



CADIZ

**Corporate
Update
August 2020**



Safe Harbor Agreement



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 expected pricing for water supply and water storage services, the expected pricing for agricultural land and products, and necessary permits to construct facilities. 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.

Corporate Summary



1

Control over and management of the western U.S.'s premier groundwater asset.

2

Cumulative investment to date has secured developed infrastructure for farming and ownership of 45,000 acres of land with water rights.

3

Significant legal clearance to utilize groundwater for supply, storage and irrigation.

4

Pipeline and wellfield infrastructure enhances value and enables various agricultural and water projects.

5

Water and land price escalation supports robust asset valuation and continued growth.

6

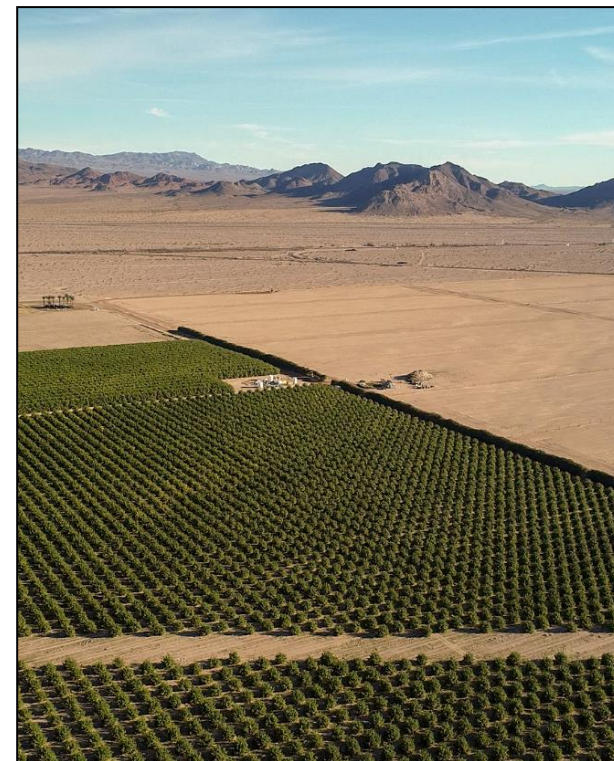
Business plan focused on enhancing value via cultivation of expanded acreage in complement with water projects to store, exchange and trade water

About Cadiz



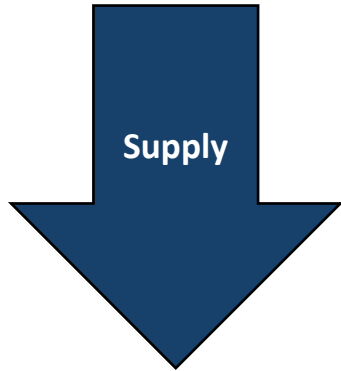
Founded in 1983, Cadiz Inc. (NASDAQ: CDZI) is a California-based business dedicated to delivering sustainable water and agricultural projects:

- Fee owner of 45,000 acres (70 sq. miles) in San Bernardino County with appurtenant water rights & zoning for Ag use.
- 35,000 acres at base of a large, closed basin watershed with 17 – 34 million acre-feet in storage and no overlying land competition.
- Excellent water quality at Cadiz meets every regulatory standard and can support a variety of users.
- Permits for farming and infrastructure on 9,600 acres, with 2,000 acres irrigated. Crops include citrus, seasonal vegetables and hemp.
- On-site groundwater wells and infrastructure capacity of 18000 af/year and 100% of current overlying irrigation demand.
- Home to the Cadiz Valley Water Conservation, Recovery and Storage Project, a project that will conserve a new water supply for 400,000 people in Southern California & create up to 1 MAF of new groundwater storage capacity.

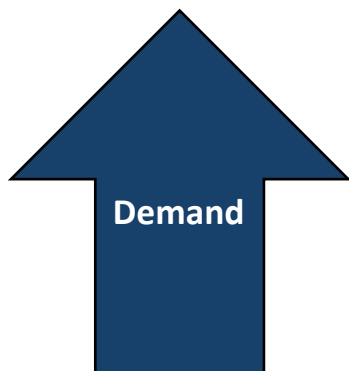


Drivers: Water Supply Imbalance

Southern California confronts long-term water supply – demand imbalance, inadequate infrastructure & communities short of access to clean water.



