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BASIC INFORMATION

1. Why did you get this Notice package?

You or someone in your family may have acquired the common stock of HydroFlo, Inc. (“HydroFlo Stock”) during the period from July 18, 2005 through and including October 26, 2005.

The Court in charge of the case is the United States District Court for the Eastern District of North Carolina, Eastern Division and the case is known as *Huttenstine v. Mast, et al.*, No. 4:05-CV-00152-F(3) (E.D.N.C.) (the “Action”). U.S. District Judge James C. Fox is in charge of this class action. The people who sued are called Plaintiffs, and the companies and individuals they sued — HydroFlo, Inc., Metals and Arsenic Removal Technology, Inc., Dennis Mast, George A. Moore, Shane Traveller, and Ross W. Smith—are called Defendants.

The Court sent you this notice because you have a right to know about a proposed Settlement of this class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and resolves any objections to the Settlement submitted by Class members, as explained below, or appeals, then an administrator appointed by the Court will process the claims received and distribute the payments to class members with valid claims. You can track the progress of the settlement by visiting: <http://www.rosenlegal.com>.

This package explains the lawsuit, the Settlement, your legal rights, the benefits that are available, who is eligible for them, and how to obtain them.

2. What is this lawsuit about?

The lawsuit alleges that HydroFlo, its subsidiary Metals and Arsenic Removal Technology, and four of its officers and directors misled investors about the nature of: (1) certain agreements the Company had entered into with certain customers for the sale of water pitchers; (2) a stock analyst report that was represented as being independent, when it was not; (3) the Company's involvement with the Hurricane Katrina efforts; and (4) certain wastewater treatment requests from authorities in North Carolina.

The lawsuit alleges that HydroFlo materially misled investors about certain sales contracts its Metals and Arsenic Removal Technology subsidiary had entered into with certain customers in China. Specifically, Plaintiffs allege that the Company failed to disclose that the sales contracts were merely consignment agreements that did not obligate the Company's customers to purchase any fixed dollar amount of the Company's products. The lawsuit also asserts that the Company had improperly touted a stock analyst report as being independent, when in fact the Company had paid for the report to be created and issued. Moreover, the lawsuit alleges that the Company materially mischaracterized its involvement in the Hurricane Katrina relief effort to falsely imply that the Company had reached agreements with various governmental agencies for lucrative governmental initiatives announced at that time. Lastly, the lawsuit asserts that the Company falsely announced a request that it had received to start water treatment services for certain North Carolina communities, when in fact no such requests had been issued.

The lawsuit claims that these alleged omissions and misrepresentations were violations of §10(b) and §20(a) of the Securities Exchange Act of 1934. Defendants steadfastly deny the allegations in the lawsuit and have vigorously defended the claims.

3. Why is this a class action?

In a class action, one or more persons and/or entities called Class Representatives sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to as a Class, or individually, as Class members. One court resolves all of the issues for all Class members, except for those Class members who exclude themselves from the Class.

4. Why is there a Settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, Plaintiffs and Defendants have agreed to settle the lawsuit. Plaintiffs have agreed to settle the lawsuit based on the facts they have discovered during the litigation, the risks that will be involved in seeking to take this case to trial, and their conclusions that the proposed Settlement is fair, reasonable and adequate, and serves the best interests of the litigation and Class members. Counsel for Plaintiffs have determined that by settling, they avoid the cost and risks of a trial, while at the same time providing substantial compensation to the Class. The Class Representatives and the Counsel for the Class believe that the Settlement is best for all Class members.

Lead Plaintiffs and Defendants do not agree regarding the merits of Plaintiffs' allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail on each claim asserted. The issues on which the parties disagree include: (1) whether Defendants made any false and misleading statements; (2) whether the statements made were false, material or otherwise actionable under the federal securities laws; (3) whether Defendants made the statements with the requisite knowledge; (4) the appropriate economic model for determining the amount by which HydroFlo Stock was allegedly artificially inflated (if at all) during the Class Period; (5) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading (if at all), influenced and artificially inflated (if at all) the trading price of HydroFlo Stock at various times during the Class Period; (6) the extent to which external factors, such as general market conditions, influenced the trading price of HydroFlo at various times during the Class Period; and (7) whether HydroFlo's Stock traded in an efficient market.

