



Clean Water.
Clean Environment.
Worldwide.

We have been receiving via the contact page on our website, phone calls, emails and other direct messaging questions regarding our recent trip to Cameroon. This trip had two related but distinctly different parts, Promote 2017 in Yaoundé and meetings related to work with CAMWATER in Douala.

Promote 2017

With over 32 countries represented and thousands of businesses exhibiting, Promote 2017 lived up to its billing as the largest economic gathering in Central and West Africa. It was



truly an amazing gathering of businesses and countries focused on growing business in this region and were packed everyday from the early morning to late evening.

Our objectives in going were to:

- Support US Trade and US economic diplomacy by being in the US Pavilion and highlighting the sustainable, high quality US services and technology we can bring to the region;
- Further develop the network and supply chain to help us deploy our systems throughout the region;

- Support our customer, CAMWATER, also an exhibitor
- Hold key meetings while in Yaoundé with the commercial bank supporting the transaction, representatives of MINE, and representatives of MINEPAT.
- Continue to develop our presence in the market with the objective of becoming the leader in distributed architecture water systems and approaches.

While it was a stretch for the company to participate, it was time well spent. It allowed us to highlight our technology in a much higher visibility setting than we had anticipated. Key relationships were strengthened and we have a new depth of exposure including multiple TV, radio and news reports. The key meeting was held with the commercial bank to review our new contract. Contacts with key people in CAMWATER, MINEPAT, MINEE and Finance that were attending to event gave us the opportunity to discuss the current work, the measurement of success/sustainability, and future possibilities.

CAMWATER MEETINGS

The objectives of the week of meetings with CAMWATER were to walk through the Project Report/Dossier and establish a new Supply Contract. As previously reported Cardinal Resources has a \$28.8 million commercial contract with CAMWATER for the supply of our Red Bird Systems and other goods and services. However, this contract is contingent on financing through U.S. Export Import Bank (EXIM) and currently exceeds the amount that can be financed through EXIM due to the lack of a Quorum on their Board. However, EXIM's medium term financing program for projects under \$10.0 million is still accepting applications and providing finance.

The start of the week focused on an intensive section by section walk through of the draft Project Report. Following the outline of the report, we presented and discussed the plans for the individual communities, the technical feasibility, the environmental assessments and the cost-benefits of the approach from a program wide standpoint to the individual communities. From this discussion we moved forward into the finance mechanisms, the rate recovery, training programs, and the specific needs to move forward.

What we presented based on those discussions was a new, separate Supply Contract that is similar to the original Commercial Contract is that it does provide some of the same goods. However, the new contract provides other goods such as our solar powered pumping and disinfection units, solar booster pumps to improve distribution and smart card based water kiosks to provide local communities with improved rate recovery, which in turn improves the sustainability of the Red Bird Solution. Following modifications based on CAMWATER's review, the resultant approximately \$9.8 million contract will provide 5 communities in the South and Central regions with our Red Bird Treatment Systems, new potable water storage tanks, piped distribution, solar booster pumps and water kiosks. To support the implementation we will also provide a service truck, a mobile laboratory, and an inventory of spare parts along with other services.

Some of the Frequently Asked Questions regarding the Supply Contract:

1. ***What is the relationship between the original Commercial Contract and the new Supply Contract?*** Ans: They are two separate valid contracts. We are focused on completing the Supply Contract as it fits under the current EXIM protocol. The original Commercial Contract is still valid. Once we have the Supply Contract moving forward we will look for other potential finance sources such as the Africa Development Bank for the original contract. Alternatively once EXIM has a Quorum we could ask for an updated review of the original. This is a change in approach that is based on our customers' needs and the requirements of the EXIM bank.
2. ***With the contract does Cardinal Resources now have the money?*** Ans: Not yet. There is still a process to go through. As with the original contract, the Supply Contract is contingent on ECA funding.
3. ***What happens next?*** Ans. The first steps of the final process are the revision of the Project Report (complete) and a revised term sheet from the commercial bank to CAMWATER/MINEPAT. This is combined with CAMWATER's work that is walked through the Cameroon side of the process. At that point either MINEPAT or the commercial bank completes the on-line EXIM application. EXIM indicated in the pre-trip meeting that this is an expedited review for this type of finance.
4. ***How does Cardinal Resources get paid?*** Ans. With the initiation of the work we receive a 15% down payment. The commercial bank provides a Letter of Credit and invoices (progress and time and materials) are presented to the bank and paid again the LOC.
5. ***What is the duration of the smaller contract?*** Ans: The Supply Contract will be completed in less than a year, approximately 6 to 7 months.
6. ***When is Cardinal Resources' team returning to Cameroon?*** Ans: In March 2017.