- **Increasing cutbacks to surface and groundwater supplies** caused by climate change, regular drought conditions and regulatory restrictions.
- Outdated, statewide infrastructure fails to reach or connect all communities.
- Population growth and housing requirements pressure supplies.
- More than **1 million people** in over 300 California communities **lack access to clean drinking water**.

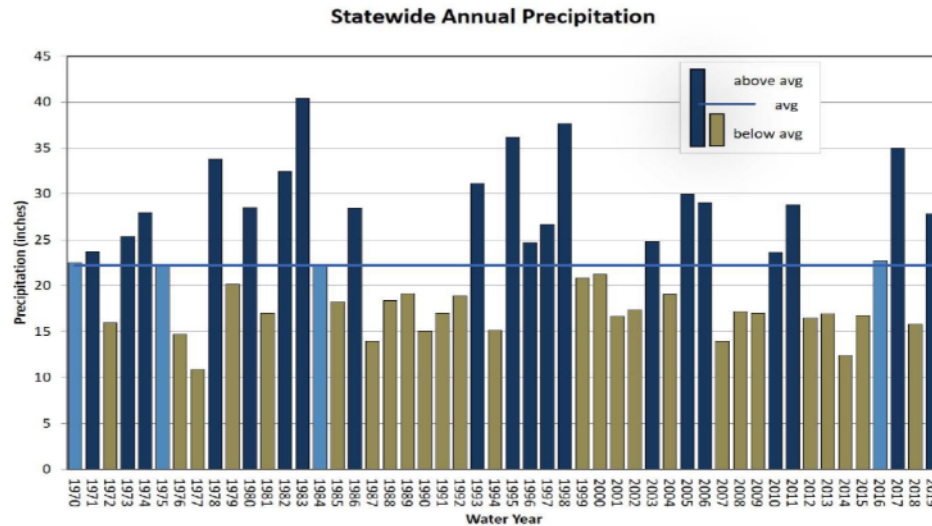


- **Need for local and regional supply** to offset cutbacks on traditional infrastructure.
- Agricultural water assets in traditional farming centers limited by CA Sustainable Groundwater Management Act (SGMA): **500K – 1M acres of Central Valley farmland may be fallow due to SGMA limits**.
- **Water prices continue to increase** reflecting sustained limitations on access to reliable supply.
- Alternative water supplies are needed to address long-term needs, as traditional sources are no longer sufficient to meet the demand.

Cyclical Weather Conditions in California

- Since 1970, California has experienced drought conditions 27 times, or over 50% of that time period. 2020 YTD is currently 64% of average levels for this time of year.

