



# Cadiz Inc.

## Corporate Presentation

2019



# Safe Harbor Agreement

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**March 2019**

*During the course of this presentation, we will make forward-looking statements. Any statement that is not a historical fact is a forward-looking statement. Forward-looking statements refer to expectations, projections or other characterizations of future events or circumstances about Cadiz, Inc. (the “Company”), and such statements include, but are not limited to, statements relating to the progress and plans of the water development project; the opportunities with CRA; discussion with BLM regarding railroad right-of-way; contracts with water providers; estimated costs of construction; and the expected pricing for water supply and water storage services. Actual results may differ materially from those expressed in these forward-looking statements due to a number of risks and uncertainties, including the factors detailed under the caption “Risk Factors” and elsewhere in the documents we file from time to time with the Securities and Exchange Commission (the “SEC”), including our annual and quarterly reports. We undertake no obligation to update these forward-looking statements, which speak only as of the date of this presentation.*

**Cadiz Inc.**

# About Cadiz Inc.

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Natural resources company (NASDAQ: CDZI)  
with California land and water rights including:

- ❖ Fee owner of 45,000 acres in San Bernardino County with appurtenant water rights.
- ❖ 35,000 acres at base of a protected, closed basin watershed with no competition.
- ❖ More groundwater in the system than in storage at Lake Mead – U.S.'s largest surface reservoir; more than 10 Billion Gallons lost to salinity & evaporation each year.
- ❖ Farming on 2,100 acres to citrus and vegetables; on-site groundwater wells and infrastructure supply 100% of overlying irrigation demand.
- ❖ 7,500 acres dedicated to Desert Tortoise conservation, mitigation bank with credits available.



# Water In California

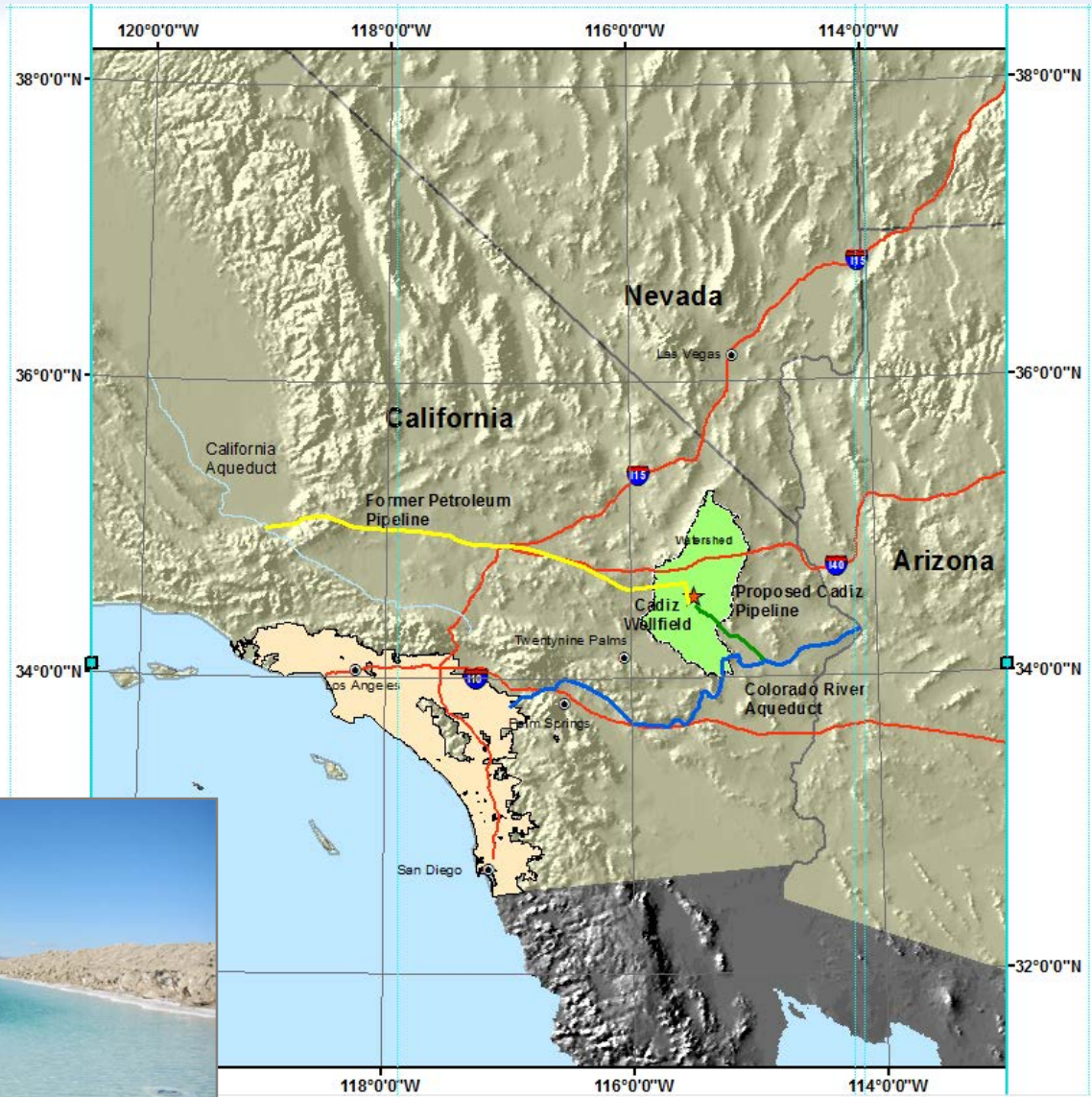
- ❖ Western U.S. suffers from a systemic imbalance of supply vs. demand (Shortage).
- ❖ Traditional imported supplies in CA from Colorado River, LA Aqueduct and State Water Project under pressure [DCP & Water Fix].
- ❖ Climate extremes place added pressure on state water infrastructure.
- ❖ New supply is required to overcome the infrastructure deficit and regulatory challenge.