While Plaintiffs' Counsel were prepared to go to trial, and were confident in the merits of their case, they recognize that litigation and a trial are risky propositions and that Plaintiffs and the Class may not have prevailed on any or all of their claims. In addition, Plaintiffs' Counsel believe that this Settlement provides a substantial cash recovery to the Class, and believe that they may not have obtained a greater recovery even if they had gone to trial. Throughout the Settlement negotiations, Defendants continued to deny liability, contended that Plaintiffs and the Class were not damaged, asserting instead that the decline in the price of HydroFlo Stock was attributable to other factors. This dispute regarding damages would be subject to expert testimony, and therefore, it would be impossible to predict with certainty which side's arguments would find favor with the jury. As a result, in a trial, Plaintiffs could have recovered nothing or substantially less than the amount of the Settlement. Even assuming that Plaintiffs could have won at trial, any verdict would inevitably be the subject of appeal, and the Class' recovery would have remained uncertain and been further delayed. In this case, even if Plaintiffs had won a verdict greater than the Settlement at trial, and that verdict had withstood Defendants' challenge on appeal, Plaintiffs may not have been able to collect the judgment as the Defendants have limited financial resources and no applicable insurance coverage.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to determine whether you are a Class member.

5. How do I know if I am part of the Settlement?

Judge Fox decided that everyone who fits the following description is a Class member:

all persons who acquired any common stock of HydroFlo during the period from July 18, 2005 through and including October 26, 2005, and were damaged thereby.

6. Are there exceptions to being included?

You are not a Class member if you are: a Defendant, a current or former officer or director of a Defendant, a member of a Defendant's immediate family, a Defendants' legal representative, heir, predecessor, successor or assign, or any entity in which any Defendant has or had a controlling interest, or of which any Defendant is a parent or subsidiary, or is controlled by HydroFlo, or any person who has separately filed actions against one or more of the Defendants based in whole or in part on any claim arising out of or relating to any of the acts, omissions, misrepresentations, facts, events, matters, transactions or occurrences referred to in the Action or otherwise alleged, asserted or contended in the Action. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class.

If one of your mutual funds owns HydroFlo Stock, that alone does not make you a Class Member. You are a Class Member only if you purchased HydroFlo Stock. Contact your broker to see if you own or held HydroFlo Stock.

To be a Class member, you must have acquired HydroFlo Stock during the Class Period.

7. I'm still not sure if I am included.

If you are still not sure whether you are included in the Class, you can ask for free help by calling Strategic Claims Services at (866) 274-4004 for more information. Or you can fill out and return the claim form attached to this Notice to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What does the Settlement provide?

On November 17, 2007, the parties in the lawsuit arrived at a proposed Settlement of the lawsuit and signed a Stipulation and Agreement of Settlement. The parties' agreement, by itself, is not sufficient for the Settlement to be official—the proposed Settlement requires the Judge's approval. The terms of the proposed Settlement are summarized below, and the full Settlement terms are contained in a Stipulation and Agreement of Settlement ("Stipulation") dated November 17, 2007. You can obtain a copy of the Stipulation by writing to Plaintiffs' Lead Counsel: Laurence Rosen, Esq., Phillip Kim, Esq., The Rosen Law Firm PA, 350 5th Avenue, Suite 5508, New York, NY 10018 or by email at lrosen@rosenlegal.com or pkim@rosenlegal.com.

a. What is the Settlement Fund?

The proposed Settlement calls for Defendants to create a Settlement Fund in the amount of \$425,000 in cash. This \$425,000 has been deposited into an interest-bearing account, the "Gross Settlement Fund." It is estimated approximately 10 million outstanding shares of HydroFlo common stock were issued and outstanding during the Class Period, and were available for purchase by Class Members, as some outstanding shares were owned or controlled by Defendants. Thus, Class Counsel estimate that the \$425,000 recovery represents an average recovery of 4.25¢ per share of common stock, as some outstanding shares were owned by Defendants. This average recovery is only an estimate and can vary as explained below.

