

CYPRESS DEVELOPMENT CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended September 30, 2021.

CYPRESS DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

	September 30, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 19,819,807	\$ 2,101,554
Marketable securities	12,000	18,000
Receivables and prepaid expenses (Note 3)	134,285	40,356
Due from related party (Note 9)	<u>22,211</u>	<u>18,374</u>
	19,988,303	2,178,284
Reclamation bonds	41,774	41,774
Property, plant and equipment (Note 4)	4,716	-
Intangible asset (Note 5)	1,192,000	-
Exploration and evaluation assets (Note 6)	<u>7,189,861</u>	<u>4,644,707</u>
	<u>\$ 28,416,654</u>	<u>\$ 6,864,765</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	<u>\$ 349,026</u>	<u>\$ 127,196</u>
Equity		
Capital stock (Note 7)	50,049,850	37,194,666
Subscriptions received in advance	-	16,500
Reserves (Note 8)	14,142,583	4,588,544
Accumulated other comprehensive income (loss)	25,316	-
Deficit	<u>(36,150,121)</u>	<u>(35,062,141)</u>
	<u>28,067,628</u>	<u>6,737,569</u>
	<u>\$ 28,416,654</u>	<u>\$ 6,864,765</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 13)

Approved and authorized by the Board on November 29, 2021

<u>"Bryan Disher"</u>	Director	<u>"Cassandra Joseph"</u>	Director
Bryan Disher		Cassandra Joseph	

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CYPRESS DEVELOPMENT CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

PERIODS ENDED

	September 30, 2021 3 months	September 30, 2020 3 months	September 30, 2021 9 months	September 30, 2020 9 months
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative, office and miscellaneous	\$ 40,851	\$ 37,684	\$ 196,771	\$ 118,136
Consulting fees (Note 9)	57,274	86,852	694,601	263,493
Legal	25,412	16,198	146,323	274,218
Recruitment	-	-	43,800	-
Salaries and wages	79,617	-	218,817	-
Share-based compensation	155,407	84,577	155,407	84,577
Shareholder communications	93,007	35,782	243,883	158,985
Transfer agent and filing fees	<u>10,298</u>	<u>9,441</u>	<u>81,949</u>	<u>15,232</u>
	(461,866)	(270,534)	(1,781,551)	(914,641)
Foreign exchange gain	339,255	-	687,150	-
Interest income	5,436	-	12,421	920
Other income - legal settlement	-	-	-	281,740
Unrealized gain (loss) on marketable securities	<u>(6,000)</u>	<u>3,000</u>	<u>(6,000)</u>	<u>-</u>
Loss and comprehensive loss for the period	\$ (123,175)	\$ (267,534)	\$ (1,087,980)	\$ (631,981)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding				
- basic and diluted	<u>123,986,213</u>	<u>93,001,072</u>	<u>116,556,090</u>	<u>91,061,178</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CYPRESS DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
PERIODS ENDED SEPTEMBER 30

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,087,980)	\$ (631,981)
Items not affecting cash:		
Share-based compensation	155,407	84,577
Shares issued for services	-	80,160
Unrealized loss on marketable securities	6,000	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables and prepaid expenses	(93,929)	58,852
Increase in due from related party	(3,837)	(29,860)
Increase (decrease) in accounts payable and accrued liabilities	98,212	(50,627)
Decrease in due to related party	-	(3,304)
	<u>(926,127)</u>	<u>(492,183)</u>
Net cash flows used in operating activities		
	<u>(926,127)</u>	<u>(492,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,716)	-
Intangible asset	(222,000)	-
Expenditures on exploration and evaluation assets	<u>(2,421,536)</u>	<u>(711,474)</u>
Net cash flows used in investing activities	<u>(2,648,252)</u>	<u>(711,474)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	22,766,662	1,069,184
Share issuance costs	(1,482,847)	-
Subscriptions receipts	<u>-</u>	<u>79,200</u>
Net cash flows provided by financing activities	<u>21,283,815</u>	<u>1,148,384</u>
Effect of foreign exchange on cash	<u>8,817</u>	<u>-</u>
Change in cash and cash equivalents during the period	17,718,253	(55,273)
Cash and cash equivalents, beginning of period	<u>2,101,554</u>	<u>1,518,637</u>
Cash and cash equivalents, end of period	<u>\$ 19,819,807</u>	<u>\$ 1,463,364</u>

