CYPRESS DEVELOPMENT CORP.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2020

January 25, 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, 2020 with subsequent events disclosed to March 15, 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, 2020, December 31, 2019 and December 31, 2018, as quoted by the Bank of Canada, were as follows:

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
		(in Canadian Dollars)	
Average	1.3415	1.3269	1.2957

On January 24, 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 = $1.2656.

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 Ac*t (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 OTCQB under the symbol "CYDVF".

2.2 Intercorporate Relationships

The Company has one wholly-owned subsidiary: Cypress Holdings (Nevada) Ltd. which was incorporated under the laws of the State of Nevada, USA on June 30, 2000. Cypress Holdings (Nevada) Ltd. owns all of the mineral properties comprising the Clayton Valley Lithium Project.

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 7, 2018, the Company reported results from the first four core holes on the Glory claims at the Clayton Valley Lithium Project and that the drilling extended the trend of Lithium mineralization by more than 2 kilometers south and west from the Dean claims, where the Company reported 14 drill holes in 2017 and encountered lithium-bearing claystone over an area averaging 4 kilometers by 2 kilometers. The Company commenced mobilization for drilling on the Clayton Valley Lithium Project in support of the ongoing prefeasibility study.

On April 3, 2018 the Company announced results from three holes drilled at the Clayton Valley Lithium Project and reported an intersection of 97 meters averaging 1,144 ppm Li in the final hole.

On April 20, 2018, the Company commenced trading on the OTCQB Marketplace under the symbol CYDVF.

On May 1, 2018, the Company announced a maiden independent resource estimate for the Clayton Valley Lithium Project that noted a total indicated mineral resource of 597 million tonnes at an average grade of 899 ppm (0.09%) Li, which equates to a contained 2.857 million tonnes of lithium carbonate equivalent ("LCE"). The Company also reported total inferred mineral resource of 779 million tonnes at an average grade of 888 ppm (0.089%) Li which equates to a contained 3.683 million tonnes of LCE.

On May 9, 2018, the Company commenced a Preliminary Economic Assessment ("PEA") on the Clayton Valley Lithium Project and had selected Global Resource Engineering, Ltd. of Denver, Colorado to conduct the study.

On July 18, 2018, the Company held its annual general meeting at which William Willoughby, Donald Huston, James Pettit, Donald Myers and Amanda Chow were re-elected directors of the Company. At the annual general meeting, disinterested shareholders approved the issuance of common shares for professional services to compensate Willoughby and Associates PLLC, a private professional limited liability company controlled by William W. Willoughby CEO and a director of the Company.

On September 6, 2018, the Company announced positive results from the PEA of the Clayton Valley Lithium Project. The PEA was prepared by Global Resource Engineering, Ltd., an independent engineering services firm. The Company reported highlights of a net present value of $1.45 billion at 8% discount rate.

On October 3, 2018, the Company entered into a non-binding letter of intent with Dajin Resources Corp. ("Dajin") on Dajin's Alkali Spring Valley Lithium Property. Under letter of intent, the Company has the exclusive right and option to acquire a 50% undivided interest in Dajin's unpatented mining claims and application for water rights in Esmeralda County, Nevada. A definitive agreement was entered into by the parties on November 6, 2018. Under the terms of the definitive agreement, the Company has the exclusive right and option to acquire a 50% undivided interest in Dajin's 145 unpatented mining claims and application for water rights in Alkali Spring Valley by paying Dajin US$50,000 and issuing 150,000 common shares upon TSXV approval and issuing a further 150,000 common shares on the first anniversary of TSXV approval. This option was terminated on July 31, 2019.

On October 26, 2018, the Company closed a non-brokered placement financing for a total gross proceeds of $2,010,647. The proceeds of the private placement will be used for the completion of the prefeasibility study for the Clayton Valley Lithium Project including further metallurgical studies, related infill drilling and for general working capital purposes.

