

CYPRESS DEVELOPMENT CORP.
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2021

AUGUST 5, 2022

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1 PRELIMINARY NOTES

Date of Information, Currency and Exchange Rates

This is the Annual Information Form (“AIF”) of Cypress Development Corp. (the “Company” or “Cypress” or “we”). All information presented in this AIF is current as of December 31, 2021. All dollar amounts referred to in this AIF are expressed in Canadian dollars unless otherwise indicated. The Company’s accounts are maintained in Canadian dollars and the Company’s business activities are predominantly conducted in Canadian dollars.

The average rates for the United States dollar in terms of Canadian dollars for each of the financial periods of the Company ended December 31, 2021, December 31, 2020 and December 31, 2019, as quoted by the Bank of Canada, were as follows:

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
	(in Canadian Dollars)		
Average.....	1.2535	1.3415	1.3269

On August 5, 2022, the exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was U.S.\$1.00 = \$1.2934.

Cautionary Statement on Forward-Looking Statements

Certain statements included in this AIF contain forward-looking statements that relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. These statements include, but are not limited to: statements concerning the future financial and operating performance of the Company and its current and proposed mineral projects; the future prices of Lithium and other precious and base metals; the estimation of mineral resources; the realization of mineral resource estimates; the timing and amount of estimated future costs; statements relating to the future economic parameters of the Clayton Valley Lithium Project, included anticipated working capital requirements and capital expenditures; costs and timing of future exploration; requirements for additional capital; government regulation of mining operations; environmental risks; reclamation expenses; title disputes or claims; and limitation of insurance coverage.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to: general business and economic uncertainties; exploration and mining risks; uncertainties relating to surface rights; the actual results of current exploration activities; the outcome of negotiations; conclusions of economic evaluations and studies; future prices of Lithium and other precious and base metals; increased competition in the mining industry for properties, equipment and qualified personnel; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; the risk of changes in law; title risks; and the risk of loss of key personnel.

The forward-looking statements contained herein are based on a number of assumptions that management believes are reasonable, but may prove to be incorrect. These assumptions include, but are not limited to, the following: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply of and demand for Lithium develops as expected; that we receive regulatory approvals for our exploration projects on a timely basis; that we are able to obtain financing for our projects on reasonable terms; that our resource estimates are within reasonable bounds of accuracy and that the geological, operational and price assumptions on which they are based are reasonable; and that we are able to hire the personnel we need to carry out our objectives.

The foregoing lists of factors and assumptions are not exhaustive. The reader should also consider carefully the matters discussed under the heading “Risk Factors” elsewhere in this AIF. Forward-looking statements contained herein are made as of the date hereof (or as of the date of a document incorporated herein by reference, as applicable). We undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing lists of factors and assumptions, whether as a result of new information, future events or results or otherwise, except as required by law. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

Cautionary Note to U.S. Investors

All references to mineral resources contained in this AIF are determined in accordance with Canadian Securities Administrators National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”), as required by Canadian securities regulations. While the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are recognized and required by NI 43-101, they are not defined or recognized by the U.S. Securities and Exchange Commission (the “**SEC**”). As such, information contained in this AIF concerning descriptions of mineralization and resources, as determined in accordance with NI 43-101, may not be comparable to similar information made public in accordance with the requirements of the SEC. “Indicated mineral resources” and “inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of mineral resources constitutes, or will ever be converted into, mineral reserves.

2 CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

Cypress Development Corp. is organized and existing under the *Business Corporations Act* (British Columbia). The Company’s head office is located at Suite 1610 - 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K4. The Company’s registered and records office is located at Suite 1710 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3.

The Company was incorporated under the laws of the province of Saskatchewan and was duly registered as an extra provincial company under the laws of British Columbia on January 22, 1992 under certificate number A-34859. On October 24, 1995 the Company was granted a Certificate of Continuation under the *Company Act* (British Columbia) under the name Cypress Minerals Corp. with an authorized capital of 100,000,000 common shares without par value. Effective September 16, 1999 the Company changed its name from Cypress Minerals Corp. to Cypress Development Corp. Effective September 9, 2005 the Company transitioned under the *Business Corporations Act* (British Columbia) and increased its authorized capital to an unlimited number of common shares without par value.

The Company’s common shares are listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”) under the trading symbol “CYP”, on the Frankfurt Stock Exchange under the symbol “C1Z1” and on the OTCQX under the symbol “CYDVF”.

2.2 Intercorporate Relationships

The Company has two wholly-owned subsidiaries: Cypress Holdings (Nevada) Ltd. which was incorporated under the laws of the State of Nevada, USA on June 30, 2000, and 284028 Ontario Inc. (“**Ontario Subsidiary**”) which was incorporated under the laws of the Province of Ontario, Canada on June 3, 2021. Cypress Holdings (Nevada) Ltd. owns all of the mineral properties comprising the Clayton Valley Lithium Project. Ontario Subsidiary owns certain pilot plant equipment and a license to the proprietary Lionex Direct Lithium Extraction process.

3 GENERAL DEVELOPMENT OF THE BUSINESS

The Company is in the business of exploring for metals and minerals with a particular emphasis on Lithium. It does not own interests in any producing operations. At present, Management is concentrating most of its efforts on the Company’s wholly-owned Clayton Valley Lithium Project located in Nevada, USA.

3.1 Three Year History

On February 14, 2019, the Company selected Ausenco Engineering Canada Inc. as the lead consultant for a prefeasibility study (“PFS”) the Company was to undertake on the Clayton Valley Lithium Project.

On February 26, 2019, the Company completed the first phase of metallurgical testing in the PFS on the Clayton Valley Lithium Project and reported that testing was successful in confirming the range of parameters used in the PEA conducted in 2018.

In April 2019, the Company completed its infill drilling program and received assay results at the Clayton Valley Lithium Project. The drilling was focused within a one-kilometer-squared area where six holes were completed to an average of 120 meters below surface grade.

On July 15, 2019, the Company reported on the successful demonstration of high lithium recoveries for the Clayton Valley Lithium Project utilizing extraction processes developed by Lilac Solutions.

On August 29, 2019, the Company achieved a milestone where a commercially viable process was identified based on filtration, to deal with the separation of clay particles from leach solutions.

On September 12, 2019, the Company agreed to extend the terms of the 2017 earn-in option agreement with Pasinex Resources Limited and Caliber Minerals Inc. and Caliber Minerals Inc. (formally Silcom Systems Inc.) on the Spur (formally Gunman) zinc exploration property in Nevada, U.S.A.

On November 14, 2019, the Company contracted NORAM Engineering and Constructors Ltd. of Vancouver, B.C. to conduct concept testing for the Clayton Valley Lithium Project.

On February 27, 2020, the Company received the test program at NORAM Engineering and Constructors Ltd. which showed positive initial results.

On April 30, 2020, the Company reached a final settlement agreement in its legal proceedings against Centrestone Resources LLC, a Nevada limited company in relation to a claims dispute.

On May 19, 2020, the Company announced positive results from the PFS of the Clayton Valley Lithium Project. Results for the PFS as reported were average annual production of 27,400 tonnes per year, LCE, mine life for PFS of 40 years, industry-low cash cost of US\$3,392 per tonne LCE, US 1.052 billion NPV at 8% discount rate, after tax basis, after tax internal rate of return (IRR) of 25.8% and payback period of 4.4 years.

On July 2, 2020, the Company announced newly received assays of drill cores, which the Company acquired. The cores were from four holes drilled in an area south of the proposed mine area in the PFS.

On August 4, 2020, the Company granted an aggregate of 350,000 incentive stock options to advisors and consultants of the Company. The options are exercisable at \$0.345 per common share for a period of five years, expiring on August 4, 2025.

On August 11, 2020, the Company announced a mineral resource estimate at the Clayton Valley Lithium Project which included measured plus indicated resources of 929.6 million tonnes averaging 1,062 ppm Li or 5.2 million tonnes LCE.

On August 27, 2020, the Company received TSXV acceptance to issue 308,307 shares to settle outstanding debt for \$80,160.

On September 2, 2020, the Company entered into a shareholder rights plan. On March 1, 2021, the Company amended the PFS Report (as defined below).

Activity on the Clayton Valley Lithium Project from September 2020 to March 2021 was primarily focused on metallurgical studies and tests on the use of Chloride leaching for the Clayton Valley Lithium Project.

On February 8, 2021 and February 9, 2021, the Company announced that it entered into an agreement with PI Financial Corp. as the sole underwriter and bookrunner pursuant to which PI Financial Corp. agreed to purchase, on a bought deal basis pursuant to a short form prospectus, 13,600,000 units of the Company, consisting of one common share and one common share purchase warrant (exercisable for one common share of the Company for a period of 36 months from the date of closing at an exercise price of \$1.75) (each a “**Bought Deal Unit**”), at a price of \$1.25 per Bought Deal Unit, for gross proceeds of \$17,000,000 (the “**2021 Bought Deal**”).

On March 22, 2021, the Company announced the closing of the 2021 Bought Deal, and the full exercise of PI Financial Corp.’s over-allotment option, resulting in the issuance of a total of 15,640,000 Bought Deal Units at a price of \$1.25 per Bought Deal Unit, for gross proceeds of \$19,550,000.

On March 25, 2021, the Company announced that it had initiated the selection and purchasing of materials to commission a pilot plant and extraction facility for the lithium-bearing claystone from its Clayton Valley Lithium Project in Nevada.

On July 6, 2021, the Company announced that it had entered into a share purchase and license agreement (the “**SPL Agreement**”) with Chemionex Inc., an Ontario based company, and an arm’s length third party (the “**DLE Sellers**”) which formalized the terms of acquisition of a license to use Chemionex’s proprietary technology for Direct Lithium Extraction at the Clayton Valley Lithium Project. The Company acquired a 100% ownership interest in Ontario Subsidiary from the DLE Sellers, which owns the pilot plant equipment designed and constructed by Chemionex Inc. for the Company, and a license to use the Lionex Process. The purchase price was \$100,000 by way of cash payment to the DLE Seller, \$250,000 in cash payable into escrow, and 1,000,000 shares of the Company transferred into escrow.

