



Clean Water.  
Clean Environment.  
Worldwide.

## **Update: September 22, 2016**

In issuing this update, we want to be clear that becoming current on our filings is an absolute necessity. There is a process that has to be worked through and we are making progress each critical day. Our CFO and outside accounting have been working diligently on every aspect of our financials. It has taken longer than I anticipated but we will get it done. In this update, I will not set or project a deadline. While the basis of the restatements was released in an 8K and are reflected in our last 10Q, discussion of the remaining filings must wait until they are issued. What I can say is that while still facing challenges, the Company has significantly reduced debts, and has resolved outstanding obligations with a goal on strengthening the balance sheet of the Company as previously reported. While we do have revenue generating projects that are moving forward and are working on the new opportunities, the Company is not where we want it to be and there is still risk.

To get general updates out on a more regular basis, we are vetting and bringing in on an as-needed contract a technical writer to produce regular updates. We have not wanted to outsource this activity but with the work load increasing and the staff still at a limited level it is necessary to avoid more frustrations with a lack of news.

The following is a brief update on the key activities on previously reported projects. The list does not include all of our on-going work or opportunities.

### **Projects and Contracts**

#### **CAMWATER Key Points:**

- As previously reported, the Republic of Cameroon, as part of their debt monitoring recently implemented new requirements calling for the completion of a report outlining the technical feasibility, economic impacts and environmental impacts of the contract. Work on these reports is revenue generating.
- Cardinal Resources' team recently returned from Cameroon. This trip focused on:



- Working with CAMWATER on the completion of the report covering the 14 communities.
- Completing field work in the community of Manoka, which was not included in previous work.
- Meeting with the Ministry of Water, Energy, and Environment to review the work and outline expansion of the deployment of systems, following the first 14 communities,

to other areas in the country.

- Meeting with MINEPAT to review the work and discuss the commercial banks term sheets which are a part of the Debt Committee Report.
- CAMWATER has added several items to the main contract potentially raising its value by approximately \$10.0 million through the purchase of large groundwater pumps for the existing water supply infrastructure, chemical feed pumps, gauging stations in communities utilizing surface water and water kiosks as part of distribution. As this is finalized an 8K report will be filed.
- Work is continuing in the US and Cameroon, with the US team scheduled to return to Cameroon in October/November.



#### **Other CAMWATER Opportunity:**

Outside of the main contract, Cardinal Resources is providing consulting services related to naturally occurring elevated metals in five recently installed 1,000 gallon per minute wells that are part of the Doula system. We are currently providing the cost estimate for the treatment systems (not Red Bird Systems) to be installed at the well locations.

### **China and Hangzhou Sky Valley Water Key Points:**

- Installation of the first Mobile Red Bird System that will be installed as a long-term pilot in Northwest China is still pending but anticipated to occur in 2016.
- A meeting was held between the Board Chairman of HSVW and Cardinal Resources during the week of August 28, 2016 in Pittsburgh. This meeting covered:
  - Expansion of the Red Bird System in China including new opportunities
  - On-going work on the Joint Venture agreement, technology licensing and manufacturing in China
  - Inspection of key manufacturing sites that would continue to provide components to systems manufactured in China
  - Inspection of testing procedures on units that are required prior to leaving the factory
  - Continuation of monthly management meetings to accelerate the process.

HSVW and Cardinal Resources remain committed to moving forward with the expansion into Asia and the continued growth of the US public Company.

### **Arizona Contract Key Points:**

There have been a number of questions raised concerning our work for Vast Mountain in Arizona. Cardinal Resources LLC worked for this client providing a range of environmental, geological, water supply treatment, and engineering service prior to becoming a public company. This work was completed by registered professionals and at the time we did have a company in Arizona. The work was reviewed by State and Federal agencies. We did not have a report rejected by any agency. In addition pilot testing of Red Bird filters, using water from a flooded mine was completed on the site. Results of this testing were included in site permits for process water and dust control.

In 2015, we again began work for Vast Mountain providing environmental regulatory consulting, including meetings with Arizona DEQ, review of sampling results completed by other companies, process consulting and water supply. Whenever necessary, we have registered professionals work on the project. Reports are reviewed by regulatory agencies as required. We do not have a position in Vast Mountain and our work is provided as independent consultants. This work has generated revenue for the Cardinal Resources, and Vast Mountain is current with their account.

Specific activities since the last update include:

- As the client has been finalizing their pilot plant design for processing material, Cardinal Resources has been updating the Determination of Applicability which is required by Arizona Department of Environmental Quality.
- For testing the client is using purchased water. Once the pilot plant is operational we will be providing a CRB-40 to provide water for the Pilot Plant and dust control. This use of water, including the testing results, will be reported to AZDEQ for permitting.
- We are reviewing and consulting on the process testing results from other consultants from the environmental, permitting and operational perspectives.

### **Democratic Republic of the Congo:**

An order has been placed by a private company for the cash purchase of two Community Red Bird System -10s. As part of our due diligence we asked for assistance from the US Department of Commerce officials located in the DRC to evaluate the opportunity and they found the customer to be an on-going business with a firm plan for the deployment of the system. Terms have been agreed upon and production of the systems will begin in October.

### **Other work and Opportunities**

- We have environmental services contracts underway that include consulting services, in the US and international, environmental due diligence and environmental monitoring. We will be completing routine monitoring at a Superfund site in New York State in October while the Midwest Environmental Remediation Project has been completed. New work, focused on site closure, for an existing client in New York will also be completed.
- We have issued quotations for multiple systems in new markets but have been limiting the outreach as we work on the existing base. We continue to see an expansion in the opportunity pipeline.

### **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