

CYPRESS DEVELOPMENT CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

THREE MONTHS ENDED - MARCH 31, 2020

This Management Discussion and Analysis of Cypress Development Corp. (the “Company”) provides an analysis of the Company’s financial results for the period ended March 31, 2020. The following information should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and notes to the unaudited condensed consolidated interim financial statements.

The Company reports in accordance with International Financial Reporting Standards (“IFRS”) and the following disclosure, and unaudited condensed consolidated interim financial statements, are presented in accordance with IFRS. These statements are filed with the relevant regulatory authorities in Canada. All monetary amounts are expressed in Canadian dollars, unless otherwise specified.

Forward Looking Information and Date of Report

May 29, 2020

This MD&A contains certain forward-looking information. All information, other than historical facts included herein, including without limitation data regarding potential mineralization, exploration results and future plans and objectives of Cypress Development Corp., is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and future events and actual results could differ materially from those anticipated in the forward-looking information.

The forward-looking information is only provided as of the date of this MD&A, May 29, 2020 (the “Report Date”).

Overall Performance

Nature of Business and Overall Performance

Cypress Development Corp. is a public company listed on the TSX Venture Exchange under the symbol “CYP”. The Company is an exploration stage company that is engaged principally in acquisition, exploration and development of its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for the mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration of the property, and upon future profitable production.

Exploration and Evaluation Assets

Developments on the properties are as follows:

As at March 31, 2020 the Company has capitalized total exploration and evaluation assets of \$3,857,485 on its mineral properties, all located in the state of Nevada, USA.

Dean Claims, Nevada, USA

On September 8th, 2016 Cypress entered into an agreement to acquire a 100% interest in the 2,700 acre Dean Lithium Property in Clayton Valley.

Terms of the Option Agreement to purchase a 100% interest in the claims are as follow:

- Year 1. \$30,000 USD cash and 250,000 shares of Cypress
(paid CDN\$39,564 & issued 250,000 shares valued at \$35,000)
- Year 2. \$30,000 USD cash and 250,000 shares of Cypress
(paid CDN\$36,477 & issued 250,000 shares valued at \$26,250)
- Year 3. \$30,000 USD cash and 250,000 shares of Cypress
(paid CDN\$39,460 & issued 250,000 shares valued at \$100,000)
- Year 4. \$50,000 USD cash and 300,000 shares of Cypress
(paid CDN\$66,445 & issued 300,000 shares valued at \$60,000)

The Optionor will retain an NSR (net smelter return) of 3% with Cypress having the right to purchase 2/3 (66.6%) of the NSR for \$1,000,000. There is no work commitment attached to this Option Agreement.

As at March 31, 2020 the Company has incurred \$403,196 in acquisition costs (\$181,946 in cash and 1,080,000 shares valued at \$221,250) and \$674,294 in exploration expenditures.

Glory Claims, Nevada, USA

Cypress Completes Purchase of Glory Lithium Property in Nevada

On January 26th, 2016 Cypress entered into an agreement to acquire a 100% interest in the 1,280 acre Glory Lithium Property in Clayton Valley.

On January 28, 2019, the Company announced that, through the Company's U.S. subsidiary, Cypress Holdings (Nevada) Ltd., the Company has fulfilled its obligations for the purchase of 100% interest in the Glory Property in Esmeralda County, Nevada. The Company completed the purchase on schedule with a cash payment of USD \$75,000 and issuance of 250,000 common shares of Cypress (CYP) shares to the vendor. The vendor retains a 3% net smelter return (NSR) royalty interest. Cypress or its assigns has the right to purchase two-thirds of the royalty, or 2% NSR, for USD \$1 million prior to production.

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 \$441,622 in deferred exploration expenditures as at March 31, 2020 and received \$458,585 in option payments resulting in a \$16,963 recovery recorded on the consolidated statements of loss and comprehensive loss in fiscal 2019. The property is subject to a 2% NSR.

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 March 31, 2020 and December 31, 2019, the shares have a fair market value of \$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 until September 2020.

The cash payment of US\$100,000 and 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.

Clayton Valley Lithium Project

The contiguous Dean and Glory properties collectively comprise Company’s Clayton Valley Lithium Project.

Exploration drilling began on the properties in 2017 and continued in several stages through the present quarter.

A full table of the drill results can be found here:

- https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_drill_hole_table_for_clayton_valley_-_nevada.jpg

2017 Dean & Glory Projects, Clayton Valley, Nevada drill hole map:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_dean_glory_dill_hole_map_march_2018.jpg

Cypress Development Files Resource Estimate for Clayton Valley, Nevada Lithium Project

On June 11, 2018, the Company announced it has filed a National Instrument (NI) 43-101 Technical Report on SEDAR titled “Resource Estimate Clayton Valley Lithium Project”. The Technical Report details the independent Mineral Resource Estimate for the Company’s 100%-owned lithium project in Nevada, as described in the Company’s press release of May 1, 2018.

Highlights:

- Total Indicated Mineral Resource of 697 million tonnes at an average grade of 886 ppm Li, or 3.287 million tonnes of lithium carbonate equivalent (LCE).
- Total Inferred Mineral Resource of 643 million tonnes at an average grade of 852 ppm Li, or 2.916 million tonnes of LCE.
- The mineral resources are reported using a cut-off grade of 300 ppm Li and constrained to pit shell reflecting a \$15/tonne operating cost, \$10,000/tonne of LCE price and 80% net recovery to LCE.
- The resources are broken down into five units which are distinguished by stratigraphic position and color (Table 1). The middle three units are higher grade and estimated to average greater than 950 ppm Li, whereas the uppermost and lowermost units average less than 700 ppm Li.
- GRE generated an initial pit outline capable of supporting several decades of mining at a production rate of 10,000 to 15,000 tpd (Table 2). The initial pit contains an indicated resource of 191 million tonnes averaging 988 ppm Li (1.007 million tonnes LCE), and an inferred resource of 25 million tonnes at 1,047 ppm Li, (0.142 million tonnes LCE). Selective mining of higher-grade material, i.e. targeting the middle three units, will be an option considered in the PEA.