On September 22, 2021, the Company announced the acquisition of 24 unpatented mining claims in Clayton Valley, Nevada, in consideration for the issuance of 49,000 shares of the Company to a private party vendor. The acquisition of the claims brought the Company’s land holdings to 6558 acres in total. The acquired claims totalled 480 contiguous acres, were proximal to the Company’s Clayton Valley Lithium Project, and were acquired for their exploration potential for lithium-bearing claystone and brine.

On October 13, 2021, the Company announced that it completed the assembly of its pilot plant.

On November 10, 2021, the Company announced that extraction testing of lithium-bearing claystone from the Clayton Valley Lithium Project has commenced.

On December 8, 2021, the Company announced that it completed the purchase of water rights from Intor Resources Corp. (“**Intor**”), a subsidiary of Nevada Sunrise Gold Corp., consisting of Permit 44411 and Certificate 13631, which allows for the appropriation of the public waters of the State of Nevada in the Clayton Valley in the amount of 1,770 acre-feet of groundwater per year for mining, milling and domestic applications. The purchase price was US\$3,000,000, and paid in a combination of cash and common shares of the Company.

On December 20, 2021, the Company announced that a petition was filed by a junior exploration company in the Nevada District Court for review of the Nevada State Engineer’s approval of Intor’s Application for Extension of Time to Prevent Forfeiture of the Permit. On April 11, 2022, the Company reported the petition was dismissed with prejudice by the Fifth Judicial Court of Esmeralda County, Nevada.

On December 21, 2021, the Company began trading on the OTCQX under the symbol CYDVF.

On December 22, 2021, the Company announced the successful completion of a 7-day continuous run at its pilot plant, operating at its design capacity of one ton per day of lithium claystone from the Clayton Valley Lithium Project.

3.2 Significant Acquisitions

The Company did not complete any significant transactions during the most recently completed financial year.

4 DESCRIPTION OF THE BUSINESS

4.1 General

Overview. The Company is a Canadian mineral exploration company with its head office located in Vancouver, British Columbia. The Company's principal business is the acquisition, exploration and development of mineral properties. The Company's principal property and focus is its Clayton Valley Lithium Project, located in Nevada, USA, in which it holds a 100% interest. The Company, also through its wholly-owned subsidiary, Cypress Holdings (Nevada) Ltd., is the 100 percent owner of 23 unpatented lode mining claims generally known as the Gunman property, situated in White Pine County, Nevada, USA.

Principal Products. The Company is an exploration company and is not in production. If it puts the Clayton Valley Lithium Project into production, there is a global market into which the Company believes it could sell any Lithium produced and, as a result, the Company anticipates that it would not be dependent on a particular purchaser with regard to the sale of any Lithium that it produces.

Specialized Skills and Knowledge. All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, mine planning, engineering, construction, regulatory permitting and compliance and accounting. The Company has been successful, to date, in identifying and retaining contractors and consultants with such skills and knowledge.

Competitive Conditions. The mining business is a competitive business. The Company competes with numerous companies and individuals that may have resources significantly greater than the resources of the Company, in the search for: (i) attractive mineral properties; (ii) qualified service providers and consultants; and (iii) equipment and suppliers. The ability of the Company to acquire additional mineral properties in the future will depend on its ability to develop and operate its present properties, and also on its ability to select and acquire suitable producing properties or prospects for development or exploration. See "Risk Factors - Competition".

Environmental Protection. Upon receipt of all necessary permits and approvals, the Company will need to comply with all applicable Nevada state and federal regulations during the construction of the Clayton Valley Lithium Project and any related future mine operations. As part of any mine permitting that may be undertaken, bonding for mine closure will be required. The closure of future mining operations would ultimately entail the restoration of habitats and water systems to a level that restores the topography and aquatic systems to a state which is compatible with the surrounding environment. All of these activities would represent cash outflows which would affect the overall project economics of the Clayton Valley Lithium Project.

Social and Environmental Policies. Key environmental and socio-economic considerations associated with the Clayton Valley Lithium Project include water quality monitoring, wildlife studies, heritage studies and ongoing community relations.

4.2 Risk Factors

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Dependence on One Mineral Property

The Company has been focused on one principal mineral property, the Clayton Valley Lithium Project, which may never develop into a commercially viable Lithium producer, which would have a materially adverse effect on the Company's potential mineral resource production, profitability, financial performance and results of operations.

Financing Risks

The Company has limited financial resources and no source of operating cash flow, and there is no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration

and development of one or more of the Company's properties may be dependent upon the Company's ability to obtain financing through equity, debt or other means, including joint venturing. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's projects, giving rise to the possible loss of the Company's interest in such projects.

Exploration and Mining Risks

The business of exploring for minerals and mining involves a high degree of risk. Only a small proportion of properties that are explored are ultimately developed into producing mines. The mining areas included in the PFS Report, as defined later herein, and other areas currently being assessed by the Company may not contain economically recoverable volumes of minerals or metals. The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, civil unrest, the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the operation of mines and the conduct of exploration programs.

The Company has relied, and may continue to rely, upon consultants and others for operating expertise. Should economically recoverable volumes of minerals or metals be found, substantial expenditures will be required to establish reserves through drilling, and to develop metallurgical processes, the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations, or that funds required for development will be obtained on a timely basis.

The economics of developing lithium and other mineral properties are affected by many factors, including the cost of operations, variations of the grade of ore mined, fluctuations in the market price of lithium or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies and the processing of new or different grades and ore types, may have an adverse effect on mining operations and on the results of operations.

There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production-scale operations. Material changes in geological resources, grades, stripping ratios and/or recovery rates may affect the economic viability of the Company's projects. Depending on the price of lithium or other minerals produced, which have fluctuated widely in the past, the Company may determine that it is impractical to commence or continue commercial production.

Limited Experience with Development-Stage Mining Operations

Although the Company has officers and consultants with previous experience in placing mineral properties into production, its ability to do so will be dependent upon retaining the services of additional experienced personnel or entering into agreements with other resource companies that can provide such expertise. There can be no assurance that the Company will have the necessary expertise available to it when and if it places its resource properties into production.

Estimates of Mineral Resources and Production Risks

The mineral resource estimates included in this document are estimates only, and no assurance can be given that any additional proven or probable reserves will be discovered, that any particular level of recovery of minerals will, in fact, be realized, or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be economically exploited. In addition, the grade of mineralization which may ultimately be mined may differ from that indicated by drilling results, and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. The estimated resources described

in this document should not be interpreted as assurances of commercial viability or potential profitability of any future operations.

Metal Prices

The mineral exploration and development industry, in general, is intensely competitive and, even if commercial quantities of proven and probable reserves are discovered, there is no assurance that a profitable market may exist for the sale of associated metals. Factors beyond the control of the Company may affect the marketability of any substances discovered. Metal prices have fluctuated widely, particularly in recent years, and may continue to do so. The marketability of metals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to price, royalties, allowable production and importing and exporting of metals, the effect of which cannot be accurately predicted.

Uninsured Risks

In the course of exploration, development and production of mineral properties, certain risks exist and, in particular, unexpected or unusual geological operating events, including rock bursts, cave-ins, fire, flooding and earthquakes, may occur. It is not always possible to fully insure against such risks due to prohibitively high premiums or other factors. Should such events occur, the associated liabilities could increase costs and reduce or eliminate any future profitability, have a material adverse effect on the Company's reported results and result in a decline in the value of the securities of the Company.

Competition

The Company will compete with many companies and individuals that may have substantially greater financial and technical resources than the Company has for the acquisition of mineral properties and the recruitment and retention of qualified employees and contractors.

Water Rights

The Company's potential mining operations will require water for mining, lithium processing and related support facilities. The Clayton Valley Lithium Project is located in an area where water is scarce and competition among users for access to water is significant. If water supplies become scarce or are negatively affected by the Company's inability to secure water rights at a reasonable cost, environmental events or factors such as drought, water supplies to the Company's future operations might be impacted. Laws and regulations may be introduced which could limit the Company's access to water resources. The inability of the Company to secure water rights or a reduction in the availability of water may preclude development of otherwise potentially economic mineral deposits or may negatively affect costs, production and/or sales from the Company's planned operations.

Environmental and other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploration and development operations, such as seepage from fuel storage areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines, penalties and stop-work orders. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving towards stricter standards and enforcement, and fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with governmental regulations has the potential to reduce the profitability of operations.

The current development activities of the Company require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company

may require for exploration and development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations will not have an adverse effect on the Clayton Valley Lithium Project or any project that the Company may undertake. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities and that it does not currently have any material environmental liabilities; however, there may be unforeseen environmental liabilities resulting from exploration and/or mining activities and these may be costly to remedy.

Additionally, the Company does not maintain insurance against environmental risks, because the cost to do so is prohibitively high. As a result, any such claims against the Company may result in liabilities which could have a material adverse effect on the operations and financial condition of the Company.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of their exploration and development activities and may have civil or criminal fines or penalties imposed on them, for violations of applicable laws and regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or a more stringent application thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Title Matters

The acquisition of title to mineral properties is a detailed and time-consuming process. Title to minerals and the surface area of mining properties may be subject to modifications prior to the development of a mine. While the Company has diligently investigated title to all mineral concessions and, to the best of its knowledge, title to all of its properties is in good standing, this should not be construed as a guarantee of title. Title to the properties may be affected by undisclosed and undetected defects.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia and Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program or project and the interest therein to be acquired by it, the directors will primarily consider the Company's financial position at that time, the degree of risk to which it may be exposed, and to what extent the Company's financial and management resources might need to be allocated to a new program or project.

