	[*]%
[*]	NanoArc® [*]	[*]	[*]nm (PLS)	[*]	[*]	[*]%	
[*]	NanoArc® [*]	[*]	[*]nm (PLS)	[*]	[*]	[*]%	
[*]	NanoArc® [*]	[*]	[*] micron (PLS)	[*]	[*]	[*]%	[*]%

If at anytime the Royalty payment for sales to Existing Customers is decreased, Licensee will provide Licensor a detailed breakdown of Licensee's actual Variable Manufacturing Cost Ratio calculation for that period. For reference, from 2013 to 2016, the Licensee's variable overhead for their internally manufactured slurry business averaged [\*]% of sales. **Licensee** and **Licensor** agree that for purposes of establishing future **Variable Manufacturing Cost Ratios**, **Licensee's** variable overhead used to update Variable Manufacturing Cost will not exceed [\*]% of Net Sales.

For the avoidance of doubt, the parties agree and acknowledge that the Royalties due and payable to Licensor hereunder are only calculated based upon sales of Licensor's specific formulation of the Products, and any other products (including polishing slurries with different or improved formulations, that are required to meet a customer's performance criteria that the Licensor's formulation would not) developed, manufactured, marketed and/or sold by Licensee, including products that perform the same function or may otherwise compete with or be substitutes for the Products shall not be subject to the payment of Royalties.

### **ARTICLE 3. PAYMENT TERMS**

Payment of Royalties shall occur no later than the [\*] ([\*]) day of the [\*] month of each calendar quarter for sales volume from the preceding calendar quarter.

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#### **ARTICLE 4. IMPROVEMENTS**

Any improvements, developments or modifications made, developed or invented solely by Licensee, sublicensees or manufacturers related to the Product Know-How (the "***Licensee Improvements***") shall be owned solely and exclusively by Licensee.

#### **ARTICLE 4. A PRODUCT KNOW-HOW TRANSFER; WARRANTIES**

Licensor and Licensee shall cooperate, in good faith, to cause the transfer of all Product Know-How to Licensee in accordance with the process and procedure set forth on **Exhibit B**. Such transfer shall be completed no later than 60 days following the date of this Agreement. Nanophase warrants that the Products do not contain any ingredients that are known by Nanophase to be carcinogenic, mutagenic, or teratogenic. Only standard chemical hygiene practices and personal protective equipment are recommended for producing and/or handling Products, as defined in the Product SDSs. Based on Nanophase's current knowledge, the acids and bases that are used to adjust the Product pH represent the most significant health and safety risk, which at the concentrations used, do not pose an extreme hazard. None of the waste streams from the manufacture of these Products is currently classified/regulating as hazardous material. Spent slurry from Product use may or may not be deemed as hazardous material depending on the composition of the substrates being polished, and need to be assessed on an individual basis by the entities involved in those activities.

#### **ARTICLE 5. TERM AND TERMINATION**

5.1 This Agreement shall become effective upon the date hereof and shall continue in full force and effect unless terminated or cancelled as provided in this **Article 5** (the "Term"). In the event of termination or cancellation, neither party shall be liable for any loss, expense, liability, termination compensation, or payments of any kind. If termination is made by default, then both parties retain any rights and remedies they may have against the other party under this Agreement and otherwise in law and in equity.

5.2 This Agreement may be immediately canceled by Licensor, in whole or in part, upon written notice to Licensee should any of the following occur:

- (a) a petition in bankruptcy is filed or Licensee is adjudged bankrupt;
- (b) Licensee takes advantage of any insolvency act or debtor's relief act;
- (c) Licensee makes an assignment for the benefit of its creditors; or
- (d) the business or assets of Licensee, or any substantial portion thereof, are seized, nationalized, confiscated or expropriated.

5.3 After the termination or cancellation of this Agreement pursuant to **Section 5.2**, all licenses granted to Licensee pursuant to this Agreement shall terminate.

Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked "[\*]" in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

#### **ARTICLE 6. MISCELLANEOUS**

6.1 Notwithstanding any termination of this Agreement, the provisions of Articles 3 and 6 will survive and remain in effect.

6.2 This Agreement shall be governed by the substantive laws of the State of Arizona, without regard to its conflicts of laws principles, and the State and Federal courts in the City of Phoenix, Arizona shall have exclusive jurisdiction over any proceeding seeking to enforce any provision of, or based upon any right arising out of, this Agreement. The parties do hereby irrevocably (a) submit themselves to the personal jurisdiction of such courts, (b) agree to service of such courts' process upon them with respect to any such proceeding, and (c) waive any objection to venue laid therein. The parties acknowledge and agree that the foregoing choice of law and forum provisions are the product of an arm's length negotiation between the parties. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT ALLOWED UNDER LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS.

6.3 Confidentiality.

(a) Licensor and Licensee shall keep secret and confidential and not disclose or use for any commercial purpose all information and data relating to (i) the other party's business, including but not limited to its intellectual property; (ii) the terms of this Agreement; (iii) the Product Know-How, or (iv) specifications, processes, methods, formulas, production schedules and costs, and experience.

(b) The confidentiality obligations of the non-disclosing party set forth in subsection 6.3(a) above shall not apply to any information that (i) must be disclosed to comply with any applicable governmental rules or regulations; (ii) was lawfully in the possession of the non-disclosing party prior to disclosure from the disclosing party; (iii) was available to the public at the time of disclosure by the disclosing party or subsequently became available to the public through no fault of the non-disclosing party; (iv) becomes available to the non-disclosing party subsequent to the disclosure from the disclosing party from a third party who is under no confidentiality obligation to the disclosing party; (v) is required to be disclosed by the non-disclosing party pursuant to court order or legal process provided that the non-disclosing party shall give the disclosing party notice of such process and use its best efforts to afford the disclosing party the opportunity at disclosing party's expense to seek to quash or restrain such disclosure; or (vi) was or is independently developed by the non-disclosing party

6.4 The headings of Articles in this Agreement and the headings in the **Exhibits** attached hereto are provided for convenience only and shall not affect its construction or interpretation. With respect to any reference made in this Agreement to a Section or Exhibit, such reference shall be to the corresponding section of, or the corresponding schedule to, this Agreement. All words used in this Agreement shall be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words "including", "include" and "includes" do not limit the preceding words or terms and any list of words or terms following the words "including", "include" and "includes" is not an exhaustive list. Any reference to a specific "day" or to a period of time designated in "days" shall mean a calendar day or period of calendar days unless the day or period is expressly designated as being a business day or period of business days. The use of "or" is not intended to be exclusive unless expressly indicated otherwise. The parties hereto acknowledge and agree that (a) each party and its counsel have reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision, (b) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement and (c) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto, regardless of which party was generally responsible for the preparation of this Agreement.

Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked "[\*]" in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

6.5 Nothing contained in this Agreement shall be construed so as to operate or to place any party or its affiliates in the relationship of employee or agent or joint venture or legal representative of the other party or its affiliates and it is hereby expressly agreed and acknowledged that each of the parties hereto is an independent contracting party which does not have the authority or power for or on behalf of the other party hereto to enter into any contract, to incur debts, to accept money, to assume obligations or to make any warranties or representations whatsoever.

6.6 This Agreement may not be amended except by a written agreement executed by Licensor and Licensee.

6.7 If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable.

6.8 This Agreement may be executed in any number of counterparts (including via facsimile or portable document format (PDF)), each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

6.9 This Agreement sets forth the entire understanding of Licensor and Licensee with respect to the transactions contemplated hereby and thereby and supersedes all prior agreements or understandings among the parties hereto regarding those matters.

***[Signature Page Follows]***

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**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement as of the date first above written.

**LICENSOR:**  
NANOPHASE TECHNOLOGIES CORP.

By: /s/ Jess Jankowski  
Name: Jess Jankowski  
Title: President and CEO

**LICENSEE:**  
EMINESS TECHNOLOGIES, INC.

By: /s/ Daniel N. Koharko  
Name: Daniel N. Koharko  
Title: CEO

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**EXHIBIT A  
PRODUCTS**

<u>Dispersions-Commercial Name</u>	<u>Weight %</u>	<u>Particle Size (nominal)</u>	<u>Variable Manufacturing Cost (Q117)</u>	<u>Standard Package</u>
NanoArc® [*]	[*]	[*] nm (PLS)	\$[*]/kg	[*]kg Pail, [*]kg drum, [*]kg Tote
NanoArc® [*]	[*]	[*]nm (PLS)	\$[*]/kg	[*]kg Pail
NanoArc® [*]	[*]	[*]nm (PLS)	\$[*]/kg	[*]kg Pail
NanoArc® [*]	[*]	[*]nm (PLS)	\$[*]/kg	[*]kg Pail
NanoArc® [*]	[*]	[*] micron (PLS)	\$[*]/kg	[*]kg Pail

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Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked "[\*]" in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

**EXHIBIT B  
PROCESS FOR TRANSFER OF KNOW-HOW**

<b>ETI &amp; NANX Product Production Transfer</b>	<b>60 days</b>		
<b>Information Gathering</b>	<b>35 days</b>	<b>On-Site Info Gathering</b>	<b>25 days</b>
<b>Remote Info Gathering</b>		Review any items from remote info gathering and follow-up	
Raw Materials/Production/Finished Goods?? ([*])		<b>Process audits</b>	5 days
Raw material sourcing (Vendor Information, Supply Contracts)		[*] Series Products	
Raw Material Packaging Form Factors		Production Process Training	
SDS for all RMs		Production Process Walk-through	
Supplier RM CoAs		QC Training	
Vendor qualification info ([*])		Sample sent to ETI for QC Comparison	
Dual sourcing/Contingency plan		[*] Series Products	
Receiving inspection criteria ([*])		Production Process Training	
Safety EHS Concerns (Storage requirements, PPE)		Production Process Walk-through	
Waste stream issues ([*])		QC Training	
REACH Registration(s) ([*])		Sample sent to ETI for QC Comparison	
Other regulatory concerns? ([*])		<b>Identify gaps BTW NANX&amp; ETI Production &amp; QC</b>	
Material handling and storage		<b>Capital required?</b>	
WIP components and storage		If yes, what and how long?	
Product demand (historical and forecast volumes)		<b>Plan Manufacturing Transfer</b>	5 days
Lead times/MOQs/Safety Stock (For RM and Finished Goods)		NANX inventory build	
Product Bills of Material		RM logistics	
Product run sheet/batch records/production procedures		QC Transfer	
Operator Training Documents/Procedures ([*])		Batch Production Schedule	
Labeling and shipping requirements (see SDS)		<b>Manufacturing Transfer</b>	5 days
special packaging types/sizes		[*] Series Products	
Production labor requirements		Production @ ETI	
Product/Process Historical Yields		QC @ ETI	
P&IDs/Process diagrams/Equipment list		Sample sent to NANX for QC	
Water quality of NANX production		[*] Series Products	
Filtration procedures/specifications		Production @ ETI	
Fill by weight or volume?		QC @ ETI	
QC methods (RM/WIP/FG)		Sample sent to NANX for QC	
QC labor requirements		<b>Review and Documentation</b>	10 days
Product CoAs			
Product TDSs			
Product SDSs			
Shelf life information (current spec & data)			
Historical quality data (SPC or otherwise)			
Product/Process FMEAs([*])			
Customer List			
Special Customer Requirements			
Customer Purchase/Supply Contracts/Blanket Orders			
Customer change control requirements? ([*])			

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**EXHIBIT C  
EXISTING CUSTOMERS**

Customer	Product	Qty. of Orders/POs, Shipped and In Hand – kg (as of 4/30)	Qty. of Orders/POs, Shipped and In-Hand - \$\$\$ (as of 4/30)	Est. Product Mix% - By Customer	2017 Forecast, Est. Product Mix	% of Forecast Achieved (as of 4/30)	Average Days of Payment	Price	Package Size	Notes
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/gallon	[*] Gallon	will likely get price break based off high volume discount (discounted pricing \$[*]/gallon for [*] and \$[*]/Gallon for [*])
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/Gallon	[*] Gallon	
	NanoArc® [*]	[*]	[\$*]	[*]	[\$*]/Gallon			[*] Gallon		
	NanoArc® [*]	[*]	[\$*]	[*]	[\$*]/Gallon			[*] Gallon		
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/gallon	[*] gallon	We then add their shipping cost to their unit price. Typically it is about \$[*]/gallon
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/kg	[*]kg Pail	
	NanoArc® [*]	[*]	[\$*]	[*]	[\$*]/kg			[*]kg Pail		
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/gallon ([*] gallon commitment)	[*] gallon	have pricing tiers [*] pricing not negotiated or provided
	NanoArc® [*]	[*]	[\$*]	[*]	[\$*]/gallon ([*] gallon commitment)			[*] gallon		
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/Liter	[*]L Pail	
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/Liter	[*] Gallon	
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/kg	[*] gallon	
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/gallon	[*] gallon	
[*]	NanoArc® [*]	[*]	[\$*]	[*]	[*]	[*]	[*]	[\$*]/gallon	[*] gallon	
	NanoArc® [*]	[*]	[\$*]	[*]	[\$*]/liter			[*] gallon		
			\$[*]		\$[*]	[*]%				

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### EXCLUSIVE SUPPLY AGREEMENT

This Exclusive Supply Agreement (the “**Agreement**”) is made as of June 23, 2017, by and between Nanophase Technologies Corp., a Delaware corporation (“**Seller**”) and Eminess Technologies, Inc., an Arizona corporation (“**Buyer**”).