Supplemental disclosures with respect to cash flows (Note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CYPRESS DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	<u>Capital Stock</u>		Reserves	Subscriptions received in advance	Deficit	Accumulated other comprehensive income (loss)	Total
	Number	Amount					
Balance, as at December 31, 2020	98,772,470	\$37,194,666	\$4,588,544	\$ 16,500	\$(35,062,141)	\$ -	\$ 6,737,569
Private placement	15,640,000	10,190,533	9,359,467	-	-	-	19,550,000
Share issuance costs – cash	-	(1,482,846)	-	-	-	-	(1,482,846)
Share issuance costs - finders' warrants	-	(649,580)	649,580	-	-	-	-
Options exercised	1,890,000	538,504	(246,079)	-	-	-	292,425
Warrants exercised	9,316,926	3,288,573	(364,336)	-	-	-	2,924,237
Acquisition of intangible asset	1,000,000	970,000	-	-	-	-	970,000
Subscriptions received	-	-	-	(16,500)	-	-	(16,500)
Share-based compensation	-	-	155,407	-	-	-	155,407
Cumulative translation adjustment	-	-	-	-	-	25,316	25,316
Loss for the period	-	-	-	-	(1,087,980)	-	(1,087,980)
Balance, as at September 30, 2021	126,619,396	\$50,049,850	\$14,142,583	\$ -	\$(36,150,121)	\$ 25,316	\$28,067,628
Balance, as at December 31, 2019	90,077,001	\$34,706,711	\$4,690,274	\$ -	\$(34,199,200)	\$ -	\$ 5,197,785
Options exercised	1,370,000	383,356	(178,756)	-	-	-	204,600
Warrants exercised	3,412,892	872,135	(7,551)	-	-	-	864,584
Shares issued for services	308,307	80,160	-	-	-	-	80,160
Subscriptions received in advance	-	-	-	79,200	-	-	79,200
Share-based compensation	-	-	84,577	-	-	-	84,577
Loss for the period	-	-	-	-	(631,981)	-	(631,981)
Balance, as at September 30, 2020	95,168,200	\$36,042,362	\$4,588,544	\$ 79,200	\$(34,831,181)	\$ -	\$ 5,878,925

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

1. NATURE AND CONTINUANCE OF OPERATIONS

Cypress Development Corp. was incorporated pursuant to the *Business Corporations Act* (Saskatchewan) on August 23, 1991. It is a publicly traded company listed on the Toronto Stock Exchange (“TSX.V”) under the symbol “CYP” and on the OTCQB market in the United States under the symbol “CYDVF”. The Company together with its subsidiary (collectively referred to as the “Company”) is principally engaged in the acquisition, exploration and evaluation of resource properties.

The head office and records office of the Company are located at Suite #1610 - 777 Dunsmuir Street, Vancouver, British Columbia, Canada. The registered office is located at Suite #1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company has not yet determined whether its properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, and the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and bring them to future profitable production. The Company does not generate cash flows from operations to fund its activities and therefore relies principally on the issuance of securities for financing. The Company’s future capital requirements will depend on many factors, including the Company’s ability to execute its business plan.

In the first quarter of 2021 the Company raised net proceeds of \$18,067,154 through the issue of 15,640,000 equity units. The Company has working capital of \$19,639,277 at September 30, 2021.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. 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.

The Company intends to continue to rely upon the issuance of equity to finance its future activities but there can be no assurance that such financing will continue to be available on a timely basis at terms acceptable to the Company. These condensed consolidated interim financial statements (the “interim financial statements”) have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Although these interim financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s business, results of operations and financial condition.

2. BASIS OF PREPARATION

(a) Statement of Compliance with International Financial Reporting Standards

These interim financial statements, which are presented in Canadian dollars, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB (“International Accounting Standards Board”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’. They do not include all information required for a complete set of IFRS financial statements. However selected notes are included to explain events and transactions that are significant to an understanding of the changes and performance since the Company’s last annual financial statements as at and for the year ended December 31, 2020.

CYPRESS DEVELOPMENT CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

2. BASIS OF PREPARATION (cont'd...)**(b) Basis of consolidation**

These interim financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

(c) Accounting policies

The accounting policies, estimates and judgements, methods of computation and presentation followed in these interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2020. Accordingly, these interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

(d) Approval of financial statements

The Board of Directors approved these interim financial statements for issue on November 29, 2021.

3. RECEIVABLES AND PREPAID EXPENSES

	September 30, 2021	December 31, 2020
GST receivable	\$ 14,322	\$ 9,693
Prepaid expenses	119,963	30,663
Total	\$ 134,285	\$ 40,356

CYPRESS DEVELOPMENT CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Computer software and hardware	Total
Cost			
Balance, December 31, 2019 and 2020	\$ 19,850	\$ -	\$ 19,850
Additions	<u> </u>	<u>4,716</u>	<u>4,716</u>
Balance, September 30, 2021	\$ 19,850	\$ 4,716	\$ 24,566
Accumulated amortization			
Balance, December 31, 2019 and 2020	\$ 19,850	\$ -	\$ 19,850
Additions	<u> </u>	<u> </u>	<u> </u>
Balance, September 30, 2021	\$ 19,850	\$ -	\$ 19,850
Carrying amounts			
As at December 31, 2020	\$ -	\$ -	\$ -
As at September 30, 2021	\$ -	\$ 4,716	\$ 4,716

5. INTANGIBLE ASSET

The Company entered into a share purchase and license agreement on July 5, 2021 for the acquisition of the equipment for its pilot plant and a license to use the Lionex direct lithium extraction (“DLE”) process to recover lithium from brines at the Company’s Clayton Valley, Nevada project. Under the terms of the agreement, the Company acquired 100% ownership of a private company, 2845028 Ontario Inc., which owns certain pilot plant equipment (“Pilot Plant Equipment”) specific to the Lionex Process and a license to use the Lionex Process, for \$350,000 and one million of the