GRE estimated the Mineral Resource using a database of 23 drill holes for 1,891 metres, drilled by Cypress during 2017 and 2018. The resource was calculated using a 2.5-dimensional (2.5D) gridded model (common for layered sedimentary deposits) of six mineralized stratigraphic units, which includes a thin surficial gravel unit, and verified using a 3-dimensional (3D) block model. The mineralized intercepts in the drill holes and a 3D interpretation of the geology and intercepts were done by Terre Lane and J.J. Brown of GRE, who are Qualified Persons under NI 43-101.

All samples for the project were assayed at ALS Chemex or Bureau Veritas, both ISO-9000 certified laboratories. The resulting assay intervals were composited for the entire sedimentary unit for the 2.5D gridded model and were composited to a 5m down-hole length for the 3D estimate. Grade capping of lithium values was not required. Model grades were interpolated in Techbase using an inverse distance squared algorithm. A tonnage factor of 1.7 tonnes per cubic meter was selected based upon general published values to represent the insitu density. Indicated Mineral Resources were defined as being within 300 meters of a drill hole, with the Inferred mineralization requiring 2 drill holes within a search ellipse of 1500 x 800 metres for each unit. The major axis was orientated north-south along valley. The sedimentary units were truncated at the Angel Island volcanic package and claim boundaries.

The mineral resources reported use a cut-off grade of 300 ppm Li, reflecting a \$15/tonne operating cost for mining, processing and G&A. The costs reflect a 10,000 - 15,000 tonne per day mining operation in soft sedimentary material that does not require blasting. Cost assumptions for the cut-off grade include a delivered acid cost of \$80/tonne and 100 kg acid per tonne of material processed.

Table 1. Indicated and Inferred Resources

Lithology	Tonne	Grade-ppm	Li-kg	LCE-kt
Indicated				
Upper Tuff	58,700	707	41,500	221
Upper Olive	148,300	897	133,000	708
Main Blue	220,500	1,081	238,400	1,269
Lower Olive	132,200	851	112,500	599
Hard Bottom	136,900	673	92,100	490
Total	696,600	886	617,500	3,287

Inferred				
Upper Tuff	65,300	689	45,000	240
Upper Olive	112,400	883	99,300	529
Main Blue	190,700	1,032	196,800	1,048
Lower Olive	149,400	833	124,400	662
Hard Bottom	125,000	657	82,100	437
Total	642,800	852	547,600	2,916

Table 2. Resources within Initial Pit Outline

Lithology	Tonne	Grade-ppm	Li-kg	LCE-kt
Indicated				
Upper Tuff	22,600	686	15,500	83
Upper Olive	37,400	947	35,400	188
Main Blue	88,000	1,169	102,900	548
Lower Olive	24,500	922	22,600	120
Hard Bottom	18,900	672	12,700	68
Total	191,400	988	189,100	1,007
Inferred				
Upper Tuff	-	-	-	-
Upper Olive	7,200	986	7,100	38
Main Blue	11,200	1,161	13,000	69
Lower Olive	7,000	929	6,500	35
Hard Bottom	-	-	-	-
Total	25,400	1,047	26,600	142

Clayton Valley Lithium Project Plan View of Preliminary Pit:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_re_plan_view_of_preliminary_pit.jpg

Cypress Development Announces Positive Preliminary Economic Assessment (PEA) for Clayton Valley Lithium Project, Nevada

On September 6, 2018, the Company announced positive results from a Preliminary Economic Assessment (PEA) of the Company's Clayton Valley Lithium Project in Nevada, U.S.A. The PEA was prepared by Global Resource Engineering (GRE) of Denver, Colorado, an independent engineering services firm with extensive experience in mining and mineral processing. All dollar values are in US dollars.

Highlights:

- Net present value of \$1.45 billion at 8% discount rate and 32.7% internal rate of return on after-tax cash flow.
- Lithium carbonate price of \$13,000 per tonne based on Benchmark Research market study.
- Average annual production rate of 24,042 tonnes of lithium carbonate over 40-year life.
- Capital cost estimate of \$482 million, pre-production and operating cost estimate averaging \$3,983 per tonne of lithium carbonate.
- Updated Resources from May 1, 2018 estimate:
 - Indicated Resource of 831 million tonnes at 867 ppm Li, or 3.835 million tonnes lithium carbonate equivalent (LCE).

- Inferred Resource of 1.12 billion tonnes at 860 ppm Li, or 5.126 million tonnes LCE.

PEA Summary

After tax cash flow analysis (US Dollars)	
Internal rate of return (IRR)	32.7%
Net present value (NPV-8%)	\$1.45 billion
Cumulative cash flow, undiscounted	\$6.171 billion
Payback period	2.7 years
Operating rate	15,000 tpd for 40 years
Capital cost estimate	\$482 million over 2 years
Net lithium recovery	81.5%
Base case price for lithium carbonate	\$13,000/tonne
Average production lithium carbonate	24,042 tonnes
Operating cost for lithium carbonate	\$3,983/tonne

Sensitivity of Base Case to Lithium Price

Price for lithium carbonate	NPV-8% (\$ Million)	IRR
\$4,800/tonne - break-even	---	0
\$8,000/tonne (-38%)	433	16.4
\$10,500/tonne (-19%)	947	25.0
\$13,000/tonne – base-case	1,454	32.7
\$15,500/tonne (+19%)	1,960	40.0
\$18,000/tonne (+38%)	2,467	46.8

Resources:

The PEA includes an updated Mineral Resource Estimate, which followed upon changes in the resource model and property boundaries since the May 1, 2018 Resource Estimate. For the PEA, GRE created an ultimate pit shell for the property-wide resources, and an initial pit shell that focused on the higher-grade clay units in the eastern part of the property. Estimation methods follow those in the previous technical report.