California Precipitation 1970 - 2019



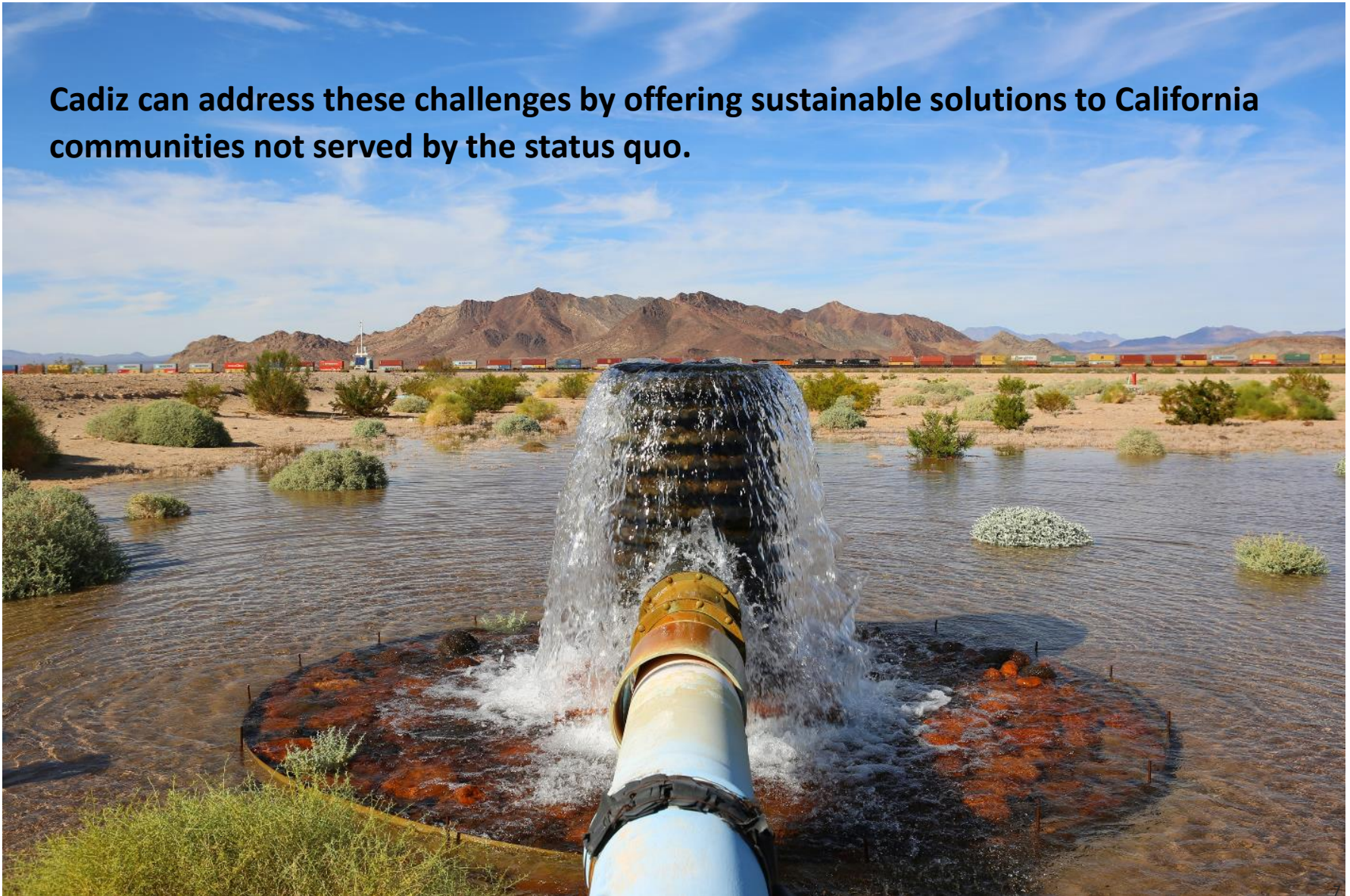
California Yearly Drought Levels

California drought timeline



Source: Department of Water Resources (2019), Department of Water Resources Statewide Precipitation Data (2020)

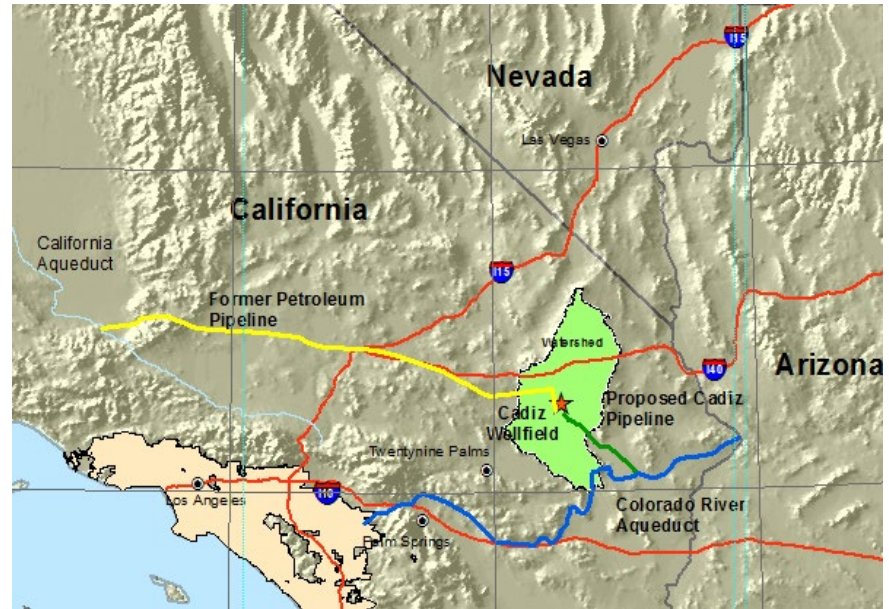
Cadiz can address these challenges by offering sustainable solutions to California communities not served by the status quo.



