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Clean Environment.  
Worldwide.

## Cardinal Resources Inc.

### Quick China Update – March 9, 2016

The expansion of the business towards China has been dominating the conversation around Cardinal Resources as it is an important step for the company. Questions generally fall into three broad categories of Sales, the Stock Purchase Agreement including the transfer of funds process, and protection of Intellectual Property. Please also refer to the 8K filings, and updates that have been provided separately.

**Sales:** Separate from the Stock Purchase Agreement, CDNL has been providing services in China and the first system for HSVW is nearing completion. These sales have generated payments to the company and recognized revenue approaching \$200,000 in 2016. While one part of these services will end when the SPA closes, we are looking to expand into more environmental remediation and engineering services in China and Southeast Asia.

**Hangzhou Sky Valley Water Technology Co., Ltd. (HSVW) Stock Purchase Agreement Status:** All that remains for the closing of the SPA is the transfer of funds. As we have documented the transfer has cleared two regulatory hurdles but is still working through the approval process through China's SAFE (State Agency for Foreign Exchange) process. As has been extensively reported in the media, this process is moving slowly for all companies due to concerns with the flight of capital from China. While the SPA is not closed until the funds are transferred, we continue to strongly believe that the transfer of funds is a matter of when, not if. Currently we are projecting a close by March 11<sup>th</sup> and we have no information to change that projection based on recent meetings.

Even with the first two approvals in hand, HSVW and CDNL are continuing to work closely together to finalize the closing of the Stock Purchase Agreement signed on December 16, 2015. While no terms have changed in the agreement we have extended the closing based on the documentation we have received. Please refer to the 8K filings relative to the SPA for further details.

**Intellectual Property:** The protection of CDNLs existing IP and development of new IP has been a point of discussion throughout the negotiation process and will continue to be an emphasis between HSVW and CDNL. As the potential venture is structured, both HSVW and CDNL have a strongly vested interest in maintaining the market edge we can gain through IP protection. Some but not all of the steps we are taking together include:

- Specific budgets for providing additional protection
- Retaining manufacturing of key patented and proprietary components in the US
- Use of verification tracers; part of our Trust but Verify program
- Budgeting expanded Research and Development of new patentable technology

## **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.