Resources – Property-Wide Pit Shell

Cut-off grade Li ppm	Indicated			Inferred		
	Tonnes (million)	Li ppm	Tonnes LCE (million)	Tonnes (million)	Li ppm	Tonnes LCE (million)
300	831.0	867	3.834	1,120.3	860	5.125
600	768.5	892	3.649	1,022.2	888	4.831
900	319.7	1,091	1.857	430.3	1,082	2.478

Resources- Initial Pit Shell

Cut-off grade Li ppm	Indicated			Inferred		
	Tonnes (million)	Li ppm	Tonnes LCE (million)	Tonnes (million)	Li ppm	Tonnes LCE (million)
300	365.3	942	1.832	160.5	992	0.847
600	361.3	946	1.820	158.5	997	0.841
900	198.0	1,105	1.164	106.8	1,119	0.626

The mineral resources are reported using a cut-off grade of 300 ppm Li and are constrained to a pit shell reflecting a \$17.50/tonne operating cost, \$13,000/tonne of LCE price, and 81.5% net recovery to LCE. Both property-wide and initial pit shells use a 30-degree pit slope.

Mining and production schedule:

A 15,000 tonne per day nominal production rate was selected based upon the projected output for the operation, with the goal of producing 20,000 tonnes per year of lithium carbonate. The nominal production rate equates to 5.475 million tonnes per year of mill feed at an average grade of 1,012 ppm Li. Further improvement in the production schedule is possible given the resources in the initial pit alone far exceed the 219 million tonnes of production needed to support a 40-year mine life.

GRE evaluated four options for mine equipment and mill feed transportation and selected an in-pit feeder-breaker with slurry pumping for the base case. No drilling or blasting is required, and the only major piece of mobile equipment is a front-end loader to feed the in-pit feeder-breaker. Waste mining is minimal, amounting to a total of 6 million tonnes over the 40-year mine life.

Processing:

The plant design by GRE includes agitated tank leaching, and a multi-stage thermal-mechanical evaporation system for concentrating leach solution. Slurried feed is transported to the mill where lithium extraction is achieved through leaching at elevated temperatures with dilute sulfuric acid. The sulfuric acid concentration is targeted at 5%, with the addition of concentrated acid delivered from the on-site acid plant.

The estimated acid plant capacity is 2,000 tonnes per day of sulfuric acid, generated from the combustion of elemental sulfur trucked to the site in the molten state. The acid plant has the potential to produce up to 25 MW of electricity, but at additional capital expense. For this study, only enough electricity will be generated to run the acid plant. Steam from the plant will be used for heating in the leaching and evaporation stages of processing.

Leaching will take place in a primary leach vessel followed by a series of thickeners. Retention time in the leach circuit is estimated at 4 to 6 hours with acid consumption estimated at 125 kg per tonne of feed. Overflow from the final leach thickener is pumped to a primary impurity removal circuit where calcium hydroxide is added to precipitate iron and aluminum, and the thickened underflow filtered and conveyed to a dry-stack tailings facility. The purified solution is reduced in volume via a multi-stage thermal-mechanical evaporation system where evaporate is collected and recycled as process water, and the condensate is treated by stage-wise addition of sodium hydroxide and soda ash to precipitate calcium, manganese and magnesium before advancing to final product production. Precipitation of the final product occurs with the addition of soda ash, producing a lithium carbonate product targeted at 99.5% purity. Net recovery of lithium throughout processing is estimated at 81.5%. Process water for the operation will be obtained by recycling barren leach solution after treating in a reverse osmosis plant, and by introducing fresh make-up water, estimated at 345 m³/hour and delivered via pipeline from a well field located off-site.

Capital Costs:

The total initial capital cost estimate is \$482 million distributed over two years of pre-production. An overall factor of 2.86 on equipment costs is used to allow for the necessary installation labor, construction materials, spares, first fill, buildings, and engineering and construction management. Infrastructure and G&A capital includes allowances for feasibility study, permitting, bonding, off-site electrical, and acquisition of process water.

Capital Cost	(USD Millions)
Mine development and equipment	35
Plant feed prep, leaching, purification and lithium recovery	163
Acid plant	105
Tailings	25
Site utilities	17
Infrastructure and G&A capital	38
Direct Capital Costs	383
Working capital	24
Contingency (20% of Direct Costs)	76
Indirect Capital Costs	99
TOTAL CAPEX	482

Operating Cost Estimate:

Estimated operating costs are \$17.50 per tonne of mill feed, or \$96 million per year, including 10% contingency. Acid plant operations are the major component in the operating costs and account for more than half of the total. Project labor is estimated at 136 on-site employees. Connected power is estimated at 12 MW, with an all-in cost of \$0.066 per KWH.

Operating Cost	\$ per tonne of mill feed	\$ per tonne of LCE
Mining	1.73	395
Plant labor	1.45	330
Reagents & supplies	12.70	2,893
Power	0.94	210
G & A	0.68	155
TOTAL OPEX	17.50	3,983

PFS Recommended:

GRE recommends the Prefeasibility Study (PFS) as the next step for the project. The PFS will include infill drilling to upgrade resource categories and optimize the production schedule within the mine area. Metallurgical testing will include determining optimum leach conditions and configuration of the process plant as well as further testing at the bench-scale to demonstrate production of high purity lithium carbonate suitable for battery usage.

Within the recommendations is testing to investigate rare earth elements, most notably scandium, neodymium and dysprosium, which were identified in solution during the PEA and could be potentially recoverable by-products. Additionally, study of alternative processing methods, such as membranes and ion exchange resins, and trade-off studies related to capital and saleable electrical generation for the acid plant are recommended.