Sizeable Private Water Source: Cadiz Valley Watershed



- 1,300 square-mile watershed in Mojave Desert
- Aquifer system with > 20 million AF ~ Lake Mead
- Natural recharge from mountain precipitation.
- Watershed terminates at hypersaline dry-lake playas. 10X saltier than ocean. Significant evaporation occurring ~ 30,000 AFY.
- Cadiz Inc. owns 35,000 contiguous acres at base of watershed. No private or industrial development up-gradient. Down-gradient is minerals mining.
- Water quality at Cadiz meets drinking water standard, low TDS <330.



Groundwater Now Wasted to Evaporation

- 1,300 square-mile, topographically-diverse watershed surrounds Cadiz area.
- Snowpack and rainfall in upper elevations recharges system.
- Billions of gallons flow to dry lake playas at base, turn saline and evaporate.



The Cadiz Water Project



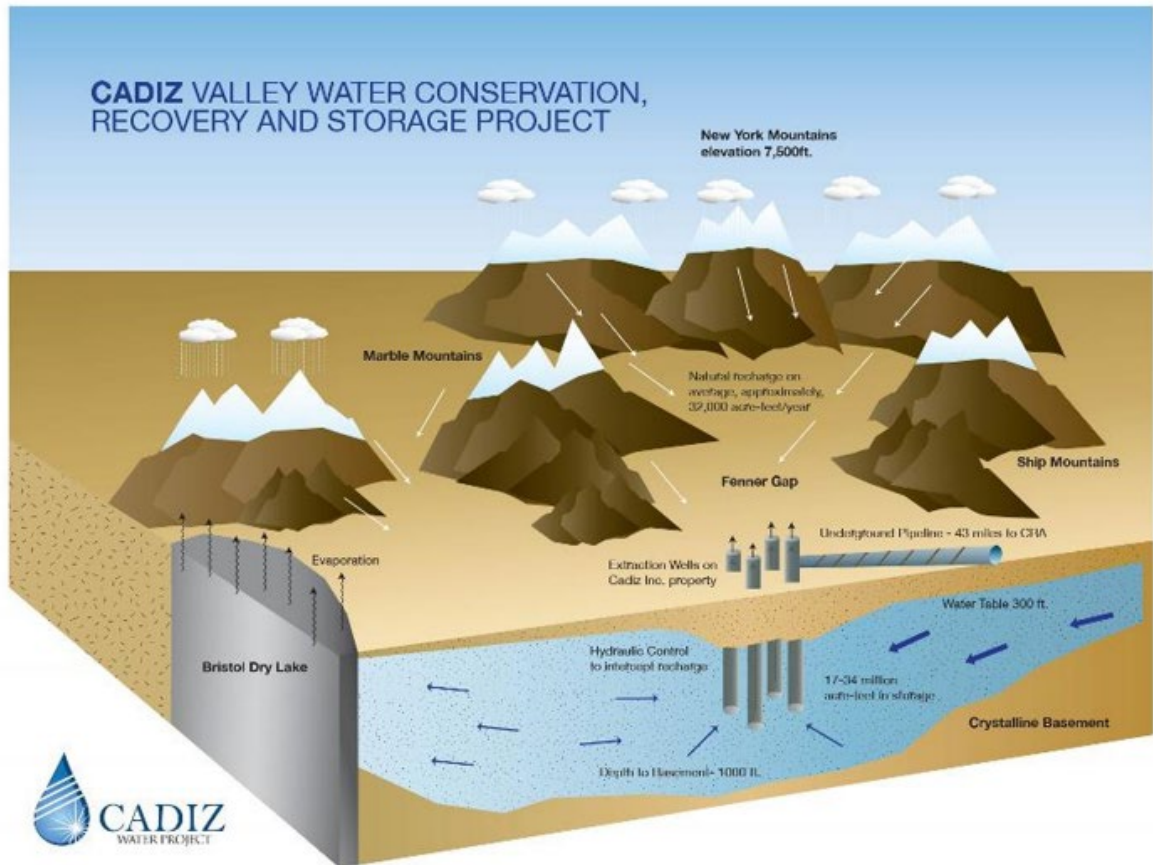
The Cadiz Valley Water Conservation, Recovery and Storage Project will intercept and conserve billions of gallons of renewable fresh ground water before it can be lost to salinity and evaporation to create a reliable water supply for Southern California. In a second phase, the managed aquifer system will offer significant groundwater storage capacity.

