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Clean Environment.  
Worldwide.

## **Update: July 29, 2016**

The development of a scorecard approach for updates has taken a back seat to working on bringing our filings up to date and revenue generating projects. However, it has been nearly a month since our last update, we felt we should let people know where the company stands on key projects and activities. 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. 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.

In addition to the filings it is critical we continue to move ahead on our projects and opportunities. The following is a brief update on the key activities on previously reported projects. The list does not include all or our on-going work. New Projects and Opportunities will be covered in next week's update.

### **Projects and Contracts**

#### **Cameroon Pesticide Sampling: Key Points**

- Field training and sampling was completed
- Data is being entered by the Cameroon team into the database
- Evaluation of the results is close to completion.

A great project that is coming to a conclusion. In addition to generating revenue, it expanded our relationships, expanded our knowledge and helped build capacity in Cameroon.

#### **CAMWATER Red Bird Contract: Key Points**

- A MINEPAT delegation, including Minister MOTAZE is in the US and will be meeting next week with US Government officials and the US Export Import Bank regarding financing projects, including the Cardinal Resources project.
- We will have separate meetings with key members of the delegation to discuss the upcoming trip and work.
- Cardinal Resources will be sending a team to Cameroon upon the return of the delegation in early August to meet with CAMWATER, MINEPAT, and MINEE (Ministry of Water and Energy) with the objective of kicking off the project.

- During the week of July 17<sup>th</sup> representative of the Bank of China met with MINEPAT to express and discuss their interest in financing the contract.

The final step in the full execution of the contract has been finalizing the finance. These meetings between the key officials is a crucial step in moving the project ahead.

**CAMWATER FS/EA Key Points:**

- Related to the execution of the main contract CAMWATER requested studies of the 14 communities where systems will be installed.
- The Environmental Assessments and Feasibility Studies are complete on 12 of the communities.
- The Studies on the remaining communities will be completed in early August.

Related to, but separate from the provision of Red Bird Systems, the Director General of CAMWATER requested the studies be completed as part of their Master Plan for providing clean water. These studies, assess the environmental impact of the installation of the systems and review technical issues with the installation.

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

- The first Mobile Red Bird System will be installed in August as a long-term pilot in Northwest China.
- Feasibility Studies and Environmental Assessments related to the use of Red Bird Systems in the same region were completed by HSVW and approved by the Government.
- A meeting was held between the Board Chairman of HSVW and Cardinal Resources during the week of July 17<sup>th</sup>. This meeting covered:
  - Expansion of the Red Bird System in China including new opportunities
  - On-going work on the Joint Venture agreement and manufacturing in China
  - Timing of additional funding for Cardinal Resources Inc.
  - Ways to accelerate the expansion of Cardinal Resources in West Africa, North America, and Latin America
  - Expanded hiring needs and related funding for the US Company
  - On-going hiring and expansion in China.
  - Timing 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. Key near term milestones were established for both companies as part of the expansion effort.

**Arizona Contract Key Points:**

- A meeting was held with regulatory agencies in Arizona to review the environmental permits being prepared and remediation plans for the sites.
- A zero discharge facility was designed to recycle water used in operations.
- Construction, by others, is underway at the site.

- The first CRB-40 will be installed at the site in the 3<sup>rd</sup> Quarter to provide water for pilot operations.

The work in Arizona continues to move steadily forward with the combination of services and systems. On the services side of the work we are focused on the environmental issues related to the processing, properly permitting the operations and providing consulting services on the best practices. All of this work is submitted and reviewed by regulatory agencies in Arizona.

#### **Upper Midwest Remediation Contract Key Points:**

- The soil and shallow groundwater at a former industrial site was impacted by solvents used in the process.
- The client's objective of the project was to remediate the site by removing as much of the contamination as possible.
- Field work has been completed and it is now in the reporting stage.

Cardinal Resources provided the supervision and environmental oversight for the remediation of the site in the late spring/early summer. The field work which greatly expanded based on the analysis of soil samples, was completed under very challenging conditions. The result of this effort is that our client now has a site that can be sold and repurposed for a wide range of uses.

#### **Other Contracts and Projects Key Points:**

- The two Nigeria projects, which do not rely on Export Credit Agency financing, use a rate recovery based finance model on a pilot basis. Meetings will be held while Cardinal Resources' team is in Cameroon, to finalize the starting point for the pilot project of 5 to 8 CRB-40s. We have not booked this as a job pending the results of those meetings and down payment.
- The expansion for the government in Panama continues to move slowly ahead. Other initiatives have been started by our partner to provide systems to private developers and companies while waiting on the Government.
- The South Africa contract is pending the receipt of water sample results and final source designation.
- We have number of on-going environmental services contracts underway that include consulting services, in the US and international, environmental due diligence and environmental monitoring.
- We have issued quotations for multiple systems in East Africa and continue to pursue opportunities in multiple countries Sub-Saharan Africa and Latin America. While not contracts yet we are seeing 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.

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