Subject to the Court's approval, a portion of the Gross Settlement Fund also will be used to pay Plaintiffs' attorneys' fees and reasonable litigation expenses and awards to Lead Plaintiffs. See Question 16 below for a more detailed explanation. A portion of the Gross Settlement Fund will also be used to pay taxes due on interest earned by the Gross Settlement Fund if necessary, and any notice and claims administration expenses permitted by the Court or the Stipulation. After the foregoing deductions from the Gross Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will depend on: (1) the number of claims filed; (2) when during the Class Period you purchased your HydroFlo Stock; (3) whether you sold your HydroFlo Stock during the Class Period, or held your HydroFlo Stock past the end of the Class Period; (4) the amount of administrative costs, including the costs of notice; and (5) the amount awarded by the Court for attorneys' fees, costs and expenses and awards to the Lead Plaintiffs.

By following the Plan of Allocation at the end of this notice, you can calculate your "Recognized Claim." The Claims Administrator will distribute the Net Settlement Fund, according to the Plan of Allocation, after the deadline for submission of Proof of Claim and Release forms has passed and all claims have been processed.

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

9. How can I get a payment?

To qualify for payment, you must send in a Proof of Claim and Release form. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at <http://www.rosenlegal.com>. Read the instructions carefully, fill out the form, sign it in the locations indicated, include all the documents the form asks for, and mail the claim form and documentation postmarked no later than April 28, 2008 to:

Claims Administrator
HydroFlo, Inc. Securities Litigation
c/o Strategic Claims Services
PO Box 230
Media, PA 19063

The Claims Administrator will process your claim and advise you if you are an “Authorized Claimant” — meaning that your claim satisfies the requirements approved by the Court.

10. When would I receive my payment?

The Court will hold a hearing on April 10, 2008, to decide whether to approve the Settlement. Even if Judge Fox approves the Settlement, there may be appeals that would delay the implementation of the Settlement. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. After the approval, and the resolution of any appeals, the Claims Administrator must process all of the claim forms. Everyone who sends in a claim form will be informed of the approval or disapproval of their claim. Please be patient. You can also track the progress of the settlement by visiting: <http://www.rosenlegal.com>.

11. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class members will release (i.e. can't sue, continue to sue, or be part of any other lawsuit) all “Settled Claims” against Defendants and the “Released Parties.” It also means that all of the Court's orders will apply to you and legally bind you. Please see the definitions of all of the terms that are in quotations below. If you sign the claim form, you are agreeing to a “Release of Claims,” attached to the claim form, which describes exactly the legal claims that you give up if you receive Settlement benefits.

“Released Parties” means the Defendants, and any of their current, former or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, advisors, accountants, associates and any other individual or entity in which any Defendant has a controlling interest or that is related to or affiliated with any of the Defendants or their current, former and future legal representatives, heirs, successors in interest or assigns of the Defendants.

“Settled Claims” means any and all claims, debts, demands, liabilities, rights and causes of action of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims (as defined below) (i) that have been asserted in this Action by the Class Members or any of them against any of the Released Parties, including without limitation any claim arising out of or relating to any of the acts, omissions, misrepresentations, facts, events, matters, transactions or occurrences referred to in the Action or otherwise alleged, asserted or contended in the Action; or (ii) that could have been alleged, asserted or contended in this or any other forum by the Class Members or any of them against any of the Released Parties which arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint or which relate to the purchase of HydroFlo common stock during the Class Period, including, without limitation, claims for fraud, negligent misrepresentation, negligence, gross negligence, breach of duty of care, breach of duty of loyalty, breach of fiduciary duty, or violations of any state or federal statutes or regulations. Settled Claims also include any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Action against the Released Parties (including Unknown Claims), except claims to enforce any of the terms of the Stipulation.