On November 2, 2018, the Company granted incentive stock options to its directors, officers, employees and consultants to purchase up to an aggregate of 2,600,000 common shares in the capital stock of the Company, at a price of $0.22 per common share exercisable for a period of five years, expiring on November 2, 2023.

On November 28, 2018, the Company granted incentive stock options to a consultant to purchase up to an aggregate of 50,000 common shares in the capital stock of the Company at a price of $0.22 per common share, exercisable for a period of five years, expiring on November 28, 2023.

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.

On May 19, 2020, the Company announced positive results from the PFS of the Clayton Valley 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 recently acquired.

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.

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 “Risks 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 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 significant quantities of 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 exploration 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 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 project in 2017, 2018, and 2019. A total of 29 vertical, NQ-size core holes. 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

Pit Phase	Ore Tonnes (millions)	Low Grade Tonnes (millions)	Waste Tonnes (millions)	Ore Li Contained (millions Kg)	Ore Li Grade (ppm)	Stripping Ratio
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
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$1.030 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,
    - confirm steps and equipment in leaching and filtration

  - conduct further work to enhance solid-liquid separation and reduce acid consumption
  - determine lithium and acid losses in the processing plant, if any
  - optimize solution handling in the plant and determine if bleed streams or additional treatment are needed to recycle solutions
  - 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.

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, 2020, the Company had 98,772,470 common shares issued and outstanding and 115,298,438 common shares outstanding on a fully-diluted basis. As of March 15, 2021, the Company had 104,384,670 common shares issued and outstanding and 115,298,438 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, 2020 and subsequent months:

TSX Venture Exchange Trading:

Month	High ($)	Low ($)	Volume
January 2020	0.215	0.175	3,460,885
February 2020	0.22	0.185	2,711,100
March 2020	0.215	0.11	2,407,225
April 2020	0.185	0.15	991,409
May 2020	0.215	0.175	3,382,726
June 2020	0.285	0.19	2,547,219
July 2020	0.415	0.275	5,461,752
August 2020	0.55	0.35	4,573,725
September 2020	0.57	0.32	4,960,398
October 2020	0.84	0.44	10,414,464
November 2020	0.67	0.49	4,597,412
December 2020	0.96	0.54	6,463,930
January 2021	2.45	0.90	20,160,941
February 2021	2.01	1.27	10,633,960
March 1 - 12, 2021	1.49	1.13	4,365,085

Source: TMX Market Data.

Prior Sales

During the financial year ended December 31, 2020, 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
June 17, 2020	Warrant Exercise	Common Shares	50,000	$0.07
June 30, 2020	Option Exercise	Common Shares	130,000	$0.08
June 30, 2020	Warrant Exercise	Common Shares	75,000	$0.22

July 2, 2020	Warrant Exercise	Common Shares	75,000	$0.22
July 2, 2020	Option Exercise	Common Shares	75,000	$0.08
July 7, 2020	Option Exercise	Common Shares	150,000	$0.18
July 7, 2020	Option Exercise	Common Shares	100,000	$0.08
July 9, 2020	Option Exercise	Common Shares	95,000	$0.18
July 9, 2020	Option Exercise	Common Shares	275,000	$0.22
July 9, 2020	Option Exercise	Common Shares	150,000	$0.18
July 9, 2020	Warrant Exercise	Common Shares	305,942	$0.07
July 15, 2020	Warrant Exercise	Common Shares	4,200	$0.33
July 17, 2020	Warrant Exercise	Common Shares	300,000	$0.22
July 22, 2020	Option Exercise	Common Shares	70,000	$0.105
July 22, 2020	Warrant Exercise	Common Shares	50,000	$0.22
July 27, 2020	Warrant Exercise	Common Shares	45,000	$0.22
July 27, 2020	Warrant Exercise	Common Shares	100,000	$0.33
July 29, 2020	Option Exercise	Common Shares	70,000	$0.105
August 4, 2020	Option Grant	Stock Options	350,000	$0.345
August 11, 2020	Option Exercise	Common Shares	25,000	$0.22
August 11, 2020	Warrant Exercise	Common Shares	90,000	$0.22
August 14, 2020	Warrant Exercise	Common Shares	100,000	$0.33
August 14, 2020	Warrant Exercise	Common Shares	50,000	$0.22
August 17, 2020	Warrant Exercise	Common Shares	250,000	$0.22
August 17, 2020	Warrant Exercise	Common Shares	70,000	$0.33
August 18, 2020	Warrant Exercise	Common Shares	302,500	$0.22
August 19, 2020	Warrant Exercise	Common Shares	100,000	$0.33
August 26, 2020	Warrant Exercise	Common Shares	833,500	$0.33
August 26, 2020	Warrant Exercise	Common Shares	50,000	$0.22