WHEREAS, Seller is a manufacturer of certain unique Ceria and Alumina nanoparticles as further described on **Exhibit A** attached hereto (the “**Products**”);

WHEREAS, Seller desires to supply to Buyer and Buyer desires to purchase from Seller the Products, upon and subject to the terms set forth in this Agreement;

WHEREAS, the parties desire to enter into this Agreement to provide a means for Buyer to use commercially reasonable efforts, with the encouragement and support of Seller, to expand the market for Products in the Polishing Field (as defined below);

WHEREAS, Seller enters into this Agreement with the intent of allowing itself to focus its business development efforts on areas outside of the Polishing Field, while continuing to manufacture Products on behalf of Buyer for sale in the Polishing Field;

WHEREAS, Seller considers Buyer to be competent and trusted counterparty in terms of business development and customer support in the Polishing Field;

WHEREAS, Buyer enters into this agreement with the intent of expanding its market reach in the Polishing Field, incorporating Products into existing Buyer product formats, as well as in formats to be developed in the future by Buyer;

WHEREAS, it is the intent of this Agreement that both Buyer and Seller will share a collaborative relationship in terms of creating new products and in addressing customer needs; and

WHEREAS, the parties intend this Agreement to signal the beginning of a long-term relationship, where both parties perceive a long-term and enduring benefit.

NOW THEREFORE, for and in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, Buyer and Seller hereby agree as follows:

#### ARTICLE 1 DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified or referred to in this Article 1:

“**Governmental Body**” – means any federal, state, local, municipal, foreign, tribal or other governmental body entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority.

“**Liability**” or “**Liabilities**” – means any liability or liabilities, obligations, expenses, claims, taxes or assessments, losses, fines, penalties, settlements or damages of or by any Person.

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**"Person"** – means any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Body.

**"Polishing Field"** – means polishing applications of the Products in which the object of polishing is to modify the material to be polished (the workpiece) to meet desired surface attributes. The mechanisms of polishing involve four components: the workpiece, fluid, abrasive, and pad or lap. The workpiece can vary in bulk composition and application (optical glass, semiconductor substrate or device layer, protective coating, etc.). The fluid is the liquid phase of the polishing slurry formulation and is characterized by its chemical composition and physical properties. The function of the abrasive is to mechanically remove material from the surface of the workpiece. Material removal is accomplished at the workpiece surface and pad/lap interface through either mechanical or a combination of chemical and mechanical action. Finally, the pad/lap is used to impose relative motion between the abrasives and the workpiece to facilitate material removal.

**"Specifications"** – means with respect to a Product, the specifications for such Product set forth on **Exhibit A**.

**"Term"** – means the period ending ten (10) years from the execution of the Agreement, or any extended term as contemplated in Article 12.

**"Third Party"** – means any Person other than a party hereto or its respective Affiliates.

## **ARTICLE 2** **EXCLUSIVE SUPPLY**

1. Pursuant to the terms and subject to the conditions contained in this Agreement, Seller shall sell to Buyer, and Buyer shall purchase from Seller one hundred percent (100%) of Buyer's requirements of the Products.

2. Seller will supply Buyer with the Products purchased and sold pursuant to this Agreement in Seller's standard container sizes utilizing Seller's standard packaging. To the extent that any Products are altered or repackaged by or on behalf of Buyer, Buyer shall remove all of Seller's container labeling from all such containers prior to their disposal.

3. Notwithstanding anything to the contrary contained in this Agreement, Seller acknowledges and agrees that for a period of ten (10) years following the date of this Agreement, Seller shall not, and shall cause its affiliates and designees not to, directly or indirectly, use or market, promote or sell any of the Products to Persons, in each case for use in the Polishing Field; provided, that Seller may use the Products for surface preparation or modification of its own materials as may be required to facilitate placement of Products outside of the Polishing Field.

## **ARTICLE 3** **PRICE**

1. The purchase price for the Products supplied hereunder shall be as shown on **Exhibit B** attached hereto.

## **ARTICLE 4** **PAYMENT AND DELIVERY TERMS**

1. For Products directly shipped (drop-shipped) from Seller to an Existing Customer, payment terms shall be net [\*] ([\*]) days after shipping date. For products shipped to Buyer (for stock or re-shipment to customers), payment terms will be net [\*] ([\*]) days after shipping date to Buyer.

2. Delivery will be FOB Seller's facility (shipping point). Seller shall comply with reasonable delivery requirements of Buyer, which shall be at Buyer's expense.

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3. Seller shall take batch samples of the Products supplied hereunder and shall retain such samples in accordance with Seller's internal policies and quality controls. All batch deliveries of Products supplied hereunder shall be accompanied by a certificate of analysis.

#### ARTICLE 5

#### QUANTITIES AND PURCHASE ORDER; ANNUAL MINIMUMS

1. The Buyer shall periodically provide Seller with a rolling forecast setting forth its purchase requirements for the following twelve calendar months for each Product (each a "**Buyer Forecast**"). The Buyer Forecast is non-binding; provided that Buyer shall use commercially reasonable efforts to promptly provide any updates to a Buyer Forecast in the event there are material changes in a Buyer Forecast.

2. Buyer shall deliver from time to time written purchase orders (an "**Order**") for the quantities of the Products Buyer desires to purchase hereunder. The Order shall represent a binding commitment by Buyer to purchase and a binding commitment by Seller to supply. Notwithstanding anything contained in this Agreement or any Order, unless otherwise expressly agreed upon by the parties in writing, no modification of this Agreement shall be effected by the use of any Order or other form containing any terms and/or conditions that are inconsistent with those of this Agreement. The parties hereby acknowledge and agree that, unless otherwise expressly agreed upon by the parties in writing, any such inconsistent terms and conditions shall be void and of no force or effect against the parties and in the event of any conflict between the terms and conditions contained in this Agreement and any terms and conditions contained in any Order or other form, the terms and conditions contained in this Agreement shall govern.