Initiation of baseline data collection, hydrology and geotechnical studies will also be conducted. The PFS carries a total estimated budget of \$800,000. Cypress intends to follow the recommendations, beginning with infill drilling to start in the next 1-2 months, and metallurgical test work which has already begun. Cypress anticipates the PFS to be completed in Q1 2019.

Cypress Development Drilling at Clayton Valley Lithium Project in Nevada

On February 7, 2019, the Company reported mobilization is underway for drilling on the project. The present drill program is an important data gathering component of the ongoing prefeasibility study (PFS) and will concentrate on an area between previous drill holes GCH-06, DCH-04 and DCH-05. (See drill hole location map). The primary objectives are to upgrade and convert resources to reserves in developing the PFS mine plan and to obtain material for further metallurgical testing. Secondary objectives are to obtain geotechnical data and additional information on lithology, mineralization, and clay speciation.

Clayton Valley Lithium Project 2019 drill hole location map:

<https://cypressdevelopmentcorp.com/site/assets/files/3640/cvlp-drilling-map-a.jpg>

Cypress Development Confirms Positive Metallurgy for Clayton Valley Lithium Project in Nevada

On February 26, 2019 the Company was pleased to report the completion of the first phase of metallurgical testing in the prefeasibility study (PFS) on the Company's 100% held Clayton Valley Lithium Project in Nevada. The testing was successful in confirming the range of parameters used in the 2018 Preliminary Economic Assessment (PEA). The results demonstrate lithium extractions of 75 to 83% and sulfuric acid consumptions ranging from 85 to 132 kg/t.

Following the release of the PEA in October 2018, metallurgical testing continued and is ongoing at Continental Metallurgical Services (CMS) in Butte, Montana. CMS completed over 75 individual leach tests representing more than 250 laboratory hours in leaching composite sample material from the project. The objective of the program was to simulate the leaching portion of the process flowsheet from the PEA, which consists of agitated tank leaching. The initial tests were single-stage leaching at specific temperatures, times, and percent-solids levels. The tests then progressed to multiple-stage leaching using variable acid conditions and residence time, simulating the leach process from tailings-wash through to final pregnant leach solution (PLS). Tests were conducted at a lower range of temperatures than the 70 to 90°C range assumed in the PEA. Residence time in the primary leach stage was from 1 to 4 hours, comparable to the 2-hour time assumed in the PEA. Recoveries of lithium were consistently achieved and optimized in the range of 75 to 83% for varying sets of leach conditions.

This testing was conducted on bulk composites prepared from property-wide drill cores which were also used in the 2018 check assay program. Further leach testing will be conducted on samples collected from within the planned mine area in the PFS. The timeline for these additional tests is dependent upon additional drilling, which was delayed by various factors.

However, to expedite testing for the next phase, assay reject material from three drill holes, GCH-2, DCH-15 and DCH-17, was used to prepare 13 composite samples representing the major clay units encountered within the planned mine area. In addition to the testing on these samples, scope for further optimization of the leaching process remains. To help accelerate the program, the Company provided CMS with an ICP unit for its use in assaying at CMS's lab. All final assays for the solids and solutions are confirmed by ALS-Chemex.

While these steps were time-consuming, the focus for the remaining work for the PFS is not further optimization of leaching, but to demonstrate lithium production from the PLS into a saleable form. In the PEA process flowsheet, this is accomplished by purification, evaporation and crystallization steps. CMS completed a successful demonstration in the first phase by purifying a 10-liter sample of leachate grading 110 parts per million (ppm) lithium and concentrating it to over 4,000 ppm lithium via evaporation. The resulting concentrated solution contained only negligible levels of magnesium and other impurities. Purification, evaporation and crystallization remains the base case assumption for the PFS and will be confirmed in phase two of testing. Alternative methods for lithium production will also be examined, these include ion exchange (IX) resins and membranes. The Company and CMS have demonstrated some success using their own in-house IX resin for the extraction of lithium from the PLS. Cypress has also contracted with a third party for testing of its IX resin.

Qualified Person

All technical information about the Company's mineral properties contained in this MD&A has been prepared under the supervision and approval of Bill Willoughby, PhD, PE, RM SME, the Company's CEO, who is a "qualified person" within the meaning of National Instrument 43-101.

Clayton Valley Lithium Project 2019 infill drill hole area map:

<https://cypressdevelopmentcorp.com/site/assets/files/3640/cvlp-drilling-map-a.jpg>

Cypress Development Provides Update on Prefeasibility Study for Clayton Valley Lithium Project in Nevada

The Company provided an update on its current Prefeasibility Study ("PFS") of the 100% owned Clayton Valley Lithium Project (Project), Nevada and other corporate matters on June 17, 2019.

Work on the PFS Phase II metallurgical program continues. This work is focused on the purification and concentration of lithium in the final leach solutions. These studies are nearing completion and await results from testing of 3rd-party ion-exchange resins, and tests on the base-case assumption of concentration via evaporation.

To provide slurry for rheology and filtration study, and pregnant leach solution (PLS) for the Phase II program, a 100 kg bulk-sample was prepared at Continental Metallurgical Services (CMS). The sample contained 1,256 parts per million (ppm) lithium and utilized material from drill holes DCH-15 and GCH-6. The sample was subjected to

a single-stage leach under optimized conditions of time, temperature, solids ratio, and acid concentration. Leaching yielded approximately 300 liters of PLS grading 410 ppm Li, with an acid consumption of 124 kg/tonne and 84% extraction of lithium into the PLS. These results are similar to those from previous testing.

Other work conducted for the PFS is completed or nearing completion with results of the study anticipated this summer. The resource model was updated by Global Resource Engineers (GRE), who are also in the process of completing an optimized mine plan and production schedule. For the mine plan, geotechnical testing was done using drill core from the spring drill program. Results were consistent with GRE's Preliminary Economic Assessment (PEA) assumption for pit slopes of 30-degrees, and range from 23-degrees in the upper clay unit to 45-degrees in the lower clay unit. The topographic base for the Project was expanded with an additional aerial survey. A Phase I environmental assessment is also underway.