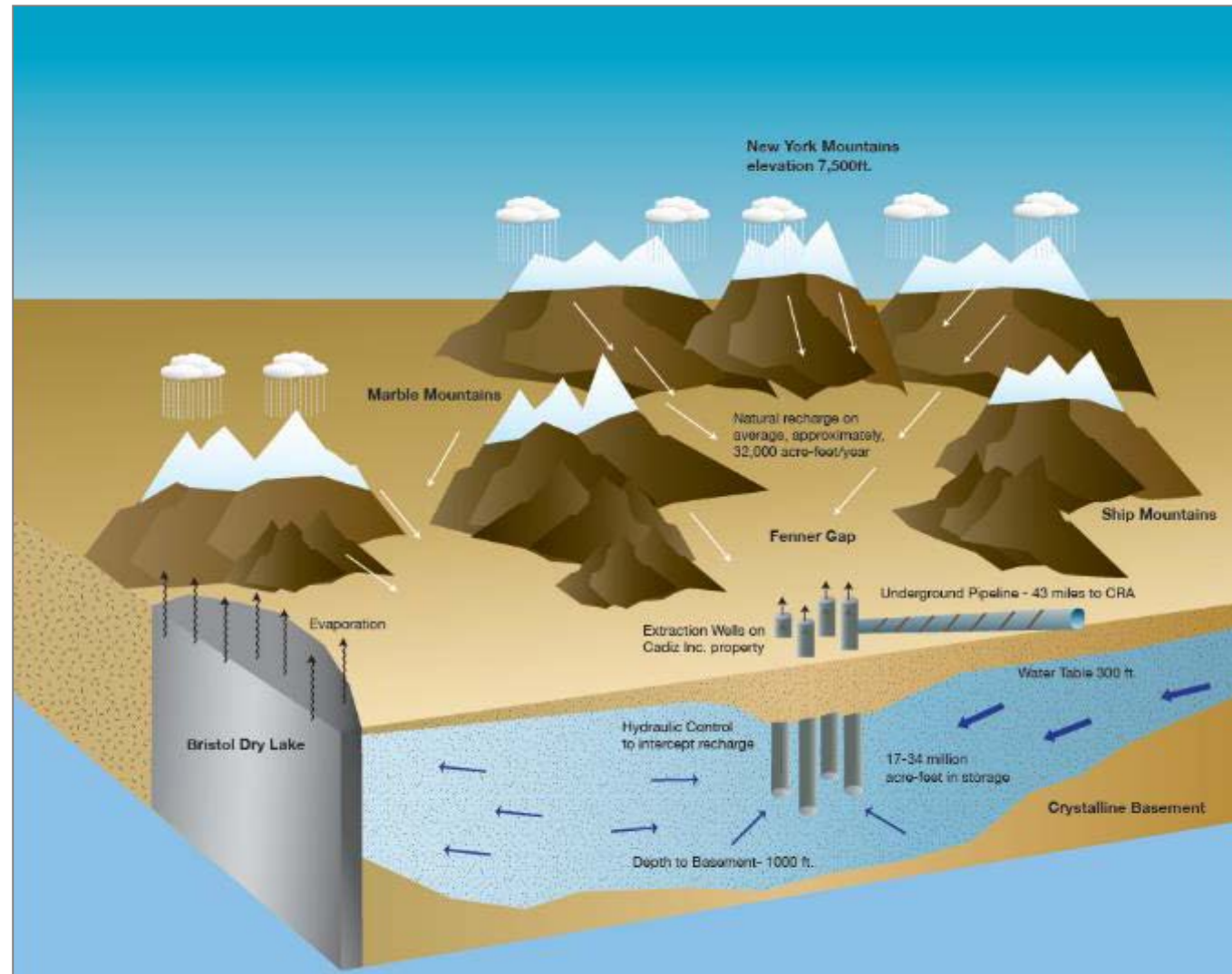
# Cadiz Valley – Prolific Groundwater System