Dependence on Key Personnel

The Company's development, to date, has largely depended on, and in the future will continue to depend on, the services of qualified management and consultants to oversee and conduct the Company's exploration activities. While the Company believes that the loss of the services of any individual manager or consultant will not have a material adverse effect on the Company, the Company is dependent on the availability of qualified personnel to manage and conduct its operations. The global demand for qualified personnel in the mining business is moderate. The lack of availability of qualified personnel could have a significant material adverse effect on the Company and, therefore, on the price of its shares. The Company has not taken out and does not intend to take out key-man insurance in respect of any directors, officers or consultants.

Current Global Financial Conditions

Current global financial conditions have been subject to increased volatility. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and/or the Company may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Company's securities in an adverse manner.

Share Price Fluctuations

In recent years, the capital markets have experienced a high level of price and volume volatility. The securities of many companies, particularly those considered exploration-stage companies such as the Company, have experienced wide fluctuations in market prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the price of securities of the Company will not occur.

No Dividends

The Company does not currently have any revenues and does not intend to declare or pay dividends on its shares. Accordingly, investors in the Company's securities cannot expect to receive a dividend on their investment in the foreseeable future, if at all, and it is unlikely that investors will receive any return on their investment in the Company's securities other than through possible share price appreciation.

4.3 Mineral Projects

A. Clayton Valley Lithium Project

The Company's NI 43-101 Technical Report on the Clayton Valley Lithium Project is entitled "Prefeasibility Study Clayton Valley Lithium Project Esmeralda County, Nevada" with an effective date of August 5, 2020, amended March 15, 2021 (the "**PFS Report**"). The PFS Report includes the results from all drilling and metallurgical testing, updates to the capital and operating costs estimates, and addresses changes in the physical and economic conditions since the previous technical reports relating to the Clayton Valley Lithium Project.

The following is a summary of the PFS Report. The entire PFS Report and the detailed disclosure therein are incorporated by reference into this AIF and the entire the PFS Report is available for review on the Company's website and also under the Company's SEDAR profile at www.sedar.com.

Project Description, Location and Access

Cypress commissioned the PFS Report of the Clayton Valley Lithium Project The Clayton Valley Lithium Project is in Esmeralda County, Nevada, six miles east of the community of Silver Peak, and is located within township 2 south, range 40 east, and township 3 south, range 40 east, Mt. Diablo Meridian. Access from Tonopah, Nevada, is by traveling 22 miles south on US Highway 95, then 19 miles west on Silver Peak Road.

Mineral Rights and Tenure

The Clayton Valley Lithium Project comprises 129 unpatented placer mining claims and 212 unpatented lode mining claims. The claims cover 5,430 acres and provide Cypress with the rights to all brines, placer and lode minerals on the property. All lode and placer claims are unpatented U.S. Federal claims administered by the U.S. Bureau of Land Management (the "**BLM**"). The claims are held 100% by Cypress and subject to an underlying 3% net smelter return (NSR) agreement. The royalty can be brought down to a 1% NSR in return for US\$2 million in payments to the original property vendor. The claims require annual filing of "Intent to Hold" and cash payments to the BLM and Esmeralda County totaling \$167/20 acres or claim depending on claim type.

This PFS updates the previously disclosed mineral resource estimates and economic assessments.

History

The first recorded mining activity in Clayton Valley was in 1864 with the discovery of silver at the town of Silver Peak. The playa in the center of Clayton Valley was mined for salt as early as 1906, and later explored for potash during World War II. Lithium was noted during the 1950s. In 1964, Foote Minerals acquired leases and began production of lithium carbonate at Silver Peak by 1967. Production of lithium carbonate from brine has continued to the present under several companies, currently under Albemarle Corporation.

The occurrence of lithium in sediments of Clayton Valley was reported as early as the 1970s by the United States Geological Survey. In 2015, Cypress acquired rights to claims on the south and east side of Angel Island. Sampling revealed high lithium concentration in surface sediments. In 2017, Cypress drilled its first holes in the Dean claim block, followed later that year by drilling in the Glory claim block. In February 2018, Cypress reported exploration results on the Dean Property in a NI 43-101 technical report. Later in 2018, Cypress completed additional drilling followed by NI 43-101 technical report Resource Estimate and the PEA.

Geological Setting, Mineralization and Deposit Type

The Clayton Valley is a closed basin near the southwestern margin of the Basin and Range geo-physiographic province of western Nevada. Horst and graben normal faulting is a dominant structural element of the Basin and Range and likely occurred in conjunction with deformation due to lateral shear stress, resulting in disruption of large-scale topographic features. Clayton Valley is the lowest in elevation of a series of regional playa filled valleys, with a playa floor of about 100 square kilometers (km²) that receives surface drainage from an area of about 1,300 km². The valley is fault-bounded on all sides, delineated by the Silver Peak Range to the west, Clayton Ridge and the Montezuma Range to the east, the Palmetto Mountains and Silver Peak Range to the south, and Big Smokey Valley, Alkali Flat, Paymaster Ridge, and the Weepah Hills to the north.

The western portion of the project area is dominated by the uplifted basement rocks of Angel Island which consist of metavolcanic and clastic rocks, and colluvium. The southern and eastern portions are dominated by uplifted, lacustrine sedimentary units of the Esmeralda Formation. Within the project area, the Esmeralda Formation is comprised of fine grained sedimentary and tuffaceous units, with some occasionally pronounced local undulation and minor faulting.

Elevated lithium concentrations, generally greater than 600 ppm, are encountered in the local sedimentary units of the Esmeralda Formation from surface to at least 142 meters below surface grade. The lithium-bearing sediments primarily occur as silica-rich, moderately calcareous, interbedded tuffaceous mudstone, claystone and siltstone.

Lithium occurs in potentially economic concentrations in three types of deposits: pegmatites, continental brines, and clays. Lithium is produced from pegmatites and brines, with brines the largest producer of lithium worldwide. There is no active mining of lithium clay deposits. In clay deposits, lithium is often associated with smectite (montmorillonite) group minerals. The USGS presents a preliminary descriptive model of lithium in smectites of closed basins (AsherBolinder, 1991), Model 251.3(T), which suggests three forms of genesis for clay lithium deposits: alteration of volcanic glass to lithium-rich smectite; precipitation from lacustrine waters; and incorporation of lithium into existing smectites. In each case, the depositional/diagenetic model is characterized by abundant magnesium, silicic volcanic rocks, and an arid environment.

Exploration

Cypress began exploring the project in late 2015. Exploration activities carried out by Cypress to the date of the PFS Report included surface sampling, detailed geological mapping, and drilling. In 2016, prior to drilling, Cypress collected 494 soil and rock chip samples. Results indicated elevated lithium concentrations over most of the project area. Cypress also conducted surface geologic mapping over most of project. The geologic information is used as a guide for exploration planning in combination with surface samples and drilling results.

Drilling

Cypress drilled at the Clayton Valley Lithium Project in 2017, 2018, and 2019. A total of 29 vertical, NQ-size core holes and 4 vertical, HQ-size holes have been drilled on the property. Drill hole depths from 33 to 142.3 meters, totaling 2,574.9 meters drilled. The drilling results indicate a favorable section of claystone extending to depths of

approximately 120 meters, where a strong, apparently planar, alternating oxidation/unaltered zone exists. The lithium content through these zones appears consistent, as do other geochemical factors and any specific significance of the oxidized and unaltered zones regarding lithium mineralization is not apparent.

Sampling, Analysis and Data Verification

Samples collected at the Clayton Valley Lithium Project comprise surface samples and NQ-size drill core. Surface samples of outcropping materials or soil were collected by Cypress geologists using standard hand tools, location and material was logged, sample was bagged and marked with number or other designation.

Samples are crushed, split, and pulverized at the laboratory in preparation for analysis. After pulverizing, two subsamples are selected by the lab for duplicate analysis. Cypress has submitted eight pulp duplicates to a secondary laboratory as check samples, the pulp duplicates are principally used by the primary lab for internal quality control and are not relied on by Cypress to evaluate the overall quality of the sampling program.

For most samples collected at the project, Cypress' QA/QC procedures were limited to insertion of a certified reference material (CRM) standard at a rate of one standard sample/30 core samples. These standards were purchased in durable, pre-sealed packets. The standard sample assay results were routinely reviewed by Cypress geologists, and the results fell within the anticipated range of variability as described by the manufacturer of the standards. The assay results in total, including standard, core, and surface sample data, provide no indication of systematic errors that might be due to sample collection or assay procedures.

Data verification efforts included on-site inspections of the project, drilling activity, core storage facility, independent laboratory facilities, check sampling, and auditing of the project database.

Mineral Processing & Metallurgical Testing

Lithium in the deposit is associated with illite and smectite clays. The lithium is amenable to leaching with dilute sulfuric acid leach followed by filtration, solution purification, concentration and electrolysis to produce lithium hydroxide.

Leaching tests were conducted by Continental Metallurgical Services in Butte, Montana. Tests on solid-liquid separation, tailings handling, and lithium recovery from solution were performed at several laboratories in the US and Canada. All analytical work was supported by ALS Minerals in Reno, Nevada and Vancouver, B.C.

Physical property testing shows the clay is soft, has negligible abrasion and work indices, and readily disaggregates with agitation in water. Testing has shown that leaching must be done at less than 30% solids for the slurry to mix, pump, and flow properly.

Leach tests were conducted on various samples under varying conditions to determine optimum acid concentrations and temperatures in leaching, and whether variability exists by material type. Tests on composite samples from four drill holes in 2019 showed only minor differences with respect to sample depth, oxidation or weathering state of the clay.

Large leach tests were performed on samples to provide slurry for rheology, filtration, and lithium recovery testing. The tests yielded average results of 86.5% extraction of lithium into solution and 126.5 kilograms per tonne (kg/t) for acid consumption.

Testing was conducted to determine a commercial means of solid-liquid separation. Specific conditions and equipment were identified. Solids from filtration tests simulating the final circuit were generated. The solids following single stage washing are suitable for handling by conveyor to a conventional dry-stack tailings facility.

