



Clean Water.  
Clean Environment.  
Worldwide.



**Cardinal Resources Inc.  
New Sales, CAMWATER, Project Update, and  
Debt Reduction  
May 17, 2016**

**KEY UPDATES**

- **New Sales in West Africa**
- **CAMWATER First Phase Begins in June**
- **Cameroon Environmental Service begins May 21<sup>st</sup>.**
- **Mobile Red Bird System for HSVW modified for extreme cold operation**
- **Arizona Project underway**
- **Midwest Remediation expanding**
- **Debt reduction underway**

We are half way through the month of May and it has already been a busy month. With the level of activity and travel in the coming weeks I decided not to wait until the end of the month to send out an update on what is going on at Cardinal Resources Inc. This update provides general information and is not intended to take the place of filings to report material events with the Company. With a number of topics to hit, the update for each is brief. If you have some specific questions, please feel free to email or call. It may take a few days to get a response but we will try to answer.

I am frequently asked why we aren't doing more press releases in addition to our Updates, Twitter, Facebook and Blog. We communicate to the outside world because we are proud of our Company, our Technology, and are working to be a best in the world mission driven company. We like to talk about what we do.

At the same time we are very aware of and will do our best to meet all public disclosure requirements through the use of formal filings, Twitter, Facebook and press releases. While meeting this requirement, we must be cost-effective and we never want to be seen as a company that is over promoting its stock. We strongly believe in our Company and the future, but every investor should read our financials, complete their own due diligence to understand the risks.

To meet our goals, our plan to communicate to our investors and the public includes:

- For material events we will issue an 8K that will be available on our website. Notices are sent out to anyone that has signed up to be on our email list when there is any SEC filing posted.
- For news and questions that we want to have available to the general public, we will continue to use Twitter, Updates posted on the “In The News” section of our website, emails to the subscribed list, our Blog and Facebook.
- Press Releases on solid fundamental developments will still be issued.
- Currently all IR and PR is internal, though that will change over time. We do contract a professional editor on Press Releases, but the rest is internally generated at this time.

### **New Sales**

We have closed on sales in Senegal (CRB-20) for community water, and South Africa (CRB-40) for bulk water sales and bottling. Both are cash sales are to private entities and are pilot programs for the buyer. Revenue from these system will begin to be recognized late second quarter or the third quarter of the year. Assembly of these system may accelerate depending on the current systems in the process and how quickly new assembly can come on line.

### **Project and Contract Updates**

**CAMWATER:** We will begin the first phase of work on the CAMWATER contract starting the week of June 15<sup>th</sup>. This work, which supplements the existing contract, is needed to meet new Cameroonian requirements for debt funded projects and will speed up the deployment of systems in Cameroon. It is a crucial first step in finally moving to full scale implementation that will also involve MINEE, the Ministry of Water Resources and Energy in completing the work.

This is contracted work that will commence at the same time or prior to receipt of the total project financing that is still under review with the Export Credit Agencies (US and China), MINEPAT, and the commercial banks. This revenue will be recognized as invoiced on a month to month basis. System assembly will not start immediately.

**China Systems:** We are working on the first Mobile Red Bird System that was sold to Hangzhou Sky Valley Water Technology Co. Ltd. Beyond the positive impact of the being the second system sold in the China market, we have had to modify the system to function at a location further north than previous systems (46 degrees Northern Latitude) and to operate at -40 degree Centigrade/Fahrenheit. This modification opens sales to other northern locations with extreme cold.



**Arizona Services and Systems:** The project is in the final stages before construction of the facilities at the site. Work has slowed somewhat while waiting for testing results, not related to our Red Bird Systems. The project is still on track to require the two systems for the production potable water that will be used for workers, production, and other uses such as dust control. The first system is scheduled to be delivered in the second quarter. The second system will be in the third quarter.

**Upper Midwest Site Remediation:** Working for a long standing commercial client that is confidential, the remediation of a former industrial site is still on-going. Environmental impacts at the site were more extensive than anticipated which in turn expands our work and revenue supervising the clean-up. Following the clean-up there will be follow up reporting.

**Cameroon Environmental Services:** Our team, working in conjunction with an NGO and the UN, will be on the ground beginning May 21<sup>st</sup> to train environmental professionals in Cameroon on the environmental assessment of sites impacted by agricultural chemicals and begin the site assessments. This first phase of work is scheduled to last 2 weeks. In addition to the work on the project the Cardinal Resources staff will be meeting with the CAMWATER staff.

### **Debt Reduction**

As shown in our financial reports, Cardinal Resources Inc. has used traditional debt, convertible debt (fixed and variable), and notes from the founders to fund the company. As noted in the 8K filings for the HSVW Stock Purchase Agreement one of the Use of Proceeds is to reduce this debt with the exception of the founders or insiders loans. No funds from the SPA investment will be used to pay those debts.

We have begun the process of reducing that debt. The traditional debt, which goes back to our pre-public company time, was in default. While we continued to make payments on the loan, the bank did file for a judgement against Cardinal Resources LLC and the guarantors of the loan. Because of the material nature of the legal filings, even though against the LLC, we will file an 8K on the payoff of the debt.

We are also in discussions to close out other convertible debt and have reached agreement on the majority of that debt. We will continue to work to reduce the remainder.

The founder or insider debt, will remain on the balance sheet and be paid back when the company reaches profitability.

As always, thank you for your interest in CDNL.

### **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.

**Company Contact:**

Kevin Jones, CEO

412-374-0989