- ❖ Cadiz/Fenner Watershed terminates at dry lakes where groundwater is lost to the atmosphere by evaporation.
- ❖ Groundwater beneath dry lake surface is highly saline (10 times the salinity of Pacific Ocean)



# Manage the basin & Create new supply

- ❖ State of the art groundwater conservation plan will save 50,000 AFY before it can evaporate.
- ❖ Apply the water to overlying ag land or treat to ambient quality in the CRA and export for municipal use.
- ❖ Create 1 MAF gw storage capacity.
- ❖ No undesirable results, environmentally benign.



# Cadiz Water Project - Status

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- ❖ California environmental review completed July 2012.
- ❖ County approves conservation plan in October 2012
- ❖ Right to conserve and deliver average of 50,000 AFY for 50 years = water for 400,000 people a year.
- ❖ Review + Approvals upheld & validated by California Courts in 12 separate cases.
- ❖ Contracts and option agreements with public water agencies for project supplies and carry-over storage.
- ❖ New conveyance pipeline (43-mile) to Colorado River Aqueduct in railroad right-of-way, 99-year lease.
- ❖ 120 Mile Northern Pipeline (Dec 2018). 226 total
- ❖ Treatment technology perfected in 2018.





# Next Steps - Construction

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- ❖ **Evaluate Northern Pipeline Conveyance and Delivery Opportunities.**
- ❖ **Process Metropolitan Water District transportation**
  - Terms & conditions
- ❖ **Politics**
  - Pursue State Legislation Safe Harbor
- ❖ **Construction Permitting & Planning**
  - Limited jurisdiction permits
  - Final financing terms
  - Evaluation of Phase 2 storage
- ❖ **Construction**





# Phase 1&2 Connect CA's Major Water Transportation Routes



# Phase 2 - Storage

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- ❖ Via pipelines, import water in wet years and store underground at Cadiz.
- ❖ Imports via 43-mile line from Colorado River Aqueduct and/or Northern Pipeline.
- ❖ Total storage capacity = 1 million acre-feet.
- ❖ Programmatic enviro review completed.
- ❖ Evaluate storage project and project level environmental review.
- ❖ Construction:
  - Repurpose existing 30" Northern Pipeline to water conveyance.
  - Create recharge basins at project area.
  - Build pump stations to convey water.
  - Cost estimate TBD, expected to create and support 2,900 jobs.



# Water Market Comps

<b>New Storage</b>	
High Desert Water Bank	280,000 AF storage \$130 Million up-front construction \$2 Million/year recovery usage
Semitropic	1.65 MAF Storage \$1,500 per AF reserve capacity. Comparable pricing based upon dual input and outputs.
IEUA Chino Basin Project	100,000 AF storage \$385 Million (\$210M CA Bond Finance) Advanced purification facility to treat & store up to 50,000 AF/Y.
<b>New Supply</b>	
Cadiz	\$1,276 – 1,652/AF Construction \$300M
Poseidon Desal HB	\$2,132-2,197/AF Construction \$859M
Carson recycling	\$1,830/AF (assumes subsidies) Construction \$3.4B

# Commitment to Sustainability

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## Cadiz as a sustainable business –

- ❖ Project (supply & storage) environmentally benign. (no impacts from operations)
- ❖ Desert Tortoise Conservation Bank
- ❖ Clean Water Fund \$5M to DACs
- ❖ ICS in Colorado River System
- ❖ Water supply, conveyance and storage
- ❖ Reduced salinity benefit in CRA
- ❖ Green waste to enhance soils.





# Financials

(As of 12/31/18)

<b>Shares Outstanding</b>	24.7 M
<b>Working Capital</b>	\$12 M
<b>Debt – Sr. Secured *</b>	\$67 M
<b>Debt – Convertible **</b>	\$73 M
<b>Lease buy-back Provision ***</b>	\$15 M
<b>Enterprise Value</b>	\$400 M

\* Senior Secured Mortgage - 8% Interest (6% PIK and 2% cash quarterly), Maturity in May 2021 or “Springing Maturity Date” 91 days prior to March 2020.

\*\* Convertible Notes - Convert at \$6.75/share, 7% Interest PIK, Maturity March 2020.

\*\*\* Lease buy-back amount increases at 10% per Annum.