“Unknown Claims” means any Settled Claim which any Lead Plaintiff or member of the Class does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, whether or nor concealed or hidden, which if known by him, her or it, might have affected his, her or its decision with respect to the Settlement, including, but not limited to, the decision not to object to the Settlement, and any Settled Defendants' Claims which any Defendant does not know or expect to exist in his, her or its favor, whether or not concealed or hidden, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled Defendants' Claims, the Parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and Defendants shall expressly, and each of the members of the Class shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly

waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542 which provides: “A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.” Lead Plaintiffs and Defendants acknowledge, and the members of the Class by operation of the Order and Final Judgment shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definitions of “Settled Claims” and “Settled Defendants’ Claims” (defined below) was separately bargained for and was a key element of the Settlement of which this release is a part.

“Settled Defendants’ Claims” means all claims, demands, rights, duties, remedies, liabilities and causes of action of every nature and description whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known and Unknown Claims, that have been or could have been asserted in the Action by the Defendants or any of them or the successors and assigns of any of them against any of Lead Plaintiffs, Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or Settlement of this Action or the Settled Claims, including but not limited to all claims for malicious prosecution or sanctions, except claims to enforce any of the terms of the Stipulation.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want to receive a payment from this Settlement, and you want to keep the right to sue or continue to sue Defendants on your own about the legal issues in this case, then you must take steps to get out of the Settlement. This is called excluding yourself-or is sometimes referred to as opting out of the Class.

12. How do I get out of the Settlement?

To exclude yourself from the settlement, you must send a letter by mail stating that you want to be excluded as a Class member from *Huttenstine v. Mast et al.*, No. 4:05-CV-00152-F(3) (E.D.N.C.). Be sure to include your name, address, telephone number, and your signature, along with your purchases and sales in HydroFlo Stock in order to indicate your membership in the Class. You must mail your exclusion request postmarked no later than March 13, 2008 to:

Claims Administrator
HydroFlo, Inc. Securities Litigation
c/o Strategic Claims Services
PO Box 230
Media, PA 19063

You can’t exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not receive a Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

13. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You may have to exclude yourself from *this* Class to continue your own lawsuit.

14. If I exclude myself, can I receive money from this Settlement?

No. If you exclude yourself, do not send in a claim form to ask for any money.

THE LAWYERS REPRESENTING YOU

15 Do I have a lawyer in this case?

The Court appointed the law firms of The Rosen Law Firm PA and Wilson & Coffey, LLP, to represent you and the other Class Members. These lawyers are called Plaintiffs’ Counsel or Class Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense. You may also represent yourself, provided that you are not a corporation.

16. How will the lawyers be paid?

Plaintiffs’ Counsel have expended considerable time litigating this Action on a contingent fee basis, and have advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Class, they would receive fees and be reimbursed for their expenses from the Gross Settlement Fund, as is customary in this type of litigation. Therefore, Plaintiffs’ Counsel will file a motion asking the Court at the Fairness Hearing (see Question 19 below) to make an award of attorneys’ fees in an amount not to exceed 33.3% of the Gross Settlement Fund and for reimbursement of litigation expenses in an amount not to exceed \$35,000. The requested fees and expenses are estimated to be an average of 1.8¢ per share of common stock. (These averages are estimates based on approximately 10 million shares of HydroFlo common stock that were available for purchase during the Class Period.) The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Gross Settlement Fund.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement, any part of the Settlement, or the motion for attorneys fees and award to Lead Plaintiffs.

17. How do I tell the Court that I do not like the Settlement?

If you are a Class member, you can object to the settlement if you do not like any part of it. You can state why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter stating that you object to the Settlement in *Huttenstine v. Mast et al.*, No. 4:05-CV-00152-F(3) (E.D.N.C.). Be sure to include your name, address, telephone number, your signature, your purchases and sales of HydroFlo Stock in order to indicate your membership in the Class and all of the reasons for your objection to the settlement. Be sure to mail the objection to the five different places stated below, postmarked no later than March 13, 2008.

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court Eastern District of North Carolina 2 Princess Street, Room #239 Wilmington, NC 28401	Laurence Rosen, Esq. Phillip Kim, Esq. THE ROSEN LAW FIRM PA 350 Fifth Avenue Suite 5508 New York, NY 10118 and Kevin Cartledge, Esq. WILSON & COFFEY, LLP 110 Oakwood Drive Suite 400 Winston-Salem, NC 27103	Donald Harris, Esq. HARRIS, WINFIELD & HODGES, LLP 255 Hillsborough Street Suite 260 Raleigh, NC 27603 and L. Neal Ellis, Jr. HUNTON & WILLIAMS LLP On Bank of America Plaza 421 Fayetteville Street Suite 1400 Raleigh, NC 27601

18. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak.

19. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 10:30 a.m. on April 10, 2008, at the United States District Court for the Eastern District of North Carolina, Courtroom #1, Alton Lennon Federal Building, 2 Princess Street, Wilmington, NC 28401. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Fox will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Plaintiffs' Counsel for attorneys' fees and expenses and how much to award Lead Plaintiffs. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

20. Do I have to come to the hearing?

No. Class Counsel will answer any questions Judge Fox may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

21. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you should send a letter saying that it is your "Notice of Intention to Appear in *Huttenstine v. Mast et al.*, No. 4:05-CV-00152-F(3) (E.D.N.C.)." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than March 13, 2008, and be sent to the Clerk of the Court, Class Counsel, and Defense Counsel, at the five addresses listed in Question 17.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you do nothing, you will not receive any money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the legal issues in this case, ever again.

GETTING MORE INFORMATION

23. How do I obtain more information about the Settlement?

You can: (1) call (866) 274-4004; (2) write to the Claims Administrator, at Strategic Claims Services, PO Box 230, Media, PA 19063, or (3) visit the website at www.rosenlegal.com, where you will find answers to common questions about the settlement, a claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

UNDERSTANDING YOUR PAYMENT — THE PLAN OF ALLOCATION

1. The Net Settlement Fund will be allocated among the Authorized Claimants in accordance with this “Plan of Allocation.”

2. For Class members who conducted multiple transactions in HydroFlo Stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant’s opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.

3. Any transaction resulting in a gain shall be excluded.

4. The purchase and sales prices do not include any brokerage commissions, transfer taxes or other fees.

5. The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

6. The Recognized Loss of each Authorized Claimant shall be calculated as follows:

A. Shares purchased during the period July 18, 2005 through and including October 26, 2005 and held through the close of trading on October 26, 2005, recognized per share loss is the lesser of:

a. The price paid (excluding commissions) less \$.24 (the 90-day average closing price after the Class Period); and

b. \$.35.

7. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s Aggregate Recognized Loss described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s claim bears to the total of the claims of all Authorized Claimants.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased HydroFlo common stock (“HydroFlo Stock”) during the Class Period as nominee for a beneficial owner, then within ten (10) days after you receive this Notice, you must either: (a) send a copy of this Notice and the accompanying Proof of Claim and Release form by first-class mail to all such beneficial owners; or (b) provide a list, electronically if possible, of the names and addresses of such beneficial owners to the Claims Administrator:

Claims Administrator
HydroFlo, Inc. Securities Litigation
c/o Strategic Claims Services
PO Box 230
Media, PA 19063

If you chose option (a) above, you may request enough forms from the Claims Administrator (at no charge) to complete your mailing. You may seek reimbursement of your reasonable expenses actually incurred in complying with these directives, subject to approval of Plaintiffs’ Counsel or the Court. All communications concerning this matter should be addressed to the Claims Administrator.

INQUIRIES

All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class Members should be directed to:

Claims Administrator
HydroFlo, Inc. Securities Litigation
c/o Strategic Claims Services
PO Box 230
Media, PA 19063

PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: January 14, 2008

BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
HON. JAMES C. FOX

4. “Defendants” means Dennis Mast, George A. Moore, Shane Traveller, Ross W. Smith, HydroFlo, Inc., and Metals and Arsenic Removal Technology, Inc..

6. “Person” means any individual, corporation, partnership, limited liability partnership, limited partnership, professional corporation, association, affiliate, joint stock company, trust, estate, unincorporated association, government or any political subdivision or agency thereof, any other type of legal or political entity, any legal representative, and as applicable their respective spouses, heirs, predecessors, successors, representatives, or assignees.

7. “Released Parties” means the Defendants, and any of their current, former or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, advisors, accountants, associates and any other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants or their current, former and future legal representatives, heirs, successors in interest or assigns of the Defendants.

