



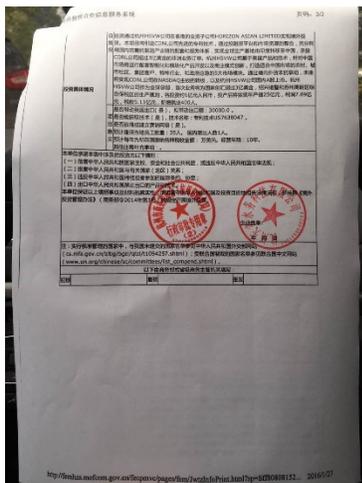
Clean Water.
Clean Environment.
Worldwide.

Update on the HSVW Approval Process

February 25, 2016

To answer some of the questions regarding our 8-K Filings we are providing a portion of our due diligence regarding the movement of funds which has been reported in two filings. This information is publically available from the government sites in China and was discussed in the 8-K.

There are four levels of approval. This is from the 2nd level of approval which occurred on February. What follows is our in-house interpretation from our Senior Engineer.



Here are simple translations: The red font sentences are my word. The rest are direct translations.

Two local Chinese companies in Hangzhou will invest 100,000,000 China dollars to this deal. If the rate exchange is

$$1.00 \text{ CNY} = 0.152106 \text{ USD}$$

Then the total invests from two companies (Shau-sing and Shu stou) is:
\$15,210,600 x 2 = \$30,421,200 (about 30 million US)

From the agreement on the CDNL website, seems only one quarter (US 7.5 million) will go to Cardinal CDNL.

Here are expected benefits /profits reporting to the local China government:

1. They expect Cardinal to license all new technologies and patents for all our products.

2. They expect to have the ownership of CDNLs Africa projects. They estimate the future order in Africa alone will total to: 300 million US dollar.
3. Hangzhou company (HSVW) will expect annual sale of products in the amount in local dollar CNY of 2,500,000,000.
4. Hangzhou Company (HSVW) will issue an A-class stock.
5. China manufacture plants will provide 400 employment jobs.
6. China hope this transaction can help globally to compete with India.
7. China will create a product sale network.
8. Investment will be carried out through a Hong Kong company Horizon Asian Limited.

The two red seals are from HSVW and a local Commerce Ministry in Hangzhou. In the paper, they confirmed all the statements above are facts.

Based on the information found on the government's publically available website the filing was approved on February 4, 2016.

证书号	国家/地区	境内投资主体	境外投资企业 (机构)	省市	经营范围	核准日期
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N3300201600083	美国	杭州天谷水务科技有限公司	卡迪纳尔资源股份有限公司	浙江省	技术开发、技术服务、技术咨询、成果转让：水处理设备、电子产品	2016-02-04
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