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Cardinal Resources Inks \$7.5 Million Equity Financing With Chinese Firm; Company to Enter Asian Distribution JV With Global Support

PITTSBURGH, PA -- (Marketwired) -- 12/17/15 -- Cardinal Resources Inc. (OTC PINK: CDNL), a global producer of patented, solar powered, community-scale drinking water systems, today announced it has signed a definitive agreement with Hangzhou Sky Valley Water Technology Co., Ltd. ("HSVW") for a \$7.5 million equity investment and the establishment of an China Distribution Joint Venture. On October 13, the Company announced it had signed a non-binding LOI for this transaction.

HSVW is a China-based consortium formed to market and commercialize Cardinal Resources' water treatment technologies in Asia and other international markets. Composed of two publicly-traded Asian conglomerates, HSVW has extensive investment holdings in numerous sectors including industrial, high tech, engineering, logistics, energy, banking, engineering and municipal infrastructure. Under the terms of the transaction, HSVW will invest a total of \$7.5 million in exchange for a 51% stake in the Company. The investment will consist of two tranches of \$3.75 million each in exchange for newly issued shares of the Company's unregistered common stock.

The first tranche will be a purchase of 36 million shares of the Company's unregistered common stock at \$0.104 per share and is expected to close early in the first quarter of 2016, subject to routine Chinese regulatory approval of foreign capital investments of this nature.

Planned use of proceeds will include:

- Retirement of all outstanding trade debt
- Establishment of the China joint venture
- A corporate stock buyback program
- An investor relations program
- Restructuring Cardinal's Bayelsa and Cameroon open contracts and purchase orders (valued at \$38M), for which HSVW will work with the Company to facilitate international bank financing
- General working capital

The second \$3.75 million tranche is to be released to Cardinal upon successful completion of the following milestones, which are expected to be completed during the second quarter of 2016:

- Establishment of the China Joint Venture, including operating agreement and funding
- Re-alignment of the Company's management and governance structure, key hires and appointments to the Board of Directors
- Successful manufacturing of two Cardinal Community Red Bird ("CRB") water systems by the China Joint Venture. U.S. manufacturing will continue to serve key global markets. Cardinal last month announced that it completed the sale of the first of three such systems to HSVW
- The transfer to the China Joint Venture of Cardinal's manufacturing rights and obligations under its agreement with Bayelsa, Nigeria
- Using Cardinal's commercially reasonable best efforts to cause its financing and manufacturing rights and obligations under its agreement with CAMWATER (Cameroon Water Utilities Corporation) to be transferred to the China JV

Proceeds from the second tranche are anticipated to cover:

- Consolidation of all Cardinal HQ, R&D, manufacturing and warehousing facilities
- Filing additional patents to increase intellectual property portfolio value
- Aggressively expand marketing in various regions globally, including funding of demonstration CRBs to be purveyed to regional distributors
- Establish new leasing and purchase-financing programs to support sales worldwide
- Working capital

"We're excited about the opportunity Cardinal's patented, state-of-art community water systems provide, validated with solid traction in Africa, Latin America and now Asia," commented Mr. Li Jie Shan, HSVW's CEO. "Through the marriage of Cardinal's Red Bird technology with HSVW's extensive financial and global marketing resources, we are confident our joint venture can propel Cardinal to an industry leadership position worldwide."

"The HSVW transaction is a transformational milestone for Cardinal Resources, which enables us to take the Company to a new level of financial and operational strength," said Cardinal Resources CEO, Kevin Jones. "As a growing company, our primary goal has been to find ways to better compete in the worldwide marketplace pursuing multi-million dollar contracts in large target markets. We are excited to now be able to leverage the resources and expertise that HSVW brings, together with its enviable position as a successful developer and marketer of important industrial technologies throughout Asia and elsewhere.

"Most importantly," Mr. Jones added, "This transaction was carefully conceived to be a win-win scenario for Cardinal Resources' shareholders and HSVW. I am thrilled that 2016 is setting up to be the year that Cardinal Resources transitions from an early stage company to a high growth, high-tech industrial company with a respected brand and true global footprint."

The United Nations reports as of June, 2015, 381 million people in China lack access to piped, treated water, and the US Dept. of Commerce ITA estimated the total addressable market in China for this sector at \$29 billion in 2010. Details of the transaction announced today are included in the Company's filing this week of its report to the SEC on Form 8-K.

About Hangzhou Sky Valley Water Technology Co., Ltd.

Hangzhou Sky Valley Water Technology Co., Ltd. is composed of two principal companies. The first has major equity interests in telecom, environment, alternative energy, high-tech new materials, industrial parks as well as port logistics, infrastructure and fund management. Its holding company is a Hong Kong "A-Shares" public company.

The second company operates a diversified portfolio of subsidiaries in real estate development; development and manufacturing of high-tech products; engineering design, construction and development of energy, transportation, telecommunication and other basic municipal infrastructures as well as active investments in banking, venture capital and private equity. It was approved by the Chinese Ministry of Foreign Economy and Trade and Ministry of Technology as an export base of high-tech products in a national high-tech industrial development zone. Its holding company is Shanghai Stock Exchange listed (SH-180 Index) and reported total assets of approximately US\$3 billion.

About Cardinal Resources

Cardinal Resources brings a unique blend of experience, technology, and focus to projects worldwide and across the United States from its office in the Pittsburgh, Pennsylvania area. Its commitment to Clean Water, Clean Environment, Worldwide includes the patented Red Bird System, a solar-powered community-sized drinking water system, and the Grey Bird Approach to wastewater treatment and green infrastructure as well as a deep range of traditional environmental and engineering services. For more info, visit us at www.cardinalres.com.

Cardinal Resources Safe Harbor Statement

Certain statements contained in this press release and in other public statements by the Company and Company officers include or may contain certain forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding our future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "estimate," "will," "may," "future," "plan," "intend" and "expect" and similar expressions generally identify forward-looking statements. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions that may cause our actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Although we believe that our plans, intentions and expectations reflected in the forward-looking statements are reasonable, we cannot be sure that they will be achieved. Particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: our history of losses and limited revenue; our ability to raise additional capital; our ability to protect our intellectual property; changes in business conditions and partner relationships; changes in our sales strategy and product development plans; changes in the marketplace; continued services of our executive management team; security breaches; competition with companies in the water technology industry; market acceptance of water technology products generally and our products under development; delays in the development of products and statements of assumption underlying any of the foregoing, as well as other factors set forth under the caption "Risk Factors" in our 2014 Annual Report on Form 10-K filed with the S.E.C. All

subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Except as required by law, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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