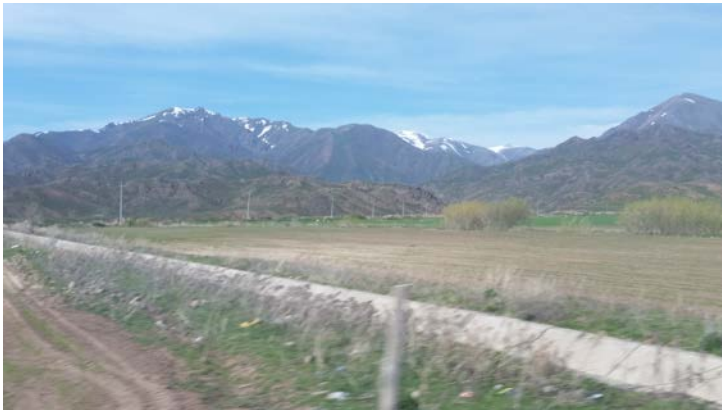




Clean Water.
Clean Environment.
Worldwide.

China Trip Update New Sales, Manufacturing, and SPA Activity May 2, 2016

Just back from an amazing trip to China. Too often our thoughts of China are focused on the amazing mega cities such as Shanghai that have stunning architecture, and stunning environmental issues. This trip was largely focused in Xinjian Province which reminded me of the western US where I grew up. Big sky, wide valleys surrounded by snow-capped mountains, herds of sheep managed by herders on horseback using dogs. The cities and towns are smaller, with wide open space in between.



While the environmental issues are very real and there is work to be done, China is taking the issue seriously. This thinking and the actions are good for China, the world as a whole and also opens up opportunity. Cardinal Resources in 2006 – 2008, working with our client Dow Corning Corporation, completed one of the first major green infrastructure projects in China that

combined site remediation using our proprietary methods as well as passive storm water control projects. With every group we met with on this trip, there was a discussion of these projects and what we can do going forward. The combination of our Red Bird Systems, with our Environmental Services (remediation, green infrastructure, industrial wastewater and municipal wastewater) represents an amazing opportunity for CDNL and HSVW.

New Sales: The trip to Xinjiang included a series of meetings with potential customers for the Red Bird System as well as our environmental services and a visit to communities ranging in size from several hundred to 8,000 people with the head of water systems in region. In addition we reviewed their existing water treatment system for a city of 40,000 people to



determine if the Red Bird could supplement the existing system.



As a result we will be sending an initial order of three systems, a Mobile Red Bird System, a CRB-20 and a CRB-40 to the region. Because of the extreme cold temperatures of this region which split the steel tanks in the existing water treatment system, our Red Bird Systems will be modified to operate in the -40 degree centigrade range. Because of the time lines involved in the initial systems will be US manufactured.

Manufacturing Update: The other focus of the trip was meeting with Panda Manufacturing to go through the planning necessary to set up the assembly of the Red Bird System. One of the



concerns going into the meeting was that even though Panda is a large, experienced company, most of that experience has been in the electronics field. What we found is that Panda had spent the time between meetings reviewing and developing a plan that ranged from the certification of each component that goes into a system through the final

assembly. This process includes the assembly of parallel systems with all US components and China components with a testing protocol to maintain quality. Clearly Panda understands the transition in manufacturing and the importance of maintaining quality. IP protection was also

reviewed and based on their existing multinational business they clearly understand the need for diligence in protecting our knowledge base.

SPA Activity: Under the agreement both CDNL and HSVW now have a series of tasks to undertake. The discussions on this trip included the manufacturing JV agreements, details on the use of proceeds, manufacturing transition protocol (see above), and finance transition of the CAMWATER contract.

The implementation of some tasks under the SPA will require the filing of notices through the 8K process, particularly the repurchase or buy back of common stock on the open market. This is a specific task called for in the SPA as documented in our previous filings which included the entire SPA text. Until the 8K is filed there is no buy back of stock. Because of the potential impacts of a buy back on the market we are making sure all of the information is properly documented in an 8K. We are completing the process with our legal counsel.

One of the tasks we are working on is the CAMWATER contract. We had very good meetings with the Bank of China and while I was looking at sites, HSVW continued to meet with the commercial bank and the China Export Import Bank. Based on these meetings there is a clear path forward on the financing of the systems including the steps that must be taken in Cameroon. In May, we will be taking those steps in the US, Cameroon and China to finally move forward on the project.

At the same time, we will continue to work with the existing process between MINEPAT, the US Export Import Bank, and the Commercial Banks that have submitted proposals on the project. From our perspective, whichever finance process moves faster is the best process. While the US process is more developed, the inability of US EXIM to finance the entire amount increases the cost of the financing to CAMWATER which is a significant disadvantage. The China export credit agencies are ready to finance, but like any bank there are steps to go through.

This balancing act will play out through the rest of the month. However, the good part for CDNL and CAMWATER is that we now have two very credible and active options on the table for the finance to move the contract forward.

Forward-Looking Statements

Certain statements in this presentation constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs but they involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, such as business and political conditions in the geographic areas in which we sell our products, weather and natural disasters, changing interpretations of generally accepted accounting principles; outcomes of government reviews; inquiries and investigations and related litigation; continued compliance with government regulations; legislation or regulatory environments, requirements or changes adversely affecting the businesses in which we are engaged.

The information set forth herein should be read in light of such risks. You are urged to consider these factors carefully in evaluating the forward-looking statements herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by this cautionary statement. The forward-looking statements made herein speak only as of the date of this presentation and the Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

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