CMS and NORAM designed and tested critical key elements of the flowsheet for recovering the lithium from solution. The flowsheet uses several stages to remove impurities and recycle 85% of the inflow back to leaching. The remaining 15% is treated by evaporation, followed by crystallization of salts and recovery of free sulfuric acid. Sulfuric acid is returned to the leach circuit along with the water recovered from evaporation. The NORAM-CMS test program was

successful in yielding a concentrated lithium solution containing 1.85% lithium (Li) with low impurities and suitable for direct production of lithium hydroxide after additional treatment.

Mineral Resources

The mineral resource estimate is based on all drilling results from the Clayton Valley Lithium Project, totaling 33 core drill holes.

The reported mineral resource is pit constrained by an “ultimate” pit that extends to the property boundaries and uses slope angles determined from geotechnical study described in Section 16.0 of the PFS Report. The area around and beneath the tailings facility is excluded from the pit constrained mineral resource.

The pit-constrained mineral resource (Table 1-1) totals 1,304.2 million tonnes averaging 904.7 parts per million (ppm) Li in the indicated resource. Lithium contained in the pit-constrained indicated resource totals 1,179.9 million kg of Li, or 6.28 million tonnes of lithium carbonate equivalent (LCE).

Table 1-1: Summary of Mineral Resources

Domain	Tonnes Above Cutoff (millions)	Li Grade (ppm)	Li Contained
Indicated			
Tuffaceous mudstone	91.4	656.8	60.1
Claystone all zones	956.9	973.9	932.0
Siltstone	255.8	734.2	187.8
Total	1,304.2	904.7	1,179.9
Inferred			
Tuffaceous mudstone	39.9	560.2	22.3
Claystone all zones	146.2	792.5	115.9
Siltstone	50.3	821.9	41.4
Total	236.4	759.6	179.6

1. The effective date of the mineral resource estimate is August 5, 2020. The QP for the estimate is Ms. Terre Lane of Global Resource Engineering Ltd. and is independent of Cypress.
2. The mineral resources were determined at a 400 ppm Li cutoff and specific gravity of 1.505.
3. The mineral resource estimate was prepared with reference to the 2014 Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) Definition Standards (“**2014 CIM Definition Standards**”) and the with generally accepted CIM,s “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 29, 2019).
4. Cautionary statements regarding mineral resource estimates: mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves. Inferred mineral resources are the part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological, and grade or quality continuity.

Mineral Reserves

The indicated resources were used to determine the mineral reserves as described in Sections 14.0 and 15.0 of the PFS Report.

Within the ultimate pit shell, 16 pit phases were constructed, expanding from initial mining in the southwest to the northeast. For the production schedule and analysis, only the first eleven phases are used to produce a mine life of approximately 40 years. The cumulative result for all eleven phases forms the mineral reserves in Table 1-2.

Table 1-2: Summary of Mineral Reserves

Domain	Tonnes Above Cutoff (millions)	Li Grade (ppm)	Li Contaminated (million kg)
Probable Reserve			
Total	213.3	1,129	240.9

1. The effective date of the mineral reserve estimate is August 5, 2020. The QP for the estimate is Ms. Terre Lane of Global Resource Engineering Ltd. and is independent of Cypress.
2. The mineral reserve estimate was prepared with reference to the 2014 CIM Definition Standards and the with generally accepted CIM's "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 29, 2019).
3. Mineral reserves are reported within the pit design at a mining cutoff of 900 ppm.
4. The cutoff of 900 ppm is an optimized cutoff selected for the mine production schedule. The mineral reserve cutoff exceeds the 400-ppm economic mineral resource cutoff to accelerate return on capital, maximize operating margins, and reduce risk. Material between the economic cutoff and is the optimized cutoff is stockpiled for future processing.
5. The mineral reserves are derived from and not separate from the mineral resources.
6. No inferred resources are included in the mineral reserves or given value in the economic analysis.

The mineral reserve is classified as a probable reserve as described in Section 15.1.3 of the PFS Report. The probable reserve contains 240.9 million kg of Li, or 1.28 million tonnes LCE.

Mining Operations

Mining will be carried out using conventional surface methods. Excavation will use a single Caterpillar 6020B or equivalent shovel (hydraulic excavator configuration) with a 12 m3 bucket capacity. The initial pit, is based on the first eight phases of the ultimate pit (Table 1-3) and were developed to mine higher-grade material, and a preliminary mining schedule was generated for the base case scenario based on a nominal daily production rate of 15,000 tonnes/day (tpd) of mill feed. No drilling or blasting will be required.

Table 1-3: Initial Pit Mineral Reserve by Phase

Pit Phase	Ore Tonnes (millions)	Low Grade Tonnes (millions)	Waste Tonnes (millions)	Ore Li Contained (millions Kg)	Ore Li Grade (ppm)	Stripping Ratio
1	29.9	0.36	0.70	35.9	1,199	0.04
2	16.2	0.03	2.5	18.9	1,165	0.16
3	23.8	1.01	3.6	26.7	1,122	0.19
4	12.3	1.06	2.3	14.4	1,169	0.27
5	33.4	7.4	2.2	37.0	1,109	0.29
6	32.5	7.5	2.6	36.8	1,131	0.31
7	14.1	0.21	2.9	16.0	1,140	0.22
8	34.3	6.0	2.3	38.6	1,125	0.24
9	4.1	9.0	0.0	4.0	968	2.20
10	5.7	5.1	0.0	5.6	994	0.89
11	7.0	6.0	0.0	7.0	1,001	0.86
Total	213.3	43.6	19.1	240.9	1,129	0.29

The processable material will be removed from the pit using in-pit semi-mobile feeder-breaker with conveyors. The production equipment includes a 12 m3 hydraulic excavator and scrapers to haul lower grade claystone to a waste dump. The stripping ratio is 0.29:1. The mine operates on a two 10-hour shift, 7 days/week schedule.

Infrastructure

Access to the project is via Silver Peak Road. The east side of Angel Island was identified for the plant location based upon proximity to the road, power, mine area, and favorable topography.

Facilities on-site include administration, laboratory, warehouse, reagent storage, sulfuric acid plant, crushing, leaching and lithium recovery areas, mine shop, and fuel and reagent storage areas.

An acid plant, with 2,500 tpd of acid capacity, is a key item of infrastructure. The plant will burn elemental sulfur to create sulfuric acid and, in the process, generate steam to heat leach tanks. The plant will also be equipped for power generation.

Tailings will be conveyed from the filtration area and stacked in tailings facility south of the plant by conveyor. Dozers will be used for final spreading and contouring.

Cypress has evaluated options for securing makeup water estimated at 2,000 gallons per minute (gpm). A specific source and related costs are excluded from the study. Allowances are included in the estimates for constructing supply wells, pipeline, and power.

Permitting & Environmental

Environmental permitting requirements for the Clayton Valley Lithium Project are expected to be like other mines in Nevada. The permitting process consists of submitting a Plan of Operations to the BLM, who will act as lead agency, conducting environmental baseline studies, and preparing an Environmental Impact Statement along with other permit applications prior to site development and operations. The applications will include consideration of reclamation, surface water, groundwater and air pollution prevention plans, and other items common to mining operations in the State of Nevada. Permits and plans will include all applicable monitoring, reporting schedules, bonding and fees. The time frame for permitting the project is estimated at 18 to 24 months.

A Phase I Environmental Site Assessment of the project was conducted in 2019 and found no existing environmental liabilities. A Threatened and Endangered Species Preliminary Study was also completed. Initiation of field studies is included in the recommendation.

Capital & Operating Costs

Capital Costs

The capital and operating costs are estimated according to accepted methods for prefeasibility studies. The estimates constitute a Class 4 estimate, as defined by the AACE International, and have an accuracy of +30%/-15%. All costs are presented in Q1 2020 US\$. The initial capital costs total US\$493 million, which includes US\$95 million in contingency plus working capital. Vendor quotes, internal data and public information were used along with construction factors to estimate direct costs. Indirect costs allow for EPCM, freight, sales tax and Owners Costs. Contingency at 20% is applied to the direct and indirect costs.

Table 1-4: Capital Cost Summary

Area	US\$ x 1000
Facilities	5,891
Mine	34,768
Plant	306,855
Infrastructure	25,907
Owners Costs	24,992
Contingency & Working Capital	94,704

Area	US\$ x 1000
Total CAPEX	493,115

Operating Costs

The operating costs were developed for the operation sized to at the nominal mill rate of 15,000 tpd. The estimated operating costs total an average of US\$91.9 million/year, or US\$16.90/t.

Table 1-5: Operating Cost Summary

Area	Avg Annual US\$ x 1000	Mill Feed US\$/t
Mining	10,787	1.98
Processing	77,588	14.27
G&A	3,550	0.65
Total OPEX	91,925	16.90

The operating costs are developed from estimates of labor, operating and maintenance supplies, and power. The total labor force required for the operation is estimated at 183 on-site employees.

Acid plant operations are a major component in the operating costs and account for one third of the total operating cost based on a delivered cost of US\$145 per tonne for sulfur. The acid plant has capacity to generate 93% of the power required by the operation and will have surplus power available when the operation is running. No allowances are made in the operating cost estimates for potential power sales or offsets.

Economic Analysis

An after-tax discounted cash flow model was prepared using the information and estimates in the PFS Report. The model includes federal, state and local taxes.

The nominal production rate at full operation is set at 15,000 tpd, or 5.475 million tonnes/year (tpy). The production schedule uses the material from the first eight pit phases, which results in a 40-year mine life, and 213 million tonnes of mill feed at an average grade of 1,129 ppm Li. Recovery of lithium is estimated at 83%. The resulting annual output averages 27,400 tpy of LCE.

The economic evaluation is reported in terms of LCE using an average price of US\$9,500 per tonne. The price assumption reflects variations expected over time due to start-up and type of lithium product.

The only revenue stream considered is from the sale of lithium products. No revenues are included for any other by-products. Such revenues remain to be determined.