On an annual basis, Buyer shall purchase from Seller a minimum amount of Products with an aggregate purchase price of \$[\*] (the "**Annual Minimum**"). The Annual Minimum shall be measured each calendar quarter based on the prior 12 months of purchases by Buyer. If, at any time the Annual Minimum is measured, Buyer has failed to meet the Annual Minimum, at Buyer's election, Buyer shall (a) submit a purchase order to Seller for Products so as to cause Buyer to meet the Annual Minimum, or (b) pay to Seller an amount equal to [\*]% of the difference between Buyer's actual purchases of Product and the Annual Minimum; provided, however, that in the event that Buyer elects option (b) above, and in any subsequent calendar quarter occurring during the twelve (12) month period following Buyer's election of option (b) above, Buyer's purchases are in excess of the Annual Minimum, Buyer shall be entitled to a credit of any amounts paid to Seller under option (b) above against purchase made in excess of the Annual Minimum up to the amount paid to Seller under option (b) above.

#### ARTICLE 6

#### HAZARDS AND STEWARDSHIP

Except as expressly provided in this Agreement, neither Seller nor any of its affiliates shall be liable for any personal injury or property damage, harm to the environment or pollution arising out of or connected with the manufacture, marketing, promotion, import, storage, formulation, distribution or other handling or sale of the Products by Buyer, except to the extent the same arises from Seller's or its affiliates' negligence or willful misconduct in connection with Seller's or its affiliates' handling, processing, transportation, storage or possession of the Products when the Products are under Seller's or its affiliates' care and custody.

#### WARRANTIES

Seller warrants that the Products do not contain any ingredients that are known by Seller to be carcinogenic, mutagenic, or teratogenic. Only standard chemical hygiene practices and personal protective equipment are recommended for producing and/or handling the Products, as defined in the Product SDSs. Based on Seller's current knowledge, the acids and bases that are used to adjust the Product pH represent the most significant health and safety risk, which at the concentrations used, do not pose an extreme hazard. None of the waste streams from the manufacture of the Products is currently classified/regulated as hazardous material. Spent slurry from Product use may or may not be deemed as hazardous material depending on the composition of the substrates being polished, and need to be assessed on an individual basis by the entities involved in those activities.

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**ARTICLE 8**  
**INDEMNIFICATION**

1. Buyer agrees to indemnify, defend and hold Seller and its directors, officers, employees, stockholders and members harmless from and against all Liabilities and/or judgments (collectively, "**Damages**") arising out of a (i) claim by a Third Party to the extent relating to the marketing, promotion, import, storage, formulation, distribution or other handling or sale of the Products by or on behalf of Buyer, except to the extent relating to a breach by Seller of its warranties contained in Article 7.

2. Seller agrees to indemnify, defend and hold Buyer and its directors, officers, employees, stockholders and members harmless from and against all Damages arising out of (i) a claim by a Third Party to the extent such claim results from a breach by Seller of its warranties contained in Article 7 or (ii) a breach by Seller of this Agreement.

**ARTICLE 9**  
**GOVERNING LAW**

1. This Agreement shall be governed by the substantive laws of the State of Arizona, without regard to its conflicts of laws principles, and the State and Federal courts in the City of Phoenix, Arizona shall have exclusive jurisdiction over any proceeding seeking to enforce any provision of, or based upon any right arising out of, this Agreement. The parties do hereby irrevocably (a) submit themselves to the personal jurisdiction of such courts, (b) agree to service of such courts' process upon them with respect to any such proceeding, and (c) waive any objection to venue laid therein. The parties acknowledge and agree that the foregoing choice of law and forum provisions are the product of an arm's length negotiation between the parties. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT ALLOWED UNDER LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS.

2. The parties acknowledge and agree that the foregoing choice of law and forum provisions are the product of an arms length negotiation between the parties.

**ARTICLE 10**  
**DEVELOPMENT OF NEW PRODUCTS**

1. In the event that Buyer desires that Seller develop and produce additional and/or new nanoparticle products to be supplied pursuant to this Agreement, Buyer will prepare a business case for discussion with Seller, which business case may or may not include additional compensation to Seller (e.g. for development of the additional and/or new products, or in the form of future product margin, royalties, or any other form of payment). After delivery of such business case to Seller, the parties will confer in good faith as to whether Seller will develop and product such additional and/or new product; provided that Seller will have full discretion, acting reasonably, to determine whether to develop and product such additional and/or new products. In the event that Seller elects to develop and produce such additional and/or new products, this Agreement shall be amended by the parties to include such additional and/or new products.

2. In the event that Seller desires to develop and produce additional and/or new nanoparticle products or technologies to be supplied pursuant to this Agreement, Buyer and Seller will use commercially reasonable efforts to prepare a business case and upon mutual agreement by the parties of such business case, this Agreement shall be amended by the parties to include such additional and/or new products or technologies.

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**ARTICLE 11**  
**EQUIPMENT PURCHASE**

1. In connection with the purchase and supply of Products pursuant to this Agreement, Buyer shall acquire from Seller and Seller shall sell to Buyer the items of equipment set forth on **Exhibit C** attached hereto for a purchase price of \$36,000.00. Such items of equipment will be transferred to Buyer pursuant to a bill of sale in a form reasonably acceptable to Seller, and upon delivery of such bill of sale to Buyer, Buyer shall pay the purchase price for the equipment by wire transfer of immediately available funds, or such other payment method as may be mutually acceptable to the parties.

**ARTICLE 12**  
**TERM AND TERMINATION; OPTION TO OBTAIN A LICENSE**

1. This Agreement shall commence on the date hereof and continue to be in full force and effect for a period of ten (10) years (the "**Term**"), unless renewed pursuant to Article 12(3) below.

2. This Agreement may be terminated by a party as follows:

(a) immediately, in the event the other party (i) becomes the subject of a petition for a bankruptcy order or declares or is being declared bankrupt, (ii) shall become insolvent or unable to pay its debts when due, (iii) makes an assignment for the benefit of creditors and/or (iv) takes or suffers any other similar events;

(b) immediately, in the event of the dissolution, liquidation or winding up of the other party; or

(c) upon a material breach or default in the performance of the other party of its respective obligations under this Agreement, and if following written notification of such material breach or default, such material breach or default has not been fully cured by the breaching party within sixty (60) days after receipt of such written notice.

3. In the event that Buyer terminates this Agreement pursuant to Article 12(2) above, upon such termination, Seller hereby grants to Buyer an irrevocable option to obtain from Seller, an exclusive, assignable, irrevocable license, with the right to sublicense, to all know-how, formulations and technology necessary to make, have made, use, offer for sale, sell, have sold, and import the Products in the Polishing Field anywhere in the world. Such license shall expire on the date that this Agreement would have otherwise terminated had it not been terminated early by Buyer pursuant to Article 12(2). Buyer shall pay to Seller a one-time royalty of \$10,000 for such license, and upon such payment, the license contemplated by this Article 12(3) shall be and hereby is granted to Buyer.