Cypress Development and Lilac Solutions Demonstrate High Lithium Recoveries from Clayton Valley Project in Nevada

Cypress Development Corp. and Lilac Solutions announced on July 15, 2019 the successful demonstration of high lithium recoveries for Cypress' 100% held Clayton Valley Project in Nevada utilizing extraction processes developed by Lilac Solutions. Lilac Solutions is a lithium extraction technology company based in Oakland, California. Cypress' Clayton Valley Project is located 215 miles southeast of Reno, Nevada and features a large clay-hosted lithium deposit with 3.8 million tonnes of lithium carbonate equivalent in a NI 43-101 Indicated Resource category (see PEA NI 43-101 Technical Report).

“Cypress has established one of the largest lithium resources in the United States and Lilac is excited to work with the Cypress team to move this domestic resource towards commercial production,” said David Snydacker, CEO and founder of Lilac Solutions. “The United States is home to a variety of important players in the electric vehicle sector and is an epicenter for innovation. This Nevada project has the potential to deliver the critical raw material needed by every North American automaker to compete over the next decade.”

Cypress has developed an innovative leaching process which reduces the quantity of sulfuric acid needed to leach lithium from clay. After the lithium is leached into a sulfate solution (the “leachate”), Lilac can extract lithium from the leachate to produce a high-purity lithium solution (the “eluate”), which can be fed into conventional process equipment to produce a high-purity lithium carbonate or lithium hydroxide product.

Lilac extracted lithium from the clay leachate using Lilac's patented ion exchange process. Following initial engineering work on the Cypress leachate, Lilac was able to recover 83% of lithium from the leachate while simultaneously rejecting greater than 99% of sodium, potassium, and magnesium impurities. The remaining lithium in the leachate can then be recycled back to the leaching stage to effectively allow further recovery of the lithium.

Cypress Test Program at NORAM Engineering Completed for Clayton Valley Lithium Project in Nevada

Cypress Development Corp. reported on February 27, 2020, the test program at NORAM Engineering and Constructors Ltd. is complete and initial results are positive. As reported in a November 14, 2019 press release, NORAM was contracted to examine the downstream portion of the revised extraction flowsheet for Cypress' Clayton Valley Lithium Project in Nevada. Testing was conducted at BC Research Inc., a member of the NORAM Group of companies in Richmond, British Columbia.

The program utilized both synthetic and actual solutions generated from Cypress' large leach tests conducted at Continental Metallurgical Services (“CMS”) in Butte, Montana. The tests simulated the purification solution and concentration steps within a portion of the NORAM-Cypress developed flowsheet. Initial results are positive and indicate the target levels of lithium concentration and rejection of impurities in solution were achieved. The

pending, final report will be used to update the mass balance in the process flowsheet and complete the remaining step in the Company's ongoing Prefeasibility Study ("PFS") on the project.

NORAM Test Results

Step	Li (ppm)	Mg (ppm)	Ca (ppm)	Fe (ppm)	Al (ppm)
Feed	380	3340	339	2270	1395
Purified			15	40	10

With respect to the PFS, the Company and its consultants are actively working to complete the study. The resource model, pit design, production schedule, and site selection and infrastructure studies for the processing plant are completed.

The design is based on mining 15,000 tonnes per day of material in an effort to produce 25,000 tonnes per year of lithium carbonate equivalent ("LCE"). The mine area is designed to initially target the upper portions of the intercepts encountered in 2019 drilling (see table below). This area of drilling represents a small portion of the overall lithium resource on the property and is expected to support the design basis of production for the first 18 years of the project. The large leach tests at CMS show lithium extractions of 84-86% and confirmed values for acid consumption from the 2018 Preliminary Economic Assessment ("PEA"). Sulfuric acid remains a major consumable for the project. Quotations for an on-site sulfuric acid plant, sulfur supply and transportation were obtained. Issues related to leaching and filtration were resolved and the NORAM test program completes the remaining critical design element required for the PFS process flowsheet.

The project's PFS is limited to the Dean and Glory mining claim-blocks totaling 4,780 acres. An additional 1,280-acre claim-block was part of the Company's 2019 lawsuit against Centrestone Resources, LLC, and was excluded from the PFS. This contiguous claim block is located south and east of the project's initial proposed mine area.

Todd Fayram, QP, of Continental Metallurgical Services, LLC., is the qualified person as defined by National Instrument 43-101 and has approved the technical information in this release.

Summary of Quarterly Results

		1st (3 months)	4th (3 months)	3rd (3 months)	2nd (3 months)
		March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
(a)	Revenue - interest	\$ 920	\$ 1,302	\$ 514	\$ 2,033
(b)	Net (loss)	\$ (239,350)	\$ (408,018)	\$ (607,048)	\$ (342,460)
(c)	Net (loss) per share:				
	Basic -	\$ (0.003)	\$ (0.005)	\$ (0.008)	\$ (0.005)
	Fully Diluted -	\$ (0.003)	\$ (0.005)	\$ (0.008)	\$ (0.005)

		1st (3 months)	4th (3 months)	3rd (3 months)	2nd (3 months)
		March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
(a)	Revenue - interest	\$ 2,979	\$ 117	\$ 1,323	\$ 1,742
(b)	Net (loss)	\$ (244,272)	\$ (993,482)	\$ (305,912)	\$ (400,032)
(c)	Net (loss) per share:				
	Basic -	\$ (0.003)	\$ (0.016)	\$ (0.005)	\$ (0.007)
	Fully Diluted -	\$ (0.003)	\$ (0.016)	\$ (0.005)	\$ (0.007)

For the Quarter Ended March 31, 2020

The Company is in the exploration and development stage and does not usually generate any revenue other than interest income on cash equivalents and guaranteed investment certificates.