No credit is taken for power sales or offsets on purchased electricity. Results for the project base case are:

- Average annual production of 27.4 million kg of LCE.
- Cash operating cost of US\$3,387/tonne LCE
- An after-tax US\$1.03 billion NPV at 8% discount rate
- An after-tax IRR of 25.8%
- Payback period of 4.4 years

- Break-even price (0% IRR) of US\$4,081/t LCE

The cash flow model is most sensitive to changes in lithium price. Sensitivities to lithium price, capital and operating cost are shown in Table 1-6.

Table 1-6: Economic Sensitivity (US\$)

Variation	50%	Base Case	150%
Lithium Price \$/t LCE NPV-8% IRR	\$4,750 \$-0.14 million 5.0%	\$9,500 \$1.030 billion 25.8%	\$14,250 \$2.142 billion 41.3%
Capital Cost NPV-8% IRR	\$247 million \$1.252 billion 46.2%	\$493 million \$1.030 billion 25.8%	\$740 million \$807 million 17.8%
Operating Cost NPV-8% IRR	\$1,664/t LCE \$1.407 billion 31.2%	\$3,387/t LCE \$1.030 billion 25.8%	\$4,993/t LCE \$647 million 19.7%
Lithium Price \$/t LCE NPV-8% IRR	\$4,750 \$-0.14 million 5.0%	\$9,500 \$1.030 billion 25.8%	\$14,250 \$2.142 billion 41.3%
Capital Cost NPV-8% IRR	\$247 million \$1.252 billion 46.2%	\$493 million \$1.030 billion 25.8%	\$740 million \$807 million 17.8%

Note: IRR (internal rate of return) and NPV (net present value) are both shown after-tax.

Interpretation & Conclusions

The Clayton Valley Lithium Project has mineral resources and mineral reserves to support a mine life in excess of 40 years at a production rate at 27,400 tpy LCE and an average estimated operating cost of US\$3,387/tonne LCE. The project risks are typical of a mining project at a prefeasibility level of study and further work with respect to processing and permitting are needed to advance the project to the feasibility level. A pilot plant program and environmental studies are needed to advance the project to the feasibility stage.

Recommendations & Risks

The recommendations to advance the project are:

- Processing – Additional test work is needed to confirm the process flowsheet and determine recoveries and reagent consumptions at the pilot stage. Critical information includes,
 - o confirm steps and equipment in leaching and filtration
 - o conduct further work to enhance solid-liquid separation and reduce acid consumption
 - o determine lithium and acid losses in the processing plant, if any
 - o optimize solution handling in the plant and determine if bleed streams or additional treatment are needed to recycle solutions
 - o determine whether potassium, magnesium, rare earth elements and other elements have commercial value

- Mining – Drilling or limited test mining is required to obtain material for metallurgical testing.
- Permitting – A field program is required to determine if any species of concern are present and to gather data to prepare a Plan of Operations.
- Infrastructure – Feasibility-level designs for the mine, plant and tailings storage areas can begin. Further determination of project power and water supply are needed.

Cost of the programs is estimated at US\$7,250 million.

Table 1-7: Estimated Pilot Plant Costs

Area	US\$ x 1000
Pre-program studies	150
Sample procurement	500
Infill drilling	500
Equipment	
Leaching	650
Lithium Recovery	2,600
Operating expenses	1,500
Contingency	1,350
Total Program	7,250

The potential risks at this stage of the Clayton Valley Lithium Project are:

- Recovery of lithium from the project was not proven at a commercial scale. Further testing in a pilot plant is needed;
- Production is potentially limited by the availability and cost of sulfur and its transportation;
- The project is most sensitive to lithium market prices which are currently dependent on the demand for lithium batteries in electric vehicles and energy storage;
- A source of makeup water has not been secured. Options to obtain water through rights acquisition, purchase or other agreements should be pursued; and
- Environmental permitting is subject to presence of flora, fauna or other conditions which are yet to be determined.

Water Rights

In the State of Nevada, groundwater basins are designated for regulation and administration by the State Engineer’s Office. The Clayton Valley Lithium Project is within a designated basin, No. 143 – Clayton Valley (NDWR Order No. O-1275). The State Engineer’s Office lists the perennial yield from Clayton Valley at 20,000 acre-feet per annum (“AFA”) and the water resources held under water rights permits at 23,681 AFA, of which 23,050 AFA are designated for mining and milling purposes. Thus, the basin is over-allocated. New applications for water rights must be approved by the State Engineer’s Office; however, based on past practice, new applications are likely to be denied or contested. Water is essential for the Clayton Valley Lithium Project as the amount of water estimated in the PFS Report to support operations is 3,226 AFA. Various mineral resource companies are active within the Clayton Valley basin, which makes securing water rights, whether through negotiating with existing permit holders or finding new sources of water outside the basin, both competitive and critical for the Clayton Valley Lithium Project. Though the Company

secured water rights in December 2021, no assurance can be given that the Company will be successful in securing additional water rights, if required, or that future renewal of its water rights will not be contested. See “Risk Factors”.

B. Gunman Silver / Zinc Property

Spur (White Pine Claims) (Gunman Zinc Project), Nevada, USA During the latter part of fiscal 2013, the Company decided to recommence activity on the property. The Company has a 100% interest in certain claims located in White Pine County, Nevada. The Company incurred and capitalized \$4,417,636 in acquisition and exploration costs as at September 30, 2020. The property is subject to a 2% NSR.

This property became a non-core asset for the Company with a resource (NI 43-101) from 2014.

The Company entered into an option agreement on March 23, 2017 which provides the optionee (Caliber Minerals Inc. formerly Silcom Systems Inc.) with an earn-in option to acquire an initial 51% interest in the property. Under the agreement, the optionee was required to issue 1,500,000 listed common shares, make cash payments of US\$300,000 (US\$50,000 received) and incur exploration expenditures totaling US\$1,850,000 over the three-year term of the first agreement.

The Company granted the optionee a second option to acquire an additional 29% interest by issuing 500,000 listed common shares and making a cash payment of US\$250,000 within 90 days of satisfying and exercising the first option and incurring additional exploration expenditures totaling US\$1,100,000 within 12 months.

Upon completion of the second option, issuance of all the shares and cash payments and completion of all work commitments, the optionee shall have earned an 80% interest in the property, subject to an underlying 2% net royalty interest.

On December 5, 2017, the Company entered into an option agreement with Pasinex Resources Limited (through its wholly-owned subsidiary Pasinex Resources Nevada Limited) (“**Pasinex**”), whereby Caliber Minerals Inc. transferred their previous option to Pasinex to earn up to an 80% interest in the property. To acquire an initial 51% interest in the property, Pasinex is required to issue 600,000 listed common shares and make cash payments of US\$200,000 to the Company and incur exploration expenditures totaling US\$1,850,000 over the three-year term of the first agreement.

The Company has granted the optionee a second option to acquire an additional 29% interest by issuing 200,000 listed common shares and making a cash payment of US\$250,000 after satisfying and exercising the first option and incurring additional exploration expenditures totaling US\$1,100,000 within 12 months. Upon completion of the second option, issuance of all the shares and cash payments and completion of all work commitments, the optionee shall have earned an 80% interest in the property, subject to an underlying 2% net royalty interest.

The Company received 200,000 Pasinex shares in each of fiscal 2017, 2018 and 2019 (total 600,000). As at September 30, 2020, the shares have a fair market value of \$9,000 (December 31, 2019 - \$9,000).

The Company announced on September 12, 2019 that it has agreed to extend the terms of the 2017 earn-in option agreement with Pasinex Resources Limited and Caliber Minerals Inc. (formally Silcom Systems Inc.) on the Spur (formally Gunman) zinc exploration property in Nevada, USA. The underlying licenses are in good standing.

The cash payment of US\$100,000 and the issuance of 200,000 shares were extended from September 11, 2019 to December 11, 2019. (received) Expenditure commitments totaling US\$1,600,000 (US\$800,000 by December 5, 2019 and US\$800,000 by December 5, 2020) were extended to December 5, 2020. A further extension was granted in November 2020 to December 31, 2022 in respect of the initial 51% interest, and to December 31, 2024 in respect of the additional 29% interest.

5 DIVIDENDS

The Company has not paid any dividends on its common shares since its incorporation. The Company is not in production and has no revenues, and therefore has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the development of its business.

6 DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of common shares without par value. As of December 31, 2021, the Company had 132,860,494 common shares issued and outstanding and 151,952,747 common shares outstanding on a fully-diluted basis.

Each holder of common shares is entitled to receive notice of and to attend any meetings of the shareholders of the Company and is entitled to one vote in respect of each common share held at such time. Each holder of common shares is entitled to receive dividends, if any, as when declared by the Board of Directors. Holders of common shares are entitled to participate equally in any distribution of the Company's net assets upon liquidation, dissolution or winding-up. There are no pre-emptive, retraction, surrender, redemption, repurchase for cancellation or conversion rights attaching to the common shares.

7 MARKET FOR SECURITIES

The Company's common shares are listed and posted for trading on the TSXV under the symbol "CYP", on the Frankfurt Stock Exchange under the symbol "C1Z1 and on the OTCQB under the symbol "CYDVF.