4. Commencing on the date that is twelve (12) months prior to the expiration of the terms, Seller and Buyer will, in good faith, evaluate this Agreement and negotiate an extension of this Agreement upon terms and conditions acceptable to both Buyer and Seller. If Buyer and Seller are unable to reach agreement regarding an extension, then either party may, by at least 180 days prior notice to the other party, elect to terminate this Agreement upon expiration of the initial Term.

**ARTICLE 13**  
**FORCE MAJEURE**

1. No party shall be liable for its delay in performing or failure to perform hereunder (other than to make payments of any amounts due hereunder) as a result of any contingency beyond its reasonable control, including acts of God, fires, floods, wars, civil insurrection, general military obligation, sabotage, machinery breakdown (provided the party claiming a machinery breakdown has continued to maintain such machinery in the same manner that the party maintains such machinery as of the date of this Agreement), accidents, lockouts, labor disputes or shortages, any governmental laws, ordinances, rules, regulations, bans, action or inaction by Governmental Bodies (whether valid or invalid, including priorities, requisitions, allocations and price adjustment restrictions), delay or inability to obtain supplies, labor, raw materials, energy, transportation, or any other similar contingency (each such contingency herein referred to as a "**Force Majeure**").

2. The party pleading circumstances of Force Majeure shall notify the other Party in writing of the existence of such Force Majeure within twenty (20) days of the first day of such Force Majeure and shall also notify the other party as soon as the circumstances giving rise to such Force Majeure have abated and/or ceased.

3. If Seller's ability to supply the Products or to obtain any or a sufficient quantity of any material used directly or indirectly in the manufacture thereof, is limited or reduced by reason of Force Majeure, Seller shall notify Buyer of the same and in such case, Seller may allocate its available supply of the Products (without obligation to acquire other supplies of active ingredient or other material) among itself, Buyer and its other purchasers in proportion to the documented demands for each entity at the point in time when the need for a limitation or reduction is identified.

**ARTICLE 14**  
**ASSIGNMENT, SUCCESSORS AND NO THIRD PARTY RIGHTS**

In no event shall Buyer assign any of its rights or obligations under this Agreement, in whole or in part, without the prior written consent of Seller, which consent may be granted or withheld in the sole discretion of Seller, provided, however that Buyer may assign or transfer this Agreement to (i) an affiliate or (ii) a purchaser of all or substantially all of Buyer's business, in either case, without obtaining the consent of Seller. In no event shall Seller assign any of its rights or obligations under this Agreement, in whole or in part, without the prior written consent of Buyer, which consent may be granted or withheld in the sole discretion of Buyer, provided, however that Seller may assign or transfer this Agreement to (a) an affiliate or (b) a purchaser of all or substantially all of Seller's business, in either case, without obtaining the consent of Buyer. This Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the parties. Unless otherwise expressly provided herein, nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement and their successors and permitted assigns any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and permitted assigns.

**ARTICLE 15**  
**SEVERABILITY**

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

**ARTICLE 16**  
**NOTICES**

All notices, consents, waivers, and other communications under this Agreement must be in writing and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) upon written confirmation of receipt when sent by PDF or facsimile transmission; provided, that a hard copy is mailed by registered or certified mail, return receipt requested promptly thereafter or (c) received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses set forth below (or to such other addresses as a party may designate by notice to the other party):

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If to Seller:

Nanophase Technologies Corp.  
1319 Marquette Drive  
Romeoville, IL 60446  
Attn: Jess Jankowski

If to Buyer:

Eminess Technologies, Inc.  
7272 East Indian School Road  
Suite 350  
Scottsdale, AZ 85251  
Attn: Dan Koharko

**ARTICLE 17**  
**RELATIONSHIP OF PARTIES**

Nothing contained in this Agreement shall be construed so as to operate or to place any party or its affiliates in the relationship of employee or agent or joint venture or legal representative of the other party or its affiliates and it is hereby expressly agreed and acknowledged that each of the parties hereto is an independent contracting party which does not have the authority or power for or on behalf of the other party hereto to enter into any contract, to incur debts, to accept money, to assume obligations or to make any warranties or representations whatsoever.

**ARTICLE 18**  
**ENTIRE AGREEMENT AND MODIFICATION**

This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by Buyer and Seller.

**ARTICLE 19**  
**HEADINGS: CONSTRUCTION**

The headings of articles in this Agreement and the headings in the **Exhibits** attached hereto are provided for convenience only and will not affect its construction or interpretation. Unless otherwise stated herein, all references to "Article" or "Articles" refer to the corresponding article or articles of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words "including", "include" and "includes" do not limit the preceding words or terms. Any reference to a specific "day" or to a period of time designated in "days" shall mean a calendar day or period of calendar days unless the day or period is expressly designated as being a business day or period of business days. The use of "or" is not intended to be exclusive unless expressly indicated otherwise. All amounts denominated in dollars or "\$" in this Agreement are references to United States dollars unless expressly indicated otherwise. The parties hereto acknowledge and agree that (a) each party and its counsel have reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision, (b) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement and (c) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto, regardless of which party was generally responsible for the preparation of this Agreement.

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**ARTICLE 20**  
**NO IMPLIED WAIVERS; NO JURY TRIAL**

Except as otherwise set forth herein, the rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT ALLOWED UNDER LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS.

**ARTICLE 21**  
**COMPLIANCE WITH LAWS**

Each party shall comply with all applicable laws in the performance of its obligations under this Agreement

**ARTICLE 22**  
**COUNTERPARTS**

This Agreement may be executed in any number of counterparts (including via facsimile or portable document format (PDF)), each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

*[Signature Page Follows]*

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

**SELLER:**

NANOPHASE TECHNOLOGIES CORP.

By: /s/ Jess Jankowski

Name: Jess Jankowski

Title: President and CEO

**BUYER:**

EMINESS TECHNOLOGIES, INC.