8. “Settling Parties” means collectively the Defendants and the Released Parties, Members of the Class, Lead Plaintiffs in the Litigation, and Lead Plaintiffs’ Counsel.

III. CLAIMANT IDENTIFICATION

1. If you purchased or otherwise acquired the common stock of HydroFlo (“HydroFlo Stock”) during the Class Period and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased or otherwise acquired HydroFlo Stock during the Class Period and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled “Claimant Identification” to identify each purchaser of record (“nominee”), if different from the beneficial purchaser of HydroFlo Stock which forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS, OF THE HYDROFLO STOCK UPON WHICH THIS CLAIM IS BASED.**

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of Persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

IV. CLAIM FORM

1. Use Part II of this form entitled “Schedule of Transactions in HydroFlo Stock.” to supply all required details of your transaction(s) in HydroFlo Stock. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide all of the requested information with respect to **all** of your purchases or acquisitions and all of your sales of HydroFlo Stock that took place at any time beginning July 18, 2005 through and including October 26, 2005, whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

3. List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

4. The term “Purchase Price” means the amount paid for the securities (excluding commissions and transfer taxes) and the term “Sales Price” means the amount realized on the sale of the securities (excluding commissions and transfer taxes). The date of the purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date. The covering purchase of a short sale of HydroFlo Stock is not an eligible purchase for purposes of the Settlement.

5. Broker confirmations or other documentation of your transactions in HydroFlo Stock should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

6. The above requests are designed to provide the minimum amount of information necessary to process the most simple claims. The Claims Administrator may request additional information as required to calculate your losses efficiently and reliably. In some cases where the Claims Administrator cannot perform the calculation accurately or at a reasonable cost to the Class with the information provided, the Claims Administrator may condition acceptance of the claim upon the production of additional information and/or the hiring of an accounting expert at the Claimant’s cost.

C. Sales (July 18, 2005 – October 26, 2005, inclusive) of HydroFlo Stock:

	Trade Date (List Chronologically) (Month / Day / Year)	Number of Shares Sold	Total Sale Price (excluding commissions and transfer taxes)
1.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
2.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
3.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
4.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
5.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
6.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
7.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
8.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
9.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .
10.	<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> .

D. Number of HydroFlo shares held at close of trading on October 26, 2005:

Shares of Common Stock: _____

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ THE RELEASE AND SIGN ON PAGE 15.

V. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Stipulation and Agreement of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Eastern District of North Carolina, Eastern Division, with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Litigation. I (We) agree to furnish additional information to support this claim if required to do so. I (We) have not submitted any other claim covering the same purchases or acquisitions of HydroFlo Stock during the Class Period and know of no other Person having done so on my (our) behalf.

VI. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Settled Claims each and all of the Defendants and all other Released Parties, defined as the Defendants, and any of their current, former or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, advisors, accountants, associates and any other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants or their current, former and future legal representatives, heirs, successors in interest or assigns of the Defendants.

2. "Settled Claims" means any and all claims, debts, demands, liabilities, rights and causes of action of every nature and description whatsoever (including but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims (as defined below), (i) that have been asserted in this Action by the Class Members or any of them against any of the Released Parties, including without limitation any claim arising out of or relating to any of the acts, omissions, misrepresentations, facts, events, matters, transactions or occurrences referred to in the Action or otherwise alleged, asserted or contended in the Action; or (ii) that could have been alleged, asserted or contended in this or any other forum by the Class Members or any of them against any of the Released Parties which arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint or which relate to the purchase of HydroFlo common stock during the Class Period, including, without limitation, claims for fraud, negligent misrepresentation, negligence, gross negligence, breach of duty of care, breach of duty of loyalty, breach of fiduciary duty, or violations of any state or federal statutes or regulations. Settled Claims also include any and all claims arising out of,

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In re HydroFlo, Inc. Securities Litigation
c/o Strategic Claims Services
Claims Administrator
P.O. Box 230
Media, PA 19063

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PLEASE FORWARD—IMPORTANT LEGAL NOTICE