7.1 Trading Price and Volume

The TSX Venture Exchange reported the following closing price ranges and volumes traded in respect of the Company's shares in each month of the fiscal period (12 months) ended December 31, 2021 and subsequent months:

TSX Venture Exchange Trading:

Month	High (\$)	Low (\$)	Volume
January 2021	2.45	0.90	20,160,941
February 2021	2.01	1.27	10,633,960
March 2021	1.49	1.13	4,593,419
April 2021	1.25	1.02	4,332,900
May 2021	1.21	0.83	5,789,600
June 2021	1.05	0.91	2,713,200
July 2021	1.17	0.92	2,934,300
August 2021	1.78	1.19	6,206,600
September 2021	1.76	1.45	4,960,800
October 2021	1.94	1.39	6,153,300
November 2021	2.61	1.87	13,780,800
December 2021	2.08	1.54	10,383,900

Prior Sales

During the financial year ended December 31, 2021, the Company issued the following securities exercisable into Common Shares:

Date of Issue	Description	Type of Securities Issued	Number of Securities	Price per Security/ Exercise Price
January 12, 2021	Option Exercise	Common Shares	230,000	\$0.22

January 13, 2021	Warrant Exercise	Common Shares	190,000	\$0.22
January 13, 2021	Warrant Exercise	Common Shares	10,000	\$0.33
January 13, 2021	Option Exercise	Common Shares	50,000	\$0.08
January 14, 2021	Warrant Exercise	Common Shares	25,000	\$0.22
January 14, 2021	Option Exercise	Common Shares	20,000	\$0.105
January 14, 2021	Option Exercise	Common Shares	30,000	\$0.18
January 14, 2021	Warrant Exercise	Common Shares	168,000	\$0.33
January 15, 2021	Warrant Exercise	Common Shares	100,500	\$0.22
January 18, 2021	Warrant Exercise	Common Shares	9,500	\$0.055
January 18, 2021	Warrant Exercise	Common Shares	11,000	\$0.22
January 18, 2021	Warrant Exercise	Common Shares	15,000	\$0.33
January 19, 2021	Option Exercise	Common Shares	40,000	\$0.18
January 20, 2021	Warrant Exercise	Common Shares	20,000	\$0.33
January 21, 2021	Warrant Exercise	Common Shares	250,000	\$0.33
January 21, 2021	Option Exercise	Common Shares	30,000	\$0.22
January 22, 2021	Warrant Exercise	Common Shares	20,000	\$0.33
January 25, 2021	Warrant Exercise	Common Shares	10,000	\$0.33
January 27, 2021	Warrant Exercise	Common Shares	79,000	\$0.33
January 29, 2021	Warrant Exercise	Common Shares	47,000	\$0.33
January 29, 2021	Warrant Exercise	Common Shares	200,000	\$0.22
February 3, 2021	Warrant Exercise	Common Shares	111,900	\$0.33
February 8, 2021	Warrant Exercise	Common Shares	30,000	\$0.33
February 9, 2021	Option Exercise	Common Shares	25,000	\$0.18
February 10, 2021	Option Exercise	Common Shares	30,000	\$0.18
February 10, 2021	Option Exercise	Common Shares	25,000	\$0.105
February 11, 2021	Warrant Exercise	Common Shares	52,300	\$0.33
February 16, 2021	Warrant Exercise	Common Shares	340,000	\$0.33
February 16, 2021	Warrant Exercise	Common Shares	125,000	\$0.22
February 16, 2021	Warrant Exercise	Common Shares	160,000	\$0.055
February 17, 2021	Warrant Exercise	Common Shares	200,000	\$0.33
February 18, 2021	Warrant Exercise	Common Shares	200,000	\$0.22
February 18, 2021	Warrant Exercise	Common Shares	50,000	\$0.33
February 19, 2021	Warrant Exercise	Common Shares	50,000	\$0.33
February 22, 2021	Warrant Exercise	Common Shares	15,000	\$0.33
March 15, 2021	Warrant Exercise	Common Shares	500,000	\$0.33
March 18, 2021	Warrant Exercise	Common Shares	50,000	\$0.055
March 18, 2021	Warrant Exercise	Common Shares	50,000	\$0.055
March 18, 2021	Warrant Exercise	Common Shares	150,000	\$0.22
March 22, 2021	Warrant Exercise	Common Shares	100,000	\$0.22
March 22, 2021	Public Offering	Common Shares	15,640,000	\$1.25
March 25, 2021	Option Exercise	Common Shares	220,000	\$0.08
March 26, 2021	Warrant Exercise	Common Shares	40,000	\$0.055
March 31, 2021	Warrant Exercise	Common Shares	17,500	\$0.33

April 7, 2021	Option Exercise	Common Shares	170,000	\$0.08
April 7, 2021	Option Exercise	Common Shares	220,000	\$0.08
May 17, 2021	Warrant Exercise	Common Shares	25,000	\$0.22
June 7, 2021	Warrant Exercise	Common Shares	15,000	\$0.33
June 15, 2021	Warrant Exercise	Common Shares	300,000	\$0.22
June 23, 2021	Warrant Exercise	Common Shares	50,000	\$0.22
June 24, 2021	Warrant Exercise	Common Shares	7,500	\$0.33
July 12, 2021	Warrant Exercise	Common Shares	100,000	\$0.22
July 12, 2021	Warrant Exercise	Common Shares	65,000	\$0.22
July 26, 2021	Warrant Exercise	Common Shares	100,000	\$0.22
July 28, 2021	Warrant Exercise	Common Shares	30,000	\$0.33
August 3, 2021	Warrant Exercise	Common Shares	10,000	\$0.33
August 3, 2021	Warrant Exercise	Common Shares	1,388,888	\$0.22
August 3, 2021	Issued to Ontario Subsidiary	Common Shares	114,583	\$0.97
August 3, 2021	Issued to Ontario Subsidiary	Common Shares	885,417	\$0.97
August 5, 2021	Warrant Exercise	Common Shares	500,000	\$0.22
August 10, 2021	Warrant Exercise	Common Shares	60,000	\$0.33
August 11, 2021	Warrant Exercise	Common Shares	200,000	\$0.22
August 16, 2021	Warrant Exercise	Common Shares	100,000	\$1.25
August 16, 2021	Warrant Exercise	Common Shares	100,000	\$0.33
August 19, 2021	Warrant Exercise	Common Shares	5,000	\$0.33
August 19, 2021	Warrant Exercise	Common Shares	13,000	\$1.25
August 25, 2021	Warrant Exercise	Common Shares	50,000	\$0.33
August 25, 2021	Warrant Exercise	Common Shares	200,000	\$0.33
August 25, 2021	Warrant Exercise	Common Shares	50,000	\$0.33
August 25, 2021	Warrant Exercise	Common Shares	50,000	\$0.33
September 1, 2021	Warrant Exercise	Common Shares	24,200	\$0.33
September 1, 2021	Warrant Exercise	Common Shares	60,000	\$0.33
September 14, 2021	Warrant Exercise	Common Shares	24,047	\$1.25
September 15, 2021	Warrant Exercise	Common Shares	369,591	\$1.25
September 17, 2021	Warrant Exercise	Common Shares	25,000	\$0.33
September 27, 2021	Warrant Exercise	Common Shares	5,000	\$0.33
September 28, 2021	Warrant Exercise	Common Shares	500,000	\$0.33
September 28, 2021	Option Exercise	Common Shares	150,000	\$0.345
October 6, 2021	Warrant Exercise	Common Shares	400,000	\$0.33
October 8, 2021	Warrant Exercise	Common Shares	5,880	\$0.33
October 12, 2021	Issued as per the material change report filed on September 22, 2021, regarding the acquisition of strategic	Common Shares	49,000	\$1.55

	mining claims in Clayton Valley, Nevada			
October 14, 2021	Warrant Exercise	Common Shares	50,000	\$0.33
October 18, 2021	Warrant Exercise	Common Shares	2,000	\$1.75
October 18, 2021	Warrant Exercise	Common Shares	20,000	\$0.33
October 18, 2021	Warrant Exercise	Common Shares	30,000	\$0.33
October 19, 2021	Warrant Exercise	Common Shares	40,000	\$1.75
October 20, 2021	Warrant Exercise	Common Shares	150,000	\$0.33
October 20, 2021	Warrant Exercise	Common Shares	19,000	\$1.25
October 20, 2021	Warrant Exercise	Common Shares	13,000	\$1.75
October 21, 2021	Warrant Exercise	Common Shares	75,800	\$0.33
October 21, 2021	Warrant Exercise	Common Shares	200,000	\$0.33
October 26, 2021	Warrant Exercise	Common Shares	26,109	\$1.25
October 28, 2021	Warrant Exercise	Common Shares	10,000	\$1.75
November 2, 2021	Warrant Exercise	Common Shares	10,000	\$1.75
November 3, 2021	Warrant Exercise	Common Shares	155,000	\$1.75
November 4, 2021	Warrant Exercise	Common Shares	237,700	\$1.75
November 4, 2021	Warrant Exercise	Common Shares	3,500	\$1.25
November 5, 2021	Warrant Exercise	Common Shares	160,500	\$1.75
November 8, 2021	Warrant Exercise	Common Shares	113,600	\$1.75
November 8, 2021	Warrant Exercise	Common Shares	200,000	\$1.75
November 9, 2021	Warrant Exercise	Common Shares	807,100	\$1.75
November 10, 2021	Warrant Exercise	Common Shares	6,200	\$1.75
November 11, 2021	Warrant Exercise	Common Shares	29,000	\$1.75
November 12, 2021	Option Exercise	Common Shares	25,000	\$0.105
November 12, 2021	Warrant Exercise	Common Shares	156,500	\$1.75
November 16, 2021	Warrant Exercise	Common Shares	625,300	\$1.75
November 17, 2021	Warrant Exercise	Common Shares	95,500	\$1.75
November 18, 2021	Warrant Exercise	Common Shares	145,500	\$1.75
November 19, 2021	Warrant Exercise	Common Shares	55,000	\$1.75
November 22, 2021	Warrant Exercise	Common Shares	35,000	\$1.75
November 23, 2021	Warrant Exercise	Common Shares	10,000	\$1.75
November 24, 2021	Warrant Exercise	Common Shares	800,000	\$1.75
November 25, 2021	Warrant Exercise	Common Shares	54,000	\$1.75
November 25, 2021	Option Exercise	Common Shares	172,500	\$0.105
November 25, 2021	Option Exercise	Common Shares	20,000	\$0.10
December 6, 2021	Warrant Exercise	Common Shares	225,000	\$1.75
December 7, 2021	Issued to Nevada Sunrise Gold Corp.	Common Shares	546,909	\$1.78
December 20, 2021	Option Exercise	Common Shares	50,000	\$0.105
December 24, 2021	Option Exercise	Common Shares	172,500	\$0.105
December 24, 2021	Option Exercise	Common Shares	153,000	\$0.105

December 29, 2021	Option Exercise	Common Shares	86,000	\$0.105
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8 ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class
Common Shares	1,000,000	0.75%

Note: 1,000,000 common shares of the Company (the “**Consideration Shares**”) were transferred into escrow pursuant to the SPL Agreement, which provides that the Company has twelve months following the installation of the pilot plant equipment to carry out performance tests to confirm the successful operation of the pilot plant and determine, in its absolute discretion, whether to release the Consideration Shares from escrow. In the event the Company determines not to release the Consideration Shares, Ontario Subsidiary will revert to the DLE Sellers, and the Consideration Shares will return to the Company. On June 21, 2022, the Consideration Shares were released from escrow to Chemionex Inc.