August 26, 2020	Option Exercise	Common Shares	100,000	$0.18
August 27, 2020	Shares for Debt	Common Shares	308,307	$0.26
August 31, 2020	Warrant Exercise	Common Shares	270,000	$0.33
September 24, 2020	Warrant Exercise	Common Shares	16,750	$0.33
September 30, 2020	Warrant Exercise	Common Shares	25,000	$0.33
September 30, 2020	Warrant Exercise	Common Shares	250,000	$0.22
September 30, 2020	Option Exercise	Common Shares	130,000	$0.08
October 1, 2020	Warrant Exercise	Common Shares	490,000	$0.33
October 5, 2020	Option Exercise	Common Shares	75,000	$0.22
October 5, 2020	Option Exercise	Common Shares	50,000	$0.18
October 5, 2020	Warrant Exercise	Common Shares	15,750	$0.22
October 6, 2020	Warrant Exercise	Common Shares	185,900	$0.33
October 6, 2020	Warrant Exercise	Common Shares	315,000	$0.22
October 6, 2020	Warrant Exercise	Common Shares	80,000	$0.055
October 7, 2020	Warrant Exercise	Common Shares	200,000	$0.33
October 7, 2020	Warrant Exercise	Common Shares	120,000	$0.22
October 8, 2020	Warrant Exercise	Common Shares	420,000	$0.33
October 9, 2020	Warrant Exercise	Common Shares	550,000	$0.33
October 14, 2020	Warrant Exercise	Common Shares	560,000	$0.33
October 15, 2020	Warrant Exercise	Common Shares	100,000	$0.22
October 19, 2020	Warrant Exercise	Common Shares	25,000	$0.33
October 26, 2020	Warrant Exercise	Common Shares	4,620	$0.33
November 5, 2020	Warrant Exercise	Common Shares	33,000	$0.33
November 9, 2020	Warrant Exercise	Common Shares	25,000	$0.33
November 17, 2020	Warrant Exercise	Common Shares	80,000	$0.33
November 24, 2020	Warrant Exercise	Common Shares	60,000	$0.22

November 26, 2020	Warrant Exercise	Common Shares	25,000	$0.33
November 27, 2020	Warrant Exercise	Common Shares	100,000	$0.33
December 24, 2020	Warrant Exercise	Common Shares	90,000	$0.33

8. ESCROWED SECURITIES

No securities of the Company are held in escrow.

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, 2020 are listed below.

Name, Place of Residence and Positions with the Company	Principal Occupation, Business or Employment	Director Since	Common Shares Beneficially Owned or Controlled
WILLIAM W. WILLOUGHBY, Ph.D. Idaho, USA *CEO and a Director*	CEO of the Company; Owner and Principal of Willoughby & Associates PLLC from October 2014 to date; President, COO and a director of Enexco International, Inc. from February 2007 to October 2014; CEO and a director of Caliber Minerals Inc. since Nov 2017	Sep. 12, 2017	1,420,580
JAMES G. PETTIT Vancouver, British Columbia, Canada *Chief Financial Officer and a Director*	Senior officer and a director of several TSXV-listed companies.	June 12, 2000	234,600