Phase 1 Supply:

- Wellfield on Cadiz Ag property will conserve water before it is lost.
- Approved to conserve and make available **2.5 million** acre-feet of groundwater over 50 years (up to **75,000** acre-feet in any year) - an annual supply for approx. **400,000** people.

Phase 2 Storage:

- Underground storage capacity of 1 million acre-feet, larger than most surface reservoirs and without the high levels of evaporative loss experienced by surface storage.



The Cadiz Water Project successfully secured Court-validated environmental review and groundwater entitlements to support use and delivery of sustainable, high quality water supply and storage.



Sustainable: Environmental review completed and further validated by Court of Appeals ruling in July 2016; no further legal challenges to environmental review or groundwater entitlements permissible.



Science: Extensive hydrological and geological analysis supports project operation. County enforced groundwater management plan includes 100 monitoring features and regular reporting.



Safe: Project will deliver high-quality water meeting the strictest drinking water standards, project features innovative treatment and monitoring technology.

Water Project – Southern Pipeline



To convey conserved groundwater from the Cadiz wellfield to the Colorado River Aqueduct for distribution throughout Southern California communities, the project would construct a Southern Pipeline.

- 43-miles Cadiz to Rice, CA at Colorado River Aqueduct.
- Pipeline entirely within the active ARZC RR ROW under 99-year lease.
- Single barrel, pressurized steel pipeline with nominal design flow of up to 250 cfs.
- Size between 55" to 84" diameter.

Steps to construct:

- Obtain State Lands Commission finding that the Project will not unreasonably affect the environment.
- Secure ministerial permits prior to construction, including stream crossing permits from CA Dept of Fish & Wildlife.
- Finalize water exchange and access agreements with the Metropolitan Water District, the owner of the CRA.
- Construct the infrastructure elements:
 - Water treatment facilities, regulating reservoir and railroad benefits.
 - Build out of booster pumps, power infrastructure, and interconnecting lines.
 - Pipeline within ARZC Railroad Right of Way.