Interest income for the period ended March 31, 2020 was \$920 (March 31, 2019 - \$2,979). The decrease of \$2,059 is attributable to a decrease in cash equivalents invested during the current quarter as compared to the same quarter in the previous year.

The Company's total expenses of \$240,270 (March 31, 2019 - \$247,251) decreased by \$6,981 as compared to the same quarter in the previous year.

For the quarter ended March 31, 2020, the Company reported a net loss of \$239,350 or a \$0.003 loss per share. Comparatively, the Company had a loss of \$244,272 or a \$0.003 loss per share during the same quarter in 2019.

Expenses such as accounting and audit, shareholder communications, transfer agent and filing fees and travel may vary quarter to quarter as the quarter in which they occur may vary from one year to another. Shareholder communications (March 31, 2020 - \$91,247; March 31, 2019 - \$66,991) increases or decreases as the Company increases or decreases its advertising in trade magazines, on the internet and purchases more or less promotional materials as a result of the current market situation. Consulting fees (March 31, 2020 - \$95,455; March 31, 2019 - \$117,417) vary with the amount of activity in the Company. There was no share-based compensation expense during the current quarter or in the same quarter in the previous year as no stock options were granted.

Liquidity and Capital Resources

In management's view, given the nature of the Company's operations, which consist of exploration and evaluation of mining properties, the most relevant financial information relates primarily to current liquidity, solvency and planned property expenditures. The Company's financial success will be dependent upon the extent to which it can discover mineralization and the economic viability of developing its properties.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond the Company's control, including the market value of the metals to be produced. The Company does not expect to receive significant income from any of its properties in the foreseeable future.

At March 31, 2020, the Company had cash of \$1,107,015 compared to \$1,518,637 at December 31, 2019. Working capital was \$1,059,176 at March 31, 2020 as compared to a working capital of \$1,532,143 at December 31, 2019.

The Company's cash position at December 31, 2019 was \$1,518,637. As a result of expenditures incurred during the current period for general business expenses; expenditures in exploration and evaluation assets of \$148,490; the increase in due from related party of \$11,679, the decrease in receivables and prepaid expenses of \$31,813, in accounts payable and accrued liabilities of \$40,612 and in due to related party of \$3,304; the Company's cash position at March 31, 2020 was \$1,107,015.

The Company has historically met all cash requirements for operation by equity financing. Future funding needs of the Company are dependent upon the Company's continued ability to obtain equity and/or debt financing to meet its financial obligations and to pursue further exploration on its properties.

Balance Sheet Arrangements

At March 31, 2020, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Transactions with Related Parties

The aggregate amount of expenditures paid or payable to key management personnel consisting of directors, former directors or companies with common directors was as follows:

	March 31, 2020 <i>3 months</i>	March 31, 2019 <i>3 months</i>
Charged to profit and loss for consulting fees	\$ 60,442	\$ 59,591
Capitalized to exploration and evaluation assets	29,738	40,771
Share-based compensation	-	-
Total expense	\$ 90,180	\$ 100,362

Administrative agreement

The Company operates from the premises of a private company owned by a director provides office and administrative services to the Company and various other public companies on a short-term contract basis. The private company incurs costs which are reimbursed by the Company.

Consulting agreement

Effective July 2, 2019, the Company made an amendment to a related party's consulting agreement dated January 1, 2018. The consultant shall receive US\$7,000 per month consisting of US\$4,000 cash and the remaining US\$3,000 shall be payable in common shares of the Company or cash, at the option of the consultant. During the period ended March 31, 2019, the Company issued 74,410 common shares at a value of \$12,277 (March 31, 2020 - \$Nil).

Included in due from related party at March 31, 2020 is \$11,679 (December 31, 2019 - \$Nil) due from the private company.

Included in accounts payable at March 31, 2020 is \$29,383 (December 31, 2019 - \$26,598) due to directors and/or their companies.

Included in due to related party at March 31, 2020 is \$Nil (December 31, 2019 - \$3,304) due to the private company.

New Accounting Standards and Interpretations

IFRS 16 – Leases

The Company adopted IFRS 16 - Leases (“IFRS 16”) on January 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values.

Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there has been no change to the opening deficit balance as at January 1, 2019.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its cash and marketable securities as fair value through profit and loss. The Company's receivables, due from related party and accounts payable and accrued liabilities are recorded at amortized cost.

Subsequent Events

The following events occurred subsequent to March 31, 2020:

Cypress Announces Final Settlement with Centrestone Resources

On April 30, 2020, the Company reported that it reached a final settlement agreement in its legal proceedings against Centrestone Resources LLC ("Centrestone"), a Nevada limited liability company.

As previously announced, the Fifth Judicial Court of the State of Nevada in and for the County of Esmeralda on February 6, 2020, entered its written order for summary judgment in favor of Cypress. A hearing was to be held on April 21, 2020 to hear Cypress' claims for damages. Before the hearing, Cypress agreed to dismiss its claims for damages against Centrestone in return for a USD \$200,000 cash payment, which has been paid, the delivery to Cypress of certain exploration data and core, and Centrestone's acknowledgement of Cypress' title to all of Cypress' mining claims.

The settlement brings to an end a yearlong-plus lawsuit which included clearing the title to 1,106 acres of Cypress' mining claims. Cypress' holdings now total 5,430 acres as shown in the map accompanying this news release and on the Company's website.

Clayton Valley Lithium Project, Nevada Claims Map:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_clayton_valley_new_claims_map_2020.jpg

Dr. William Willoughby, Cypress CEO, stated, “The Court’s rulings and our successful resolution of the lawsuit affirm our belief that the Mining Law of 1872 protects companies like Cypress who in good faith locate and maintain unpatented mining claims in accordance with the law. This is important to Cypress, its shareholders and the mining industry in general. The Company commends and thanks our U.S. counsel, Erwin Thompson Fallers, for their diligent and forceful advocacy on behalf of Cypress during the litigation and settlement negotiations. We also wish to thank our Board, employees, contractors and shareholders who faithfully supported our efforts.”