Name, Place of Residence and Positions with the Company	Principal Occupation, Business or Employment	Director Since	Common Shares Beneficially Owned or Controlled
DONALD C. HUSTON Vancouver, British Columbia, Canada *Chairman, President and a Director*	Senior officer and a director of several TSXV-listed companies.	July 8, 1996	1,051,559
DONALD G. MYERS Vancouver, British Columbia, Canada *Director*	Corporate communications professional and a director of several TSXV-listed companies.	Sept. 20, 2005	2,296,000
AMANDA B. CHOW, CPA, CMA Vancouver, British Columbia, Canada *Director*	Chartered Professional Accountant and a director of several publicly listed companies.	Oct. 3, 2005	Nil

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, 2020 were elected at the Company's annual general meeting held by teleconference on October 14, 2020. 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, 2020, all directors and executive officers of the Company, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 5,002,739 common shares, or approximately 5.1% 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.

Changes to the directors and officers of the Company since December 31, 2020 to the date hereof, are listed below:

(a) Abraham Jonker was appointed Chief Financial Officer of the Company on May 2, 2021;

(b) Cassandra Joseph was appointed as a director of the Company on June 2, 2021;

(c) Spiros Cacos was appointed as Vice President, Investor Relations on August 1, 2021;

(d) Bryan Disher was appointed as a director of the Company on August 27, 2021;

(e) Cassandra Joseph was appointed as Chair of the Board of Directors on August 27, 2021;

(f) William Willoughby was appointed as President of the Company on August 27, 2021;

(g) At the Annual General & Special Meeting of the Company on October 28, 2021, the shareholders of the Company voted to elect the following persons as directors of the Company: (i) Cassandra Joseph; (ii) William Willoughby; (iii) Donald Huston; (iv) James Pettit, (v) Donald Myers; (vi) Bryan Disher; (vii) Amanda Chow; and (viii) Ken Owen;

(h) Donald Huston resigned as a director of the Company on November 18, 2021; and

(i) Amanda Chow resigned as a director of the Company on November 18, 2021.

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, 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 are 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, 2020, the following were the members of the Company's audit committee (the "Audit Committee"):

Name	Independent	Financially Literate
James G. Pettit (Chair)	No	Yes
Amanda B. Chow	Yes	Yes
Donald Myers	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.

James G. Pettit is the Chief Financial Officer and a director. He has served as an officer of public companies for more than 25 years. Mr. Pettit's other relevant experience includes serving on the board of Aben Resources Ltd., RevoluGROUP Canada Inc., Rockridge Resources Ltd., Skyharbour Resources Ltd. and Surge Copper Corp., all of which trade on the TSXV. Mr. Pettit has significant audit committee experience and has been involved in a variety of matters requiring financial literacy. He has also been directly involved in successful fund raising through equity financings and property acquisitions.

Donald G. Myers is an independent director. He has over 30 years of experience in public company management and corporate communications working with companies listed on the TSXV, NASDAQ, and the Toronto Stock Exchange.

Amanda B. Chow is an independent director. Ms. Chow's other relevant experience includes serving as an independent director and audit committee member of Skyharbour Resources Ltd and as a director of Aben Resources Ltd., both of which trade on the TSX Venture Exchange. Ms. Chow is a Chartered Professional Accountant (CPA, CMA) and a graduate of Simon Fraser University where she earned her Bachelor of Business Administration degree. Ms. Chow has an in-depth understanding of accounting principles. She has experience in evaluating financial statements with accounting issues at least comparable to the financial statements and the issues that can be reasonably be expected to be raised by the Company's financial statements.

As a result of their education and experience, each member of the Audit Committee as at December 31, 2020, 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, 2020, 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, 2020	$22,775	Nil	$4,000	$23,810
December 31, 2019	$20,244	Nil	$2,000	Nil

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.

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, 2020.

SCHEDULE A
CYPRESS DEVELOPMENT CORP.
(the "Company")

AUDIT COMMITTEE CHARTER

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with International Financial Reporting Standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.

8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.

9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.

10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.

11. Establish and review the Company's procedures for the:

    - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and

    - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.

13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Company.