By: /s/ Daniel N. Koharko

Name: Daniel N. Koharko

Title: CEO

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**EXHIBIT A**  
**Products and Specifications**

<b>Dispersions-Commercial Name</b>	<b>Weight %</b>	<b>Particle Size (nominal)</b>	<b>Standard Package</b>
NanoArc® [*]	[*]	[*] nm (BET)	[*]kg Pail, [*]kg drum, [*]kg Tote
NanoArc® [*]	[*]	[*]nm (BET)	[*]kg Pail
NanoArc® [*]	[*]	[*]nm (BET)	[*]kg Pail
NanoArc® [*]	[*]	[*]nm (BET)	[*]kg Pail

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**EXHIBIT B-1**  
**Prices**

**Schedule A:**

The price paid to Seller for sales of the Products to Seller’s existing customers with the product combinations set forth below on Exhibit B-2 (the “ **Existing Customer-Product Combinations**”) for sales up to the Baseline Annual Usage (kg) as shown on Exhibit B-2 shall be a percentage of Customer Net Sales as follows:

Product	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%

**Schedule B:**

The price paid to Seller for sales of the Products to: (1) Seller’s Existing Customer-Product Combinations for sales greater than the Baseline Annual Usage (kg) as shown on Exhibit B-2, or (2) to new customer-product combinations shall be a percentage of Customer Net Sales as follows:

Product	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%
[*]	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%	[*]%

\* After 2026, Buyer and Seller shall evaluate the markets for [\*] and [\*] Products, and either extend the existing pricing regime, or negotiate a commercially acceptable agreement with regard to sales of the Products.

For purposes of this Agreement, the term “ **Customer Net Sales**” means a customer’s aggregate Product purchases in kilograms times (1) as applicable, the Baseline Price (\$/kg) (as shown on Exhibit B-2) or, (2) as applicable, the price per kilogram paid by the customer for such Product, *less*, in either case, the amount of any returns and credits.

**Schedule C:**

The price paid to Seller for sales of any new products (i.e. products that are not in circulation as of the date of this Agreement) to any customer (both Existing Customers and new customers shall equal [\*] ([\*]) times Seller’s cost of goods sold for any such products.

Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked "[\*]" in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

**EXHIBIT B-2**

**EXISTING CUSTOMERS AND PRODUCT COMBINATIONS**

<b>Product Series</b>	<b>Customer</b>	<b>Product</b>	<b>Baseline Price (\$/kg)</b>	<b>Baseline Annual Usage (kg)</b>	<b>Annual Baseline Sales (\$)</b>	<b>Average Days to Payment</b>	
[*]	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
	[*]	NanoArc [*]	[*]	[*]	[*]	[*]	
			Subtotal	[*]	[*]	[*]	
	[*]	[*]	NanoArc [*]	[*]	[*]	[*]	[*]
[*]	[*]	NanoTek [*]	[*]	[*]	[*]	[*]	
				<b>TOTAL</b>	[*]		

Portions of this Exhibit have been redacted pursuant to a request for confidential treatment under Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934. Omitted information, marked "[\*]" in this Exhibit, has been filed separately with the Securities and Exchange Commission together with such request for confidential treatment.

**EXHIBIT C**  
**Equipment**

[\*]

- [\*]
- Model #: [\*]
- Serial #: [\*]

[\*]

- Model #: [\*]
  - Serial #: [\*]
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**TECHNOLOGY DEVELOPMENT AGREEMENT**

This Technology Development Agreement (the "Agreement") is effective as of June 27, 2016 (the "Effective Date") by and between Eminess Technologies, Inc., an Arizona corporation ("Eminess"), and Nanophase Technologies Corp., a Delaware corporation ("Nanophase").

**RECITALS**

A. Eminess is a manufacturer of formulated liquid polishing formulations that contain abrasive particles. These abrasive particles are dispersed into liquid polishing formulations to provide optimum performance and physical stability, which is achieved through the use of both physical processes and chemical systems. In an effort to maintain a competitive advantage in the polishing markets, Eminess desires to sponsor a research effort focused on expanding the available library of formulation technology to enhance Eminess's ability to disperse particles and formulate stable liquid dispersions of particles suitable for polishing applications.

B. Nanophase is a manufacturer of unique nanoparticles using its proprietary processes as well as formulated liquid dispersions of particles, including some that may be suitable for polishing applications. Nanophase possesses sufficient expertise dispersing particles into stable liquid formulations to enable them to perform the technology development contemplated by this Agreement.

C. Eminess desires to engage Nanophase to develop a new particle dispersion technology that Eminess can use to enhance and extend its existing product line and strengthen its position to provide customers with advanced liquid polishing formulations and maintain a competitive advantage in the applicable market.

D. The parties desire to agree upon a process to transfer the Technology (as defined below) to Eminess upon development and to provide for the joint ownership of the Technology by Eminess and Nanophase.

NOW, THEREFORE, upon the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**TERMS AND CONDITIONS**

1. Statement of Objective. The objective of the technology development contemplated by this Agreement is to develop effective chemical formulations along with physical processes that enable the dispersion of particles into stable liquid formulations suitable for use in polishing applications (the "Technology"). Stable particle dispersions are defined as liquid formulations that contain particles that are free of agglomerates and are resistant to particle agglomeration during manufacture, storage, and use in polishing applications. In addition, stable particle dispersions possess certain physical attributes that prevent hard settling of particles which cannot be re-dispersed for use in polishing applications.

2. Statement of Work. For a period of six-month following the Effective Date, Nanophase shall perform the following work:

(a) Stabilization Mechanisms to be Investigated.

Nanophase will investigate particle stabilization systems that impart stability as set forth in Section 1 above, and selected from one of several mechanisms: (1) electrostatic stabilization considering particle surface charge arising from the use of pH adjustment and appropriate counter-ionic components, (2) steric stabilization with adsorbed molecular constituents ensuring liquid formulation compatibility, and (3) electrosteric stabilization that is either a simple combination of electrostatic and steric stabilization or a stabilization with adsorbed or particle surface modification through the use of reactive molecules or polyelectrolytes.

Some general examples of chemical systems to explore will be through the use of polyethylene glycols, polyether type surfactants, other non-, cationic-, and non-anionic-surfactants, co-polymer systems, electrolytes, and combinations thereof.

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Physical processes will inherently be explored during the preparation of candidate formulations and may include low and high shear mixing via various methods. It is expected that Nanophase will evaluate various physical means to aid in the physical dispersion of particles into liquid formulations containing chemical additives and communicate the methods used in sample preparation.

(b) Experimental Designs and Instrumental Methods.

Nanophase will perform experiments that span the range from simple screening experiments, where chemical additives are added to liquid/particle mixtures and evaluated for dispersion efficacy, to elaborate statistical design of experiments (a "DOE") where many additives and combinations of additives are evaluated for dispersion effectiveness providing the opportunity for optimization via analysis of the DOE response surfaces in the appropriate software. For all experiments and responses will be selected to determine how effective the chemical system(s) are dispersing particles into stable liquid formulations. The compiled data and associated analyses will be made available to Eminess in context of the research effort.