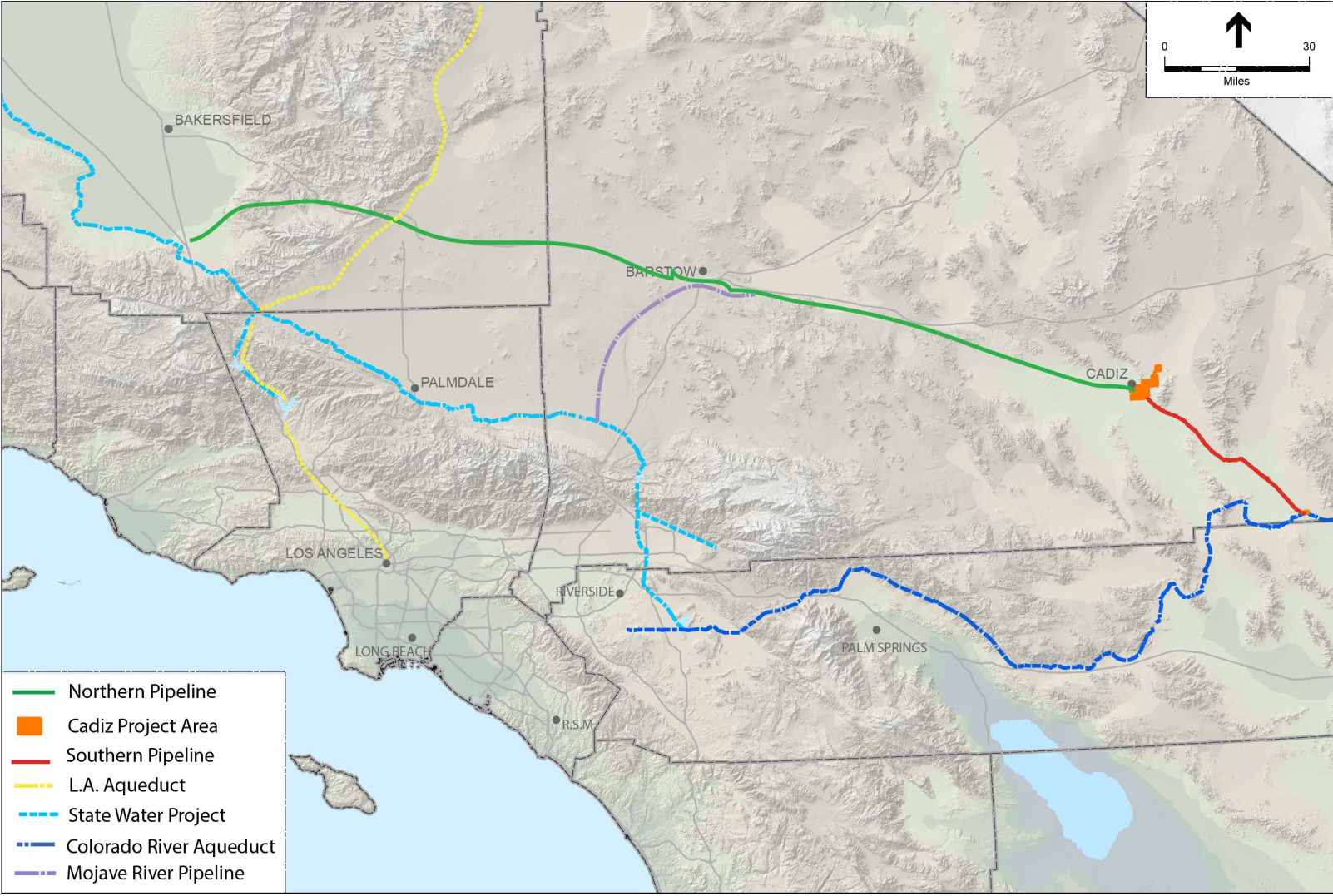
Northern Pipeline



- Cadiz owns 96 miles of idle 30” steel pipeline between Cadiz and Barstow.
- Acquired in 2018 an additional 124-miles of the pipeline extending from Barstow to Wheeler Ridge. The acquisition is conditioned on delivery of pending due diligence.
- Entire 220-mile line has high pressure rating (>900 psi); capable of transporting 18,000 to 30,000 acre-feet per year of water, including untreated, treated or recycled water supply.
- Last used in the 1990s to transport oil to No. California, then cleaned and converted for natural gas conveyance.
- Presently filled with nitrogen & remains idle.
- Expert engineers have successfully completed extensive feasibility test on 5-mile segment of line confirming safety for water conveyance.
- Replacement cost for the full 220-mile pipeline conservatively estimated at \$200+ million (if built today).
- Pipeline evaluated in CEQA Programmatic EIR for Water Project.
- Authorizations to utilize the pipeline will be in accordance with applicable law, depending upon the source of the supply conveyed.



Cadiz Interconnected with Southern California Water System



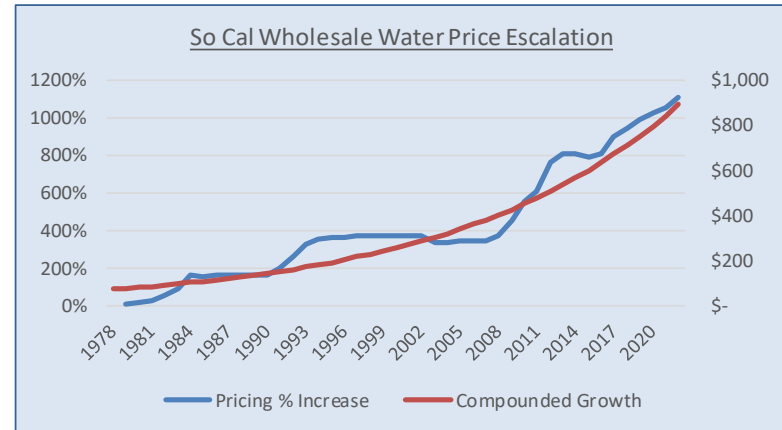
SOURCE: California State Water Project;

Water Pricing



Wholesale Pricing ⁽¹⁾

Water prices paid by Southern California water agencies to acquire imported supplies have increased by 1,000%, or a 5.83% CAGR, since 1978.



