



Press Release

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Scientific Study Concludes Cadiz Water Project Will Not Harm Mojave Desert Spring

Study Supports Previous California Environmental Quality Act Determination That Project is Hydraulically Disconnected from Bonanza Spring

(LOS ANGELES, CA) – Today, Cadiz Inc. [NASDAQ:CDZI] (“Cadiz”, the “Company”) released a new scientific study confirming that natural springs in the eastern Mojave Desert will not be adversely impacted by the Cadiz Valley Water Conservation, Recovery and Storage Project (Cadiz Water Project).

The study of Bonanza Spring was co-authored by California Professional Geologist Miles Kenney, Ph.D. and California Certified Hydrogeologist Terry Foreman after extensive field work, site observation, and geologic mapping, as well as a peer review conducted by other hydrology, geology, and hydrogeology experts. Bonanza Spring is the closest perennial natural spring to the Cadiz Water Project at 11 miles away and is separated by 1,000 feet of elevation.

“While the extensive body of work to date has already assured that the Project will not harm any desert resources, we commissioned Miles’ peer-reviewed geologic investigation to address lingering questions as to whether the Project could impact Bonanza Spring under any circumstance. That question has now been answered definitively no,” said Cadiz CEO Scott Slater.

The new study confirms that Project operations cannot affect the spring, or plants and animals that may rely on it. This conclusion is reached based on important geologic findings by Dr. Kenney, principally the identification of two convergent fault zones that are blocking, or “damming,” upstream groundwater flowing in fractured bedrock above the spring. These faults intersect exactly at the Bonanza Spring, and groundwater is surfacing from the fractured rocks and spilling over the faults to form it.

This fractured rock is at a limited depth and does not extend to the downstream aquifer in the Fenner Gap, known as the “alluvial aquifer,” where the Water Project will operate. The faulting and limited depth of the fractured rocks and the extensive exposure of these permeable rocks upslope of Bonanza Spring have created a catchment area that provides a long-term source of water to the spring from above that is independent of, and not influenced by, conditions in the alluvial aquifer at the Cadiz area miles below. These observed physical data points provide incontrovertible evidence that the spring will not be affected by project operations.

“Dr. Kenney is the geologist most familiar with this watershed, and this report well documents his conclusion – and that of those who peer reviewed the report – that faulting and the geologic nature of the fractured rock creates physical barriers that prevent the Project from ever impacting Bonanza Spring,” continued Slater.

Dr. Kenney is a certified professional geologist with a doctorate in geology and a specialty in faulting from the University of Oregon. He has more than 20 years of experience working in the Mojave Desert studying rock formations and has previously conducted an extensive geologic study of the region of the nearby Marble and Ship Mountains less than six years ago. The recent work Dr. Kenney conducted in the Clipper Mountains was a continuation of that study.

Dr. Kenney’s geologic evaluation is the first site-specific assessment of Bonanza Spring and provides important new information for future study. He spent six days performing field mapping consisting of observations of lithologic units, fracturing, faulting and other structures, and spent an additional two to three weeks mapping via historical imagery in Google Earth in order to map the entire western Clipper Mountains. Dr. Kenney also worked with Mr. Foreman to conduct a detailed review of available scientific literature.

“The most compelling finding is that we identified two relatively robust fault zones that show evidence of being impermeable to groundwater and that intersect essentially exactly at Bonanza Spring,” Dr. Kenney said. “Fault zones are well known to be groundwater barriers, and we found that to be the case here.”

Foreman, who has conducted groundwater basin analyses in California for more than 40 years, co-authored the study with Dr. Kenney. He added: “The geology evidences a distinct separation between the alluvial aquifer where Cadiz wells will be situated and the fractured crystalline igneous rocks where the spring occurs. Therefore,” Foreman continued, “the long-term sustainability of Bonanza is not related to pumping at Cadiz but rather is dependent on the precipitation that provides recharge to the spring catchment. As a result, climate change is a bigger threat to Bonanza than Cadiz ever would or could possibly be.”

As part of the Bonanza Spring study, 10 experts were invited to observe physical conditions at the spring in December 2017 and comment on the assessment.

Dr. John Sharp, a hydrogeology professor at the University of Texas at Austin, participated in the site visit and peer-reviewed the final report. He commented: “Dr. Kenney knows more about the geology of this area than anyone else and he’s the expert. Having reviewed the mapping and explanation of the geology in the area, I am convinced that the projected pumping for Cadiz is not going to have any measurable effect on Bonanza Spring at all.”

The Cadiz Water Project will capture groundwater that is presently lost to evaporation at the base of a 1,300-square-mile watershed, creating a new water supply for approximately 400,000 people in Southern California. The Project was reviewed and approved under the California Environmental Quality Act (CEQA); its certified Final Environmental Impact Report concluded that project operations would have no significant impacts on the environment, including springs in the surrounding mountains.

As part of CEQA, San Bernardino County, the local agency responsible for regulating the use of groundwater in Cadiz, approved an extensive Groundwater Management, Monitoring and Mitigation Plan for the Project that mandates monitoring of Bonanza and two additional springs farther from the project area. It also imposed a floor on Cadiz’s groundwater use so that the Project cannot

deplete the aquifer to unsafe levels regardless of the area's recharge rate. The environmental reviews and the groundwater management plan have been upheld in court.

Baseline monitoring of the springs is now underway and final arrangements are being made to convey water conserved by the Project to communities across Southern California.

To view a copy of the final study, images from the scientists' site visit, and related materials, please visit <http://www.cadizwaterproject.com/2018-bonanza-spring-study/>

About Cadiz

Founded in 1983, Cadiz Inc. is a publicly-held renewable resources company that owns 70 square miles of property with significant water resources in Southern California. The Company maintains an organic agricultural development in the Cadiz Valley of eastern San Bernardino County, California and is partnering with public water agencies to implement the Cadiz Water Project, which over two phases will create a new water supply for approximately 400,000 people and make available up to 1 million acre-feet of new groundwater storage capacity for the region. Cadiz abides by a wide-ranging "Green Compact" focused on environmental conservation and sustainable practices to manage its land, water and agricultural resources. For more information, please visit www.cadizinc.com

Contact:

Courtney Degener
213.271.1603
cdegener@cadizinc.com

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