The determination of particle dispersion effectiveness may be measured in many ways. The use of particle sizing instrumentation is an effective way to determine the effectiveness of a particle dispersion formulation. Examples of such instrumentation may include ensemble methods such as light scattering (laser diffraction, dynamic light scattering) or sedimentation, and non-ensemble methods such as single particle optical sizing. Another way to measure particle stability is through zeta potential measurements. Nanophase will perform measurements using the aforementioned techniques and provide relevant data describing the dispersion effectiveness of the systems explored, especially those that provide the clearest path to a stable liquid dispersion of particles suitable for polishing applications. It should be noted that suitable measurements beyond formulation characterization should be investigated and such measurements that will include performance tests via controlled polishing experiments. Measured responses from these tests will include material removal rates, surface roughness measurements, and will also monitor the formulation characteristics as a function of polishing time.

(c) Reports and Documentation.

Technical data and written information on the research findings, including, but not limited to, research reports and all technical data and information on designs, calculations, drawings, manufacturing processes, experiments, measurement and tests associated with dispersing particles into stable liquid dispersions will be provided to Eminess. This includes experimental designs including screening, linear, or factorial along with associated analyses and findings. Clear identification of the chemical components (molecular formula, IUPAC name, trade name, or CAS number) and their sources is required for successful communication of research findings.

(d) Warranties

With respect to the services provided in this Agreement, Nanophase warrants in connection with such services, it will not use any ingredients that are known by Nanophase to be carcinogenic, mutagenic, or teratogenic. Only standard chemical hygiene practices and personal protective equipment are recommended for producing and/or handling such products, as defined in the product SDSs. Based on Nanophase's current knowledge, the acids and bases that are used to adjust such products' pH represent the most significant health and safety risk, which at the concentrations used, do not pose an extreme hazard. None of the waste streams from the manufacture of such products is currently classified/regulated as hazardous materials. Spent slurry from such products' use may or may not be deemed as hazardous materials depending on the composition of the substrates being polished, and need to be assessed on an individual basis by the entities involved in those activities.

3 . Work Fees. For the research and development of the Technology as contemplated by this Agreement, Eminess shall pay to Nanophase a research and development fee of \$250,000. Eminess shall pay work fees within ten (10) days following the commencement of the Technology Transfer contemplated by Section 5 below.

4. Ownership and Use of the Technology. Subject to other express provisions of this Agreement, Eminess and Nanophase will jointly own all Technology. Neither party acquires any rights, either express or implied, under any Background IP of the other unless expressly stated in this Agreement or another written agreement signed by authorized representatives of each of the parties. To the extent that any Background IP of Nanophase is incorporated into the Technology, Nanophase grants Eminess a nonexclusive, royalty-free, perpetual license to such Background IP solely in connection with the Technology. "Background IP" means intellectual property owned, created, conceived, or first reduced to practice by a party or its employees, affiliates, or independent contractors: (i) prior to the Effective Date, or (ii) after the Effective Date, through such party's efforts independent of the activities covered by this Agreement. Each party shall have the right to use and exploit the Technology, subject to the restrictions and provisions of this Agreement.

5. Transfer of Technology. Eminess and Nanophase shall cooperate, in good faith, to cause the transfer of all Technology to Eminess in accordance with the process and procedure set forth on **Exhibit A**. Such transfer shall be completed no later than sixty (60) days after the execution date of this agreement.

6. Confidentiality.

(a) Eminess and Nanophase shall keep secret and confidential and not disclose or use for any commercial purpose all information and data relating to (i) the other party's business, including but not limited to its intellectual property; (ii) the terms of this Agreement; or (iii) the Technology, including but not limited to specifications, processes, methods, formulas, production schedules and costs, experience, and any know-how.

(b) The confidentiality obligations of the non-disclosing party set forth in subsection (a) above shall not apply to any information that (i) must be disclosed to comply with any other governmental rules or regulations; (ii) was lawfully in the possession of the non-disclosing party prior to disclosure from the disclosing party; (iii) was available to the public at the time of disclosure by the disclosing party or subsequently became available to the public through no fault of the non-disclosing party; (iv) becomes available to the non-disclosing party subsequent to the disclosure from the disclosing party from a third party who is under no confidentiality obligation to the disclosing party; (v) is required to be disclosed by the non-disclosing party pursuant to court order or legal process provided that the non-disclosing party shall give the disclosing party notice of such process and use its best efforts to afford the disclosing party the opportunity at disclosing party's expense to seek to quash or restrain such disclosure; or (vi) was or is independently developed by the non-disclosing party.

7. Independent Contractor. Eminess and Nanophase are and will at all times remain independent contractors. Neither party shall hold itself out as an employee, agent or partner of the other party. Each party agrees to provide all worker benefits and insurance coverage for all its employees or agents as required by law and agrees to hold harmless and indemnify the other party for any and all claims arising out of any injury, disability or death of such party's employees or agents.

8. Force Majeure. The parties hereto shall not be liable for failure of performance hereunder if such failure is occasioned by war, riot, rebellion, invasion, terrorist act, earthquake, storm, fire, flood, acts of God, interruption of transportation, embargo, explosion, inability to procure or shortage of supply of materials, governmental orders and restrictions, strike, lockout, or other labor troubles, or any other cause beyond the control of the parties hereto. Any party invoking Force Majeure shall notify the other party as soon as possible thereof and provide appropriate information on presumed cause and duration of the Force Majeure situation. The parties shall cooperate to minimize the adverse effects of Force Majeure on their performance of this Agreement.

9. Miscellaneous.

(a) Governing Law. This Agreement shall be governed and construed under the laws of the State of Arizona without regard to conflicts of laws provisions.

(b) Jurisdiction. Any dispute relating to this Agreement shall be brought in the state or federal courts in Maricopa County, Arizona. By execution and delivery of this Agreement, with respect to such disputes, each of the parties knowingly, voluntarily and irrevocably to the exclusive jurisdiction of these courts.

(c) Entire Agreement. This Agreement constitutes and expresses the entire agreement and understanding between the parties hereto with respect to the subject matter, all revisions discussions, promises, representation, and understanding relative thereto, if any, being herein merged. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns.

(d) Counterparts. This Agreement may be executed in two or more original or facsimile counterparts (including via facsimile or portable document [PDF] format), each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

(e) Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, it shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable but so as most nearly to retain the intent of the parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

(f) Waiver. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of or in any similar breach or default occurring later. No waiver of any single breach or default shall be deemed a waiver of any other breach or default occurring before or after that waiver. No term, covenant or condition of this Agreement shall be deemed to have been waived unless such waiver is in writing.

(g) Assignment. Neither this Agreement nor any claim arising directly or indirectly out of or in connection with the performance of either party shall be assigned by either party hereto without the prior written consent of the other party.