Project Pricing ⁽²⁾

The cost to acquire new supplies is generally higher than wholesale pricing in Southern California. When ranked among other options in a recent report by a regional water wholesaler, Cadiz was among the most cost-effective projects.

New Supply	
Cadiz Phase 1	\$1,276 – 1,652/AF (est.)
Poseidon Desal HB	\$2,200/AF
Carson Recycling	\$1,830/AF (assumes subsidies)
Charles E. Meyer Desal Plant	\$3,125/AF
New Storage	
Semitropic Bank	\$1,500/AF reserve capacity
Cadiz Phase 2	\$1,500/AF reserve capacity (est.)
Strand Ranch	\$2,000/AF reserve capacity

Spot Market ⁽³⁾

California has an active water market, allowing parties to address supply imbalances outside of traditional wholesale/retail arrangements. In 2019, the state’s water market had +\$1.1 billion in activity. Between 2010 and 2019, approx. 10 million acre-feet was transferred among participants. In the most recent drought cycle, spot prices reached \$2,300 per acre-feet, while in a wet year they hit around \$500 per acre-feet. Thus far in 2020, spot prices are up to \$1,000 per acre-feet.

1. MWD of Southern California, Water Rates & Charges, Financial Information, www.mwdh2o.com
2. 2018 Orange County Water Reliability Study, MWDOC/CDM Smith Inc.
3. WestWater Research Nasdaq Veles California Water Index (NQH2O).

Agricultural Operations: The Cadiz Ranch



- Developed Hemp, Lemons and Veggies at Cadiz, June 2020.

About the Cadiz Ranch – 25 Years of Sustainable Agriculture



Cadiz Valley, site of water project, is currently farmed and irrigated with sustainable, naturally replenishing underlying aquifer.

- Largest agricultural operation in SB County.
- Similar climate and crop mix as Imperial, Palo Verde and Coachella Valleys.
- In 1993, County permitted ag development on 9,600 acres, including water rights to irrigate entire acreage. Option to put additional acreage into agricultural use upon further County approval
 - 2,100 acres leased, including 640 acre of developed lemons farmed by Limoneira Co.
 - 240 acres hemp by SoCal Hemp JV with Glass House Farms,
- Active groundwater use for 25+ years, gw levels all-time high with NO adverse impacts.
- Infrastructure including 9 wells for ongoing operations, capacity to deliver 25,000+ AF/ year.
- Excellent transportation dynamics at intersection of BNSF & AZRC Railroads, and crossed by Historic Route 66
- Labor camp & commissary for 300 laborers, office, equipment facilities
- Airstrip on property.



- 50/50 Joint Venture of two California farming companies – Cadiz & Glass House – created to be a national leader in the hemp industry:
 - cultivate, harvest, process and distribute hemp and hemp-derived products and solutions at a commercial scale.
 - meet growing business and consumer market demands for hemp and cannabinoids.
 - Competitive advantage of sun-grown, organic, pest-free hemp.
- Research Trial began July 2019, first commercial harvest of 240 acres expected September 2020.
- Market analysis estimates the size of the global CBD market at \$415 million in 2020, and expects it to reach \$3.2 billion by the end of 2026, with a CAGR of 33.5% between 2021-2026.¹