9 DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holdings

The names and municipalities of residence, offices held with the Company and principal occupations of the directors and executive officers of the Company as of December 31, 2021 are listed below.

Name, Place of Residence and Positions with the Company	Principal Occupation, Business or Employment	Director/Officer Since	Common Shares Beneficially Owned or Controlled
WILLIAM W. WILLOUGHBY, Ph.D. Idaho, USA <i>CEO, President and a Director</i>	CEO and President of the Company; Owner and Principal of Willoughby & Associates PLLC	Sep. 12, 2017	1,845,580 825,000 (Options) 25,000 (Warrants)
JAMES G. PETTIT Vancouver, British Columbia, Canada <i>Director</i>	Senior officer and a director of several TSXV-listed companies.	June 12, 2000	635,100 650,000 (Options) 47,500 (Warrants)
DONALD G. MYERS Vancouver, British Columbia, Canada <i>Director</i>	Corporate communications professional and a director of several TSXV-listed companies.	Sept. 20, 2005	2,571,000 675,000 (Options) 32,500 (Warrants)
CASSANDRA JOSEPH Vancouver, British Columbia, Canada <i>Director (Chair)</i>	Senior Vice President and General Counsel at Nevada Copper Corp., a mining company, since May 2019. Non-executive Director at Gold Standard Ventures since June 2020, and non-executive Director at Bunker Hill Mining Corp. since November 2020. VP Associate General Counsel, Corporate Secretary and Chief Compliance Officer for Tahoe Resources Inc., from 2015 through to its sale in April 2019	June 2, 2021	350,000 (Options)

Name, Place of Residence and Positions with the Company	Principal Occupation, Business or Employment	Director/Officer Since	Common Shares Beneficially Owned or Controlled
BRYAN DISHER Vancouver, British Columbia, Canada <i>Director</i>	Director and interim Chief Financial Officer at Minds + Machines Group Limited., an internet domain company, since April 2019. Non-executive director at Rubicon Organics Inc. since 2018, non-executive director at Registered Plan Private Investments Inc. since 2016, and non-executive director at Balmoral Resources Ltd., a mining company, from 2016 through to its sale in May 2020. Previously, Managing Partner at PricewaterhouseCoopers Ukraine from March 2011 to June 2015 and prior to that partner at PwC in Canada.	August 27, 2021	180,000 (Options) –
KEN OWEN Johannesburg, South Africa <i>Director</i>	Independent Consulting Mining Engineer	October 28, 2021	150,000 (Options)
ABRAHAM JONKER Vancouver, British Columbia, Canada <i>Chief Financial Officer</i>	CFO of the Company.	May 2, 2021	750,000 (Options)
SPIROS CACOS Vancouver, British Columbia, Canada <i>Vice President, Investor Relations</i>	VP, Investor Relations of the Company.	August 1, 2021	400,000 (Options)

The terms of office of the directors expire annually at the time of the Company's annual general meeting. The directors of the Company as of December 31, 2021 were elected at the Company's annual general meeting held by virtual webcast on October 28, 2021, along with Donald Huston and Amanda Chow, both of whom resigned as directors of the Company on November 18, 2021. The terms of office of the officers expire at the discretion of the Company's Board of Directors.

To the best of the Company's knowledge, as of December 31, 2021, all directors and executive officers of the Company, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 5,051,680 common shares, or approximately 3.8% of Cypress' issued and outstanding common shares as at that date. These figures are based on information on www.sedar.com and www.sedi.ca.

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company is, as at the date of this AIF, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; and/or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred

while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as noted below, to the knowledge of the Company, no director or executive officer of the Company or shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been, within ten years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors,
- (c) or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Abraham Jonker, appointed Chief Financial Officer of the Company on May 2, 2021, was Director, President and Interim CFO of EastCoal Inc. (“**EastCoal**”) when EastCoal filed a Notice of Intention to Make a Proposal pursuant to the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada) on November 5, 2013. EastCoal emerged from creditor protection on May 21, 2014 following the successful implementation of a compromise agreement with creditors, in which the creditors agreed to reduce the claim amount providing for the full and final settlement of all the claims against EastCoal.

To the knowledge of the Company, no director or executive officer of the Company or shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities authority, or has had any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9.3 Conflicts of Interest

Other than as discussed herein and/or the notes to the Company’s financial statements, to the knowledge of the Company, no conflicts of interest exist or potentially exist between the Company and any director or officer of the Company.

10 PROMOTERS

To the best of the Company’s knowledge, no person or company has been, within the two most recently completed years, or is during the current year, a “promoter” of the Company, as such term is defined under securities legislation.

11 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not the subject of, or party to, any legal proceedings that may be considered material to the Company, and is not and has not been subject to any penalties or sanctions imposed by a court or a securities regulatory authority.

12 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no director or officer of the Company or shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company has been involved in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

13 TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Company's common shares is Computershare Investor Services Inc., through its offices located in Vancouver, British Columbia.

14 MATERIAL CONTRACTS

There are no contracts that may be considered material to the Company that have been entered into by the Company in the past fiscal year or subsequent quarters or that have been entered into by the Company in a previous fiscal year and are still in effect.

15 INTERESTS OF EXPERTS

The auditors of the Company for the year ended December 31, 2021, were Davidson & Company LLP, Chartered Professional Accountants. Davidson & Company LLP report that they are independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia, Canada.

Todd S. Fayram, MMSA-QP, Continental Metallurgical Services LLC, Terre A. Lane, MMSA-QP, Global Resource Engineering, Ltd. and J.J. Brown, PG-QP of Global Resource Engineering, Ltd are Qualified Persons who prepared the Company's PFS Report and each was independent of the Company as of the date of the PFS Report. Each held less than 1% of the outstanding securities of the Company or of any associate or affiliate of the Company when they prepared the PFS Report or following the preparation of the PFS Report. None of the aforementioned qualified persons received any direct or indirect interest in the securities of the Company or of any associate or affiliate of the Company in connection with the preparation of the PFS Report of Clayton Valley Lithium Project.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

William Willoughby PE, Chief Executive Officer of the Company, is a "qualified person" responsible for the preparation, review and approval of certain technical disclosure in this AIF.

16 AUDIT COMMITTEE

Pursuant to the *Business Corporations Act* (British Columbia) and the Canadian Securities Administrators' National Instrument 52-110 Audit Committees ("NI 52-110"), the Company is required to have an audit committee. A copy of the Company's audit committee charter is set out in Appendix A of this AIF.

Composition of the Audit Committee

As at December 31, 2021, the following were the members of the Company's audit committee (the "Audit Committee"):

Name	Independent	Financially Literate
Bryan Disher (Chair)	Yes	Yes
Cassandra Joseph	Yes	Yes
Ken Owen	Yes	Yes

Relevant Education and Experience

The Board had determined that the committee members had the appropriate level of financial understanding and industry specific knowledge to be able to perform the duties of the position. Furthermore, the Board had determined that each member of the Audit Committee was financially literate as defined in NI 52-110.

Bryan Disher is an independent director and Chair of the Audit Committee. Mr. Disher also serves as independent director and chair of the audit committees of Rubicon Organics Inc. and Registered Plan Private Investments Inc. and serves on the audit committee of Minds + Machines Group Limited. Mr. Disher was previously independent director and audit committee chair of Balmoral Resources Limited. Mr. Disher spent 37 years with PwC, serving as an audit partner on numerous publicly listed companies. Mr. Disher is a Chartered Professional Accountant (CPA, CA).

Cassandra Joseph is an independent director and Chair of the Board. Ms. Joseph is an attorney with more than 20 years of legal experience with a focus on mining and metals, environmental and corporate law. She has diverse experience delivering practical legal advice in both the public and private sectors and currently serves on the Board of Directors of Gold Standard Ventures Corp. and Bunker Hill Mining Corp. She joined Nevada Copper Corp. in 2019 and currently serves as its Senior Vice President and General Counsel. Ms. Joseph previously served as Vice President Associate General Counsel, Corporate Secretary and Chief Compliance Officer for Tahoe Resources Inc., as well as a Senior Deputy Attorney General for the Nevada Attorney Generals' Office, representing the Nevada Division of Environmental Protection, Division of Water Resources and other agencies within the Department of Natural Resources. Ms. Joseph holds a J.D. from Santa Clara University School of law and a B.A. from U.C. Berkeley.

Ken Owen is an independent director. Mr. Owen has over 40 years of experience in the mining industry, holding management positions at De Beers, and Anglo American, including Senior Vice President of Anglo American South Africa. He also held positions as associate consultant with SRK Consulting, Technical Director of Mwana Africa PLC and non-executive director of Firestone Diamonds Plc. He holds a M.Sc. in Minerals Production Management from Imperial College, London.

As a result of their education and experience, each member of the Audit Committee as at December 31, 2021, had familiarity with, an understanding of, or experience in:

- (a) the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) reviewing or evaluating financial statements, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements; and
- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

During the Company's fiscal year ended December 31, 2021, the Company's Board had not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

If and when required, the Company is relying upon the exemption in section 6.1 of NI 52-110, which exempts "venture issuers" from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Pre-Approval of Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board, and where applicable, the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed or billable by the Company’s auditor in each of the last two fiscal years, by category, are as follows:

Fiscal Year Ending	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
December 31, 2021	\$37,775	Nil	\$4,000	\$17,310
December 31, 2020	\$22,775	Nil	\$4,000	\$23,810

Notes:

1. “Audit Fees” includes fees for the performance of the annual audit and for accounting consultations on matters reflected in the financial statements.
2. “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation
3. “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice, including preparation of the Company’s T-2 corporate income tax form. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. “All Other Fees” include all other non-audit services.

