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**FOR IMMEDIATE RELEASE**

## **Cardinal Resources Issues Special Letter to Shareholders**

**PITTSBURGH, PA - December 21, 2016** -- Cardinal Resources Inc. (OTC PINK: CDNL), a global producer of patented, solar powered, community-scale drinking water systems, today issued the following Special Letter to Shareholders from its Chief Executive Officer, Kevin Jones. This letter outlines the initiatives that are underway to drive success and build long-term shareholder value.

Dear Shareholder:

On December 15, 2016 we announced the termination of the Securities Purchase Agreement between CDNL and Hangzhou Sky Valley Water Co. Ltd (HSVW) through a form 8K filed on that day. While the money received in May and June was put to good use in accordance with the plan, and HSVW received restricted common stock for those funds, the inability to count on the release of funds beyond the first two draws limited our ability to move ahead. We are disappointed in the outcome of all the time and effort spent. However, we view the termination as a clearing of the decks and an opportunity to move ahead in directions that were hindered by the way the deal played out.

At the same time throughout this process, we continued to generate revenue from existing contracts, made progress on our largest opportunity to generate the increased revenue necessary to move the company ahead. Work never paused on our existing contracts and moving the signed CAMWATER contract through the debt management process in Cameroon. We have generated overseas and in the US and we are re-energizing our opportunity pipeline.

To summarize, we are disappointed that the SPA did not go to completion. However, while there are no guarantees, we believe we will move ahead. What we need to do in the big picture is clear. We must improve our internal infrastructure, we must close our largest contract while increasing revenue from other contracts, and we have to improve our access to working capital.

### **Improve our Internal Infrastructure**

Our goals are to:

- improve transparency,

- get current on our filings, and,
- move up and off the Pink Sheets.

The concrete steps we are taking to achieve these goals are:

- 1) We have retained outside expertise to improve our communications to the market and help manage our listings. This will range from increasing the amount of news we release through our existing blog and website, issuing news worthy press releases, and coordinating our investor calls and annual meeting. We will never put out news to “pump” the stock. What we will do is get more information out to the market and our customers so that they can make informed decisions. We will also work to make sure that information in the public databases is correct.
- 2) We are increasing the involvement of our securities attorneys with the aim of helping us make sure that we are issuing all appropriate updates and to help us find more ways to answer questions that investors may have that stay within the disclosure rules.
- 3) Our contract CFO and accounting team have tackled many issues since being brought on board. This has included entering the past adjustments from the auditors to our internal books, working through tax issues, debt reconciliation, SPA issues, and historic vendor issues. To help push us over the goal we have increased the resources and help available to the team. While this has been frustrating in the amount of time it has taken we will have a solid audit ready financial structure going forward. This structure is necessary for our credibility in the market, becoming and staying current, as well as moving up and off of the Pink Sheets. We have many steps to go to realize our up-listing goal but this establishes the foundation. This is also the foundation for pursuing additional equity- based investment capital.
- 4) With the combination of PR/IR help, strengthened legal assistance, and solid financial reporting we can tackle the steps necessary to move up from the Pink Sheets. The team will tackle any remaining reporting, database and fee needs to make sure we are in the proper category and establish the basis for eventually moving towards a senior exchange.

### **Existing Contracts**

The termination of the SPA did not impact any of our existing contracts. We continue to work with our clients and customers in the same manner. Two contracts specifically discussed in the SPA and the related Letter of Intent were the Bayelsa Nigeria and CAMWATER projects. Both are signed commercial contracts with Cardinal Resources that have remained with the company. In the case of Bayelsa, when the economy of the State slowed due to falling oil revenues, we slowed and eventually suspended work on the project. HSVW had the

opportunity to restart the project but did not take steps to finance the work. We have continued to work with the State to find ways to successfully restart the work.

On CAMWATER, transfer of the manufacturing and finance was based on completing a joint venture agreement called for in the SPA. However, without action on that front from HSVW, Cardinal Resources continued to work on the 200+ page dossier report, required by the new State Committee on Debt, establishing the commercial mandated bank, and increasing the size of the commercial contract. We will be going back to Cameroon to walk the Dossier through the final process. Depending on the status of the US Export Import (EXIM) Bank Board, we will proceed with either a tranche-based financing, limited to less than \$10 million per tranche by current EXIM constraints or the full contract amount if EXIM constraints are resolved in the near future.

Depending on schedules we may also travel to other West and Central African countries to pursue and perhaps close on other opportunities. In addition our projects in the US and overseas continue to generate revenue for the company.

### **Access to Working Capital**

While we have continued to operate on the revenue generated through our projects and sales we recognize the need for additional working capital to meet our goals. We have significantly reduced our debt with the payoff of traditional and convertible notes. Our goal is to work with one investment bank or group to provide rational equity investments to further stabilize the Company and provide fuel for growth into new markets and to commercial new technologies. We also see significant opportunities to work with the selected investment group to expand our business model into new recurring revenue generating positions that we have not tackled due to the lack of working capital.

To achieve this improved access to working capital we must also improve our infrastructure as discussed and continue to execute on our contracts and opportunities.

Thank you for your patience and support through this challenging year.

Sincerely yours,

Kevin Jones  
Chief Executive Officer

### **Forward-Looking Statements**

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

Certain statements in this Letter 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."