(h) Notices. Any notice, communication or invoice required or permitted to be given under this Agreement shall be in writing, unless the parties agree in writing to the contrary and shall be deemed sufficiently given when delivered in person or transmitted by facsimile (confirmed by registered or certified mail) or when deposited in the United States mail, registered or certified, postage prepaid, addressed as follows:

Eminess Technologies, Inc.  
7272 East Indian School Road  
Suite 350  
Scottsdale, AZ 85251  
Attn: Dan Koharko

Nanophase Technologies Corp.  
1319 Marquette Drive  
Romeoville, IL 60446  
Attn: Jess Jankowski

or to such other address as may be specified from time to time in a written notice given by such party.

*[signature on following page]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their duly authorized representatives as of the date first above written.

**EMINESS TECHNOLOGIES, INC.**,  
an Arizona corporation

By: /s/ Daniel N. Koharko  
Name: Daniel N. Koharko  
Title: President/CEO

**NANOPHASE TECHNOLOGIES CORP.**  
a Delaware corporation

By: /s/ Jess Jankowski  
Name: Jess Jankowski  
Title: President and CEO

**EXHIBIT A**

<b>ID</b>	<b>Task Name</b>
1	NTC Dispersion Technology Transfer to ETI
2	Initial discussion: ETI & NTC Leads
3	Agree on transfer concept and timeline
4	Clearly scope deliverables
5	NTC provide ETI with relevant documentation
6	NTC slurry product specific development reports
7	Relevant project updates
8	Other documents TBD
9	Iterative Interviewing (remote & on-site)
10	Interview: ETI & NTC Tech Leads
11	Provide summary to ETI team
12	ID follow up items, send to NTC allow time for reply
13	Interview: ETI & NTC Tech Leads (if required)
14	Provide summary to ETI team
15	ID follow up items, send to NTC allow time for reply
16	ETI & NTC Broader Meeting
17	Provide summary to ETI team
18	ID follow up items, send to NTC allow time for reply
19	Lab Day(s)
20	Example dispersion experiments demonstrated @ NTC
21	Data analysis and review
22	Review & Documentation
23	Close outstanding items
24	ETI report
25	Framework designed for future interactions
26	Transfer acceptance confirmation

COMPANY CONTACT

Frank Cesario  
Investor Relations  
630-771-6705

**Nanophase Announces Strategic Collaboration**

*This transaction will impact advanced materials in the surface finishing technologies space*

**Romeoville, IL, - June 29, 2017** - Nanophase Technologies Corporation (OTCQB: NANX), a technology leader in nanomaterials and advanced nanoengineered products, today reported the execution of development, manufacturing and distribution agreements with Eminess Technologies, Inc., a premier manufacturer and distributor of products for polishing of critical surfaces, to enhance their mutual positions in supplying advanced material solutions to the surface finishing marketplace.

“Our companies have known each other for quite some time. We expect this relationship to extend the reach of our products to a broader market, allow for a higher degree of focus on customer support in polishing and surface finishing areas where Eminess is more deeply established than Nanophase, and also to foster the development of new markets and products that are squarely within the Eminess strategic focus. We believe that our material solutions will offer Eminess a market advantage, while allowing Nanophase to quickly deepen a successful supply position in those markets,” stated Nanophase CEO, Jess Jankowski. Dan Koharko, CEO of Eminess added, “These agreements enhance our ability to deliver the technology to our customers who require advanced materials and application knowledge to produce their critical, next generation products. Our quick, efficient development, manufacturing, and supply chain ensures that current and future world-class Nanophase particle technology is accessible to all that would benefit from it.”

“Eminess will begin to manufacture selected Nanophase product lines, and exclusively distribute others. Included in these arrangements, the companies will implement a royalty agreement for certain future sales, along with certain minimum revenue volumes to ensure ongoing benefit for both organizations while we work together to best serve customers in this market,” said Jankowski.

“In terms of our transition, the shared goal of Nanophase and Eminess is to have all the commercial and organizational coordination completed in time for the Optifab 2017 exhibition to be held in Rochester, New York, beginning October 16<sup>th</sup> of this year.”

Jankowski continued, “This collaboration reflects another step in executing the Nanophase strategy of focusing our business development resources on the continued rollout of our new fully formulated personal care, and solar-control solutions, while allowing us to remain engaged and continuing to profit from our well-proven capabilities in the surface finishing marketplace.”

**About Nanophase Technologies**

Nanophase Technologies Corporation (NANX), [www.nanophase.com](http://www.nanophase.com), is a leader in nanomaterials technologies and provides nanoengineered solutions for multiple industrial product applications. Using a platform of patented and proprietary integrated nanomaterial technologies, the Company creates products with unique performance attributes from two ISO 9001:2008 and ISO 14001 facilities. Nanophase delivers commercial quantity and quality nanoparticles, coated nanoparticles, and nanoparticle dispersions in a variety of media.

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### **Forward-Looking Statements**

*This press release contains words such as "expects," "shall," "will," "believes," and similar expressions that are intended to identify forward-looking statements within the meaning of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Such statements in this announcement are made based on the Company's current beliefs, known events and circumstances at the time of publication, and as such, are subject in the future to unforeseen risks and uncertainties that could cause the Company's results of operations, performance and achievements to differ materially from current expectations expressed in, or implied by, these forward-looking statements. These risks and uncertainties include, without limitation, the following: the Company's ability to be consistently profitable despite the losses it has incurred since its incorporation; a decision by a customer to cancel a purchase order or supply agreement in light of the Company's dependence on a limited number of key customers; the terms of the Company's supply agreements with BASF Corporation, which could trigger a requirement to transfer technology and/or sell equipment to that customer; the Company's potential inability to obtain working capital when needed on acceptable terms or at all; the Company's ability to obtain materials at costs it can pass through to its customers, including Rare Earth elements, specifically cerium oxide, as well as high purity zinc; uncertain demand for, and acceptance of, the Company's nanocrystalline materials; the Company's manufacturing capacity and product mix flexibility in light of customer demand; the Company's limited marketing experience; changes in development and distribution relationships; the impact of competitive products and technologies; the Company's dependence on patents and protection of proprietary information; the resolution of litigation or other legal proceedings in which the Company may become involved; the impact of any potential new government regulations that could be difficult to respond to or too costly to comply with while remaining financially viable; the ability of the Company to maintain an appropriate electronic trading venue for its securities; and other factors described in the Company's Form 10-K filed March 29, 2017. In addition, the Company's forward-looking statements could be affected by general industry and market conditions and growth rates. Except as required by federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events, uncertainties or other contingencies.*

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