“With the settlement behind us, Cypress can now move forward and focus on our core business of developing the Clayton Valley Lithium Project. We are completing a prefeasibility study (PFS) and expect to announce the results soon.”

Cypress Development Announces Positive Prefeasibility Study for Clayton Valley Lithium Project, Nevada

On May 19, 2020, Cypress Development Corp. announced positive results from a Prefeasibility Study (PFS) of the Company’s Clayton Valley Lithium Project in Nevada, U.S.A. The PFS was prepared by Continental Metallurgical Services (CMS) and Global Resource Engineering (GRE). Todd Fayram (CMS), Terre Lane (GRE), and Daniel Kalmbach are the authors.

Highlights:

- Average production rate of 15,000 tonnes per day to produce 27,400 tonnes lithium carbonate equivalent (LCE) annually over a +40-year mine life.
- Capital cost estimate of US\$493 million, pre-production, and operating cost estimate averaging US\$3,392 per tonne LCE.
- After-tax net present value (NPV-8%) of US\$1.052 billion at 8% discount rate and 25.8% internal rate of return (IRR).
- Production based on Probable Mineral Reserve of 222 million tonnes averaging 1,141 ppm Li (1.353 Mt LCE).
- Reserves and production plan derived from Measured and Indicated Mineral Resources of 593 million tonnes averaging 1,073 ppm Li (3.387 Mt LCE).

Cypress CEO Dr. Bill Willoughby stated "This PFS is a major milestone for Cypress. These positive results take us closer to our goal of developing a world-class lithium deposit. Cypress’ land position and resources afford us the opportunity for a long-life project with low operating costs and potential to be a significant source of lithium for the United States.”

The key features of the claystone deposit include its large size, surface exposure and flat-lying nature. These features allow mining with negligible strip ratio due to minimal overburden and no interbedded waste, and no drilling or blasting in excavation. Metallurgical testing indicates low cost processing can be achieved by leaching with low acid consumption and high lithium recovery. Self-generated power from a 2,500 tpd acid plant is included in the project’s costs.

The project’s large resource allows the mineral resources and reserves to be derived from a portion of the property. All resources and reserves are pit-constrained by property and geologic boundaries, and are based on a cut-off grade of 900 ppm Li.

Results for the PFS are:

- Average annual production of 27,400 tonnes per year LCE
- Mine life for PFS of 40 years
- Industry-low cash cost of US\$3,329 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%
- Payback period of 4.4 years

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 pricing for lithium products.

Sensitivity* to Price, Capex, and Opex

Variation	60%	100% Base Case	150%
Price /t LCE	\$5,700	\$9,500	\$14,250
NPV-8%	\$130 million	\$1,052 billion	\$2.173 billion
IRR	10.5%	25.8%	41.1%
Capital Cost	\$296 million	\$493 million	\$740 million
NPV-8%	\$1.352 billion	\$1.052 billion	\$673 million
IRR	30.1%	25.8%	20.0%
Operating Cost	\$1,997/t LCE	\$3,329/t LCE	\$4,993/t LCE
NPV-8%	\$1.229 billion	\$1.052 billion	\$828 million
IRR	39.6%	25.8%	17.9%

* NPV and IRR calculated on an after-tax basis.

Mineral Resources

The Mineral Resource Estimate is based on all drilling results from the project, including six holes drilled in 2019.

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.

The Mineral Resources total 432.4 million tonnes averaging 1,088 ppm lithium (Li) in the Measured Resource and 160.9 million tonnes at 1,032 ppm Li in the Indicated Resource, for a total of 593.3 million tonnes at 1,073 ppm Li in Measured and Indicated Resources. The constrained pit shell contains mostly Measured and Indicated tonnes, with only 2.3 million tonnes of Inferred Resource averaging 1,005 ppm Li.

Mineral Resource Estimate (May 19, 2020)

Domain	Resource Mt	Li (ppm)
Measured		
Tuffaceous mudstone	19.6	1,062
Claystone all zones	412.0	1,089
Siltstone	0.9	974
Total	432.4	1,088
Indicated		
Tuffaceous mudstone	14.5	1,043

Claystone all zones	146.2	1,031
Siltstone	0.20	963
Total	160.9	1,032
Measured + Indicated		
Tuffaceous mudstone	34.1	1,054
Claystone all zones	558.2	1,074
Siltstone	1.1	972
Total	593.3	1,073
Inferred		
Tuffaceous mudstone	0.1	933
Claystone all zones	2.2	1,009
Siltstone	0.0	0
Total	2.3	1,005

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 that 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 Mineral Reserves were derived from the Measured and Indicated Resources. Within the resource shell, the first eight of 16 designed production phases were used to construct a mine schedule with 40 years. The cumulative result for the production schedule forms the Mineral Reserves.

Mineral Reserve Estimate (May 19, 2020)

Classification	Mt	Li (ppm)	LCE (Mt)
Probable Reserves (*Note 8)			
Total	222.8	1,141	1.353

1. The effective date of the Mineral Reserve Estimate is May 1, 2020. The QP for the estimate is Ms. Terre Lane of Global Resource Engineering Ltd. and is independent of Cypress Development.
2. The Mineral Reserve 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 Canadian Institute of Mining's (CIM) "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 900ppm is an optimized cutoff selected for the mine production schedule.
5. The Mineral Reserves are included in and derived from the Mineral Resources.
6. Reserves are estimated based on delivery to the mill stockpile.
7. No inferred resources are included in the Mineral Reserves or given value in the economic analysis.
8. All Measured and Indicated Mineral Resources within the mine production schedule are classified as Probable Reserves. No Measured Resources are converted to Proven Reserves due to Modifying Factors. Modifying Factors may include mining, processing, metallurgical, economic, marketing, legal, environmental, infrastructure, social and governmental factors. In the opinion of the authors, Modifying Factors apply to the project. As a source of lithium, sedimentary-hosted clay, claystone or ash-derived deposits are a new class of deposit. As of this report, there are no operations or projects in the world at a large enough scale to say that the extraction of lithium for this class is commercially proven.