17 ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors’ and officers’ remuneration and indebtedness, the Company’s principal shareholders, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company’s most recently filed management information circular available on SEDAR at www.sedar.com. Additional financial information is provided in our consolidated financial statements and management’s discussion and analysis for the financial year ended December 31, 2021.

SCHEDULE A
CYPRESS DEVELOPMENT CORP.
(the “Company”)

AUDIT COMMITTEE CHARTER

PURPOSE OF THE COMMITTEE

The Audit Committee is appointed by the Board of Directors to assist the Board of Directors in its oversight and evaluation of:

- the quality and integrity of the financial statements of the Company;
- the compliance by the Company with legal and regulatory requirements in respect of financial disclosure, the qualification, independence and performance of the Company’s independent auditor;
- the performance of the Company’s internal auditor (if applicable);
- the assessment, monitoring and management of the strategic, operational, reporting and compliance risks of the Company’s business (the “Risks”); and
- the performance of the Company's Chief Financial Officer.

In addition, the Audit Committee provides an avenue for communication between the independent auditor, the internal auditors, the Company’s Chief Financial Officer and other financial senior management, other employees and the Board of Directors concerning accounting, auditing and Risk management matters.

The Audit Committee is directly responsible for the recommendation of the appointment and retention (and termination) and for the compensation and the oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between senior management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Company.

The Audit Committee is not responsible for:

- planning or conducting audits;
- certifying or determining the completeness or accuracy of the Company’s financial statements or that those financial statements are in accordance with generally accepted accounting principles. Each member of the Audit Committee shall be entitled to rely in good faith upon:
 - financial statements of the Company represented to him or her by senior management of the Company or in a written report of the independent auditor to present fairly the financial position of the Company in accordance with generally accepted accounting principles; and
 - any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

“Good faith reliance” means that the Audit Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by senior management or the expert is reasonable. Generally, good faith reliance does not require that the member question the honesty, competence and integrity of senior management or the expert unless there is a reason to doubt their honesty, competency and integrity.

The fundamental responsibility for the Company’s financial statements and disclosure rests with senior management. It is not the duty of the Audit Committee to conduct investigations, to itself resolve disagreements (if any) between senior management and the independent auditor or to assure compliance with applicable legal and regulatory requirements.

In discharging its obligations under this Charter, the Audit Committee shall act in accordance with its fiduciary duties.

REPORTS

The Audit Committee shall report to the Board of Directors on a regular basis and, in any event, before the public disclosure by the Company of its annual financial results. The reports of the Audit Committee shall include any issues of which the Audit Committee is aware with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor and changes in Risks.

The Audit Committee also shall prepare, as required by applicable law, any audit committee report required for inclusion in the Company's publicly filed documents.

COMPOSITION

The members of the Audit Committee shall be three or more individuals who are appointed (and may be replaced) by the Board of Directors on the recommendation of the Company's Corporate Governance and Nominating Committee. The appointment of members of the Audit Committee shall take place annually at the first meeting of the Board of Directors after a meeting of shareholders at which directors are elected, provided that if the appointment of members of the Audit Committee is not so made, the directors who are then serving as members of the Audit Committee shall continue as members of the Audit Committee until their successors are appointed.

The Board of Directors may appoint a member to fill a vacancy that occurs in the Audit Committee between annual elections of directors. Any member of the Audit Committee may be removed from the Audit Committee by a resolution of the Board of Directors. Unless the Chair is elected by the Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the members of the Audit Committee.

Each of the members of the Audit Committee shall meet the Company's Categorical Standards for Determining Independence of Directors and shall be financially literate (or acquire that familiarity within a reasonable period after appointment) in accordance with applicable legislation and stock exchange requirements. No member of the Audit Committee shall:

- accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries¹ (other than remuneration for acting in his or her capacity as a director or committee member) or be an "affiliated person"² of the Company or any of its subsidiaries, or
- concurrently serve on the audit committee of more than three other public companies without the prior approval of the Board of Directors and their determination that such simultaneous service would not impair the ability of the member to effectively serve on the Audit Committee (which determination shall be disclosed in the Company's annual management information circular).

1 A company is a subsidiary of another company if it is controlled, directly or indirectly, by that other company (through one or more intermediaries or otherwise).

2 An "affiliate" of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.

RESPONSIBILITIES

Independent Auditor

The Audit Committee shall:

- Recommend the appointment and the compensation of, and, if appropriate, the termination of the independent auditor, subject to such Board of Directors and shareholder approval as is required under applicable legislation and stock exchange requirements;
- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Audit Committee and the Board of Directors;

- Oversee the work of the independent auditor, including the resolution of any disagreements between senior management and the independent auditor regarding financial reporting;
- Pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators);
- Adopt such policies and procedures as it determines appropriate for the pre-approval of the retention of the independent auditor by the Company and any of its subsidiaries for any audit or non-audit services, including procedures for the delegation of authority to provide such approval to one or more members of the Audit Committee.;
- Provide notice to the independent auditor of every meeting of the Audit Committee;
- Approve all engagements for accounting advice prepared to be provided by an accounting firm other than independent auditor; and
- Review quarterly reports from senior management on tax advisory services provided by accounting firms other than the independent auditor.

Internal Auditor (if applicable)

The Audit Committee shall:

- Review and approve the internal auditor's audit plan and all major changes to the plan;
- Review and discuss with the internal auditors the scope, progress and results of executing the internal audit plan;
- Review the charter, reporting relationship, activities, staffing, organizational structure and credentials of the internal auditors;
- Review and concur on the appointment, replacement, reassignment or dismissal of the personnel responsible for the internal audit function; and
- Review the annual performance of the internal auditors.

The Audit Process, Financial Statements and Related Disclosure

The Audit Committee shall:

- Meet separately and periodically with senior management, the internal auditor and/or the independent auditor to review and discuss:
 - the planning and staffing of the audit by the independent auditor;
 - before public disclosure, the Company's annual audited financial statements and quarterly financial statements, the Company's accompanying disclosure of Management's Discussion and Analysis and earnings press releases and make recommendations to the Board of Directors as to their approval and dissemination of the annual financial statements and accompanying disclosure;
 - financial information provided to analysts and rating agencies: this review need not be done on a case by case basis but may be done generally (consisting of a discussion of the types of information disclosed and the types of presentations made) and need not take place in advance of the disclosure;
 - any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Company's financial statements;
 - all critical accounting policies and practices used;

- all alternative treatments of financial information within GAAP or IFRS, as applicable that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - the use of “pro forma” or “adjusted” non-GAAP or non-IFRS, as applicable information,
 - the effect of new regulatory and accounting pronouncements;
 - the effect of any material off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise) on the Company’s financial statements;
 - any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Audit Committee in connection with certification of forms by the Chief Executive Officer and/or the Chief Financial Officer for filing with applicable securities regulators; and
 - the adequacy of the Company’s internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel (including any fraud involving an individual with a significant role in internal controls or management information systems) and any special steps adopted in light of any material control deficiencies;
- Review disclosure of financial information extracted or derived from the Company's financial statements;
 - Review with the independent auditor;
 - the quality, as well as the acceptability of the accounting principles that have been applied;
 - any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to senior management and the Company’s response to that letter or communication, and
 - any changes to the Company’s significant auditing and accounting principles and practices suggested by the independent auditor or other members of senior management.

Enterprise Risk Management

The Audit Committee will oversee management’s identification and monitoring of risks related to financial systems and reporting and recommending strategies to mitigate against such risks.

Compliance

The Audit Committee shall:

- Review with senior management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company’s financial statements or accounting policies;
- Review senior management’s written representations to the independent auditor;
- Review with the Company’s General Counsel (or, if the Company does not have a General Counsel, its principal external legal advisors) legal matters that may have a material impact on the financial statements, the Company’s compliance policies and any material reports or inquiries received from regulators or governmental agencies; and
- Establish procedures for:
 - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and
 - the confidential, anonymous submission by employees of the Company with concerns regarding any accounting or auditing matters.

Delegation

To avoid any confusion, the Audit Committee responsibilities identified above are the sole responsibility of the Audit Committee and may not be allocated by the Board of Directors to a different committee without revisions to this Charter.

MEETINGS

The Audit Committee shall meet at least quarterly and more frequently as circumstances require. All members of the Audit Committee should strive to be at all meetings. The Audit Committee shall meet separately, periodically, with senior management, the internal auditor and the independent auditor and may request any member of the Company's senior management or the Company's outside counsel or independent auditor to attend meetings of the Audit Committee or with any members of, or advisors to, the Audit Committee. The Audit Committee will also meet *in camera* at each of its regularly scheduled meetings.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine. The powers of the Audit Committee may be exercised at a meeting at which a quorum of the Audit Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Audit Committee. Each member (including the Chair) is entitled to one (but only one) vote in Audit Committee proceedings.

Meetings of the Audit Committee shall be held from time to time and at such place as a member of the Audit Committee may request upon 48 hours prior notice. The notice period may be waived by a quorum of the Audit Committee.

Except as otherwise provided in this Charter, the Audit Committee may form and delegate authority to individual members and subcommittees of the Audit Committee where the Audit Committee determines it is appropriate to do so.

INDEPENDENT ADVICE

In discharging its mandate, the Audit Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal, accounting or other advisors as the Audit Committee determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

Annually, or more frequently at the request of the Chief Executive Officer as a result of legislative or regulator changes, the Audit Committee shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Audit Committee and its members, including the compliance of the Audit Committee with this Charter; and
- Review and assess the adequacy of its Charter and recommend to the Board of Directors any improvements to this Charter or the position description that the Audit Committee determines to be appropriate, except for minor technical amendments to this Charter, authority for which is delegated to the Chief Executive Officer, who will report any such amendments to the Board of Directors at its next regular meeting.