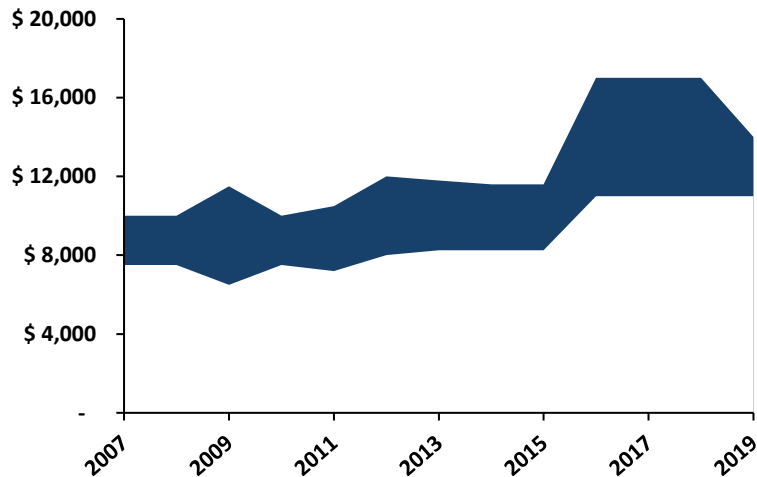


Agricultural Land Value

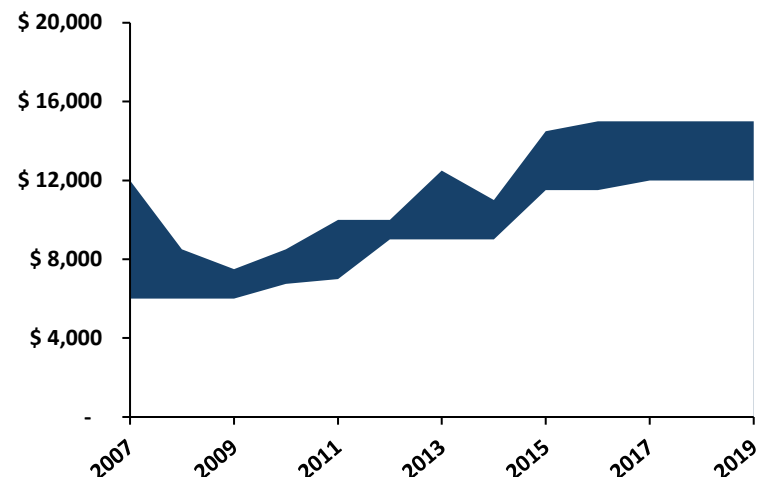
- Value of agricultural land assets with water resources continues to appreciate over time.
- Comparable developed land with water rights in Palo Verde and Imperial Valleys sells for approximately \$14,000 per acre for developed farmland.
- Large contiguous parcels can trade at higher values due to desirability for farming without competition.



Palo Verde Valley Land Comps \$ / Acre⁽¹⁾



Imperial Valley Land Comps \$ / Acre⁽²⁾



Source: Ag land prices from the 2020 CalASFMRA Western Ag Professionals Trend Report

1) Field crops land

2) Good adaptability land

Current Capitalization

Description		Coupon	Maturity
<i>(\$ in millions except for stock price)</i>			
Cash (1)	\$5.6		
Senior Secured Term Loan (1)(2)	74.6	8.00%	May-01-2022
Total Debt	\$74.6		
Long Term Lease Buy Back (3)	\$18.7		
Junior Convertible Preferred Stock (4)	\$25.0		
Market Capitalization	\$353.6		
Shares Outstanding (in millions)	34.8		
Share Price (5)	\$10.16		
Total Enterprise Value	\$452.5		

1) From Form 10-Q for the period ending March 31, 2020

2) On March 5, 2020, the Company entered into a Waiver and Amendment to waive certain covenants to the Exchange Agreements and to grant the option to extend the maturity of the sr. loan for a period of 12 months, upon payment of an extension option fee. If the Company exercises the right to extend, the Applicable Cash Rate will increase by 0.5% per annum, and the Applicable PIK Rate will increase by 1% per annum

3) Optional buyback of \$12.0 million farming lease payment, plus 10% annual return (accretion from Feb 2017).

4) 10,000 Shares outstanding convertible into 4,050,500 shares of common stock with liquidation preference of \$2,734.09 per share. Holder is prohibited from converting preferred shares into shares of common stock, if as a result of conversion, the holder, together with its affiliates, would beneficially own more than 9.9% of the total number of shares of the Company's common stock then issued and outstanding after giving effect to such conversion. Prior to Mandatory Conversion Date of March 5, 2025, each preferred share is entitled to 301.98 votes on all matters on which shareholders are generally entitled to vote.

5) Share Price as of June 30, 2020



CADIZ

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