Production Plan

Mining and processing are based on a daily rate of 15,000 tpd of mill feed. Material will be mined by a track excavator and transported using semi-mobile feeder-breaker and conveyors. The stripping ratio is 0.15:1.

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.

Metallurgical work by CMS determined optimum conditions for leaching including time, acid concentration, and temperature. Tests show only minor differences occur with respect to sample depth, oxidation, or weathering state of the clays.

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 kg/tonne 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.

NORAM Engineering and Constructors Ltd. and CMS designed and tested the flowsheet for recovering the lithium from solution. Testing was completed in March 2020 and report received on May 14, 2020. The NORAM-CMS test program was successful in yielding concentrated lithium solution suitable for producing lithium hydroxide.

Capital and Operating Costs

Capital and operating costs were estimated from vendor quotes, internal data and public information. The initial capital costs are estimated at US\$493 million, including US\$95 million in contingency (at 20%) plus working capital. Operating costs are estimated to average US\$16.78/tonne, or \$3,392/tonne LCE.

Capital Cost Estimate

Area	US\$ x 1000
Facilities	5,891
Mine	34,757
Plant	306,855
Infrastructure	25,907
Owners Costs	24,992
Contingency	94,883
Total Capital Cost	493,284

Operating Cost Estimate

Area	Avg Annual US\$ x 1000	Mill feed US\$/t
Mining	9,932	1.83
Processing	77,735	14.30
G & A	3,550	0.65
Total Operating Cost	91,218	16.78

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.

The project has the potential to recover other by-products in addition to lithium, including rare earth elements and alkali salts. No values are given in the PFS for any by-product elements as these are still conceptual in nature.

Project Advancement:

The PFS report supports further work on the project with the recommendation to conduct a pilot plant study prior to initiating a feasibility study and permitting. Cost of the program is estimated to be US\$6.75 million. Cypress is continuing testing and planning in preparation for the pilot plant, has begun baseline environmental studies, and is engaged in sourcing funds for the further studies.

Dr. Bill Willoughby commented, “Cypress’ perseverance and team effort has steadily worked to increase our understanding and find ways to advance the project. We are pleased with the results of the PFS and look forward to the next steps in demonstrating the value of our project.”

The PFS will be posted on the Company’s website and SEDAR within 45 days.

Qualified Persons:

Todd Fayram, MMSA-QP, of Continental Metallurgical Services, LLC., Terre Lane, MMSA-QP, of Global Resource Engineering, and Daniel Kalmbach, CPG, are the qualified persons as defined by National Instrument 43-101 and have approved the technical information in this release.

Financial Instruments and Other Risks

The Company’s financial instruments consist of cash, receivables and accounts payable and accrued liabilities.

The Company does not use derivative instruments to reduce its exposure to foreign exchange risk. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

In conducting business, the principal risks and uncertainties faced by the Company center on exploration and development and metal prices and market sentiment. Exploration for minerals and development of mining operations involve many risks, many of which are outside the Company’s control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure or easy access.

The prices of metals fluctuate and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies.

The Company relies on equity financing for its working capital requirements and to fund its exploration programs.

The Company does not have sufficient funds to put any of its resource interests into production from its own financial resources. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

The Company's business is highly uncertain and risky by its very nature. The two most significant risks for the Company are:

- 1) The chances of finding an economic ore body are extremely small.
- 2) The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them. Other risk factors include the establishment of undisputed title to mineral properties, environmental concerns and the obtaining of governmental permits and licenses when required. Success is totally dependent upon the knowledge and expertise of management and employees and their ability to identify and advance attractive exploration projects and targets from grass roots to more advanced stages.

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Even if an ore body is discovered, there is no assurance that it will ever reach production.

While it is impossible to eliminate all of the risks associated with exploration and mining, it is management's intention to manage its affairs, to the extent possible, to ensure that the Company's assets are protected and that its efforts will result in increased shareholder value.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because these instruments are due primarily from government agencies.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at March 31, 2020, the Company had a cash balance of \$1,107,015 (December 31, 2019 - \$1,518,637) to settle current liabilities of \$128,628 (December 31, 2019 - \$87,417). All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

- (a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. In addition to cash and interest-bearing deposits with banks of \$405,122 (December 31, 2019 - \$716,417) as of March 31, 2020, the Company has \$700,000 (December 31, 2019 - \$800,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of \$1,893 (December 31, 2019 - \$2,220). A 1% change in interest rates would have an effect of \$7,000 (December 31, 2019 - \$8,000) on interest income.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. In addition to cash in US bank accounts of \$13,664 (December 31, 2019 - \$181,253) as of March 31, 2020, the Company has \$103,382 (December 31, 2019 - \$48,713) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of \$897 (December 31, 2019 - \$1,325) on foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Proposed Transactions

The Company has no proposed transactions.

Additional Information

Additional information with respect to the Company is also available on the Company's website at www.cypressdevelopmentcorp.com and also on SEDAR at www.Sedar.com

Management's Responsibility for Financial Statements,

The Company's management is responsible for presentation and preparation of the interim financial statements and the Management's Discussion and Analysis.

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially

from our present assessment of this information because future events and circumstances may not occur as expected.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Share Capital

As at the report date of May 29, 2020 the following were outstanding:

Share capital – issued and outstanding	90,077,001
Options	7,924,000
Warrants	16,653,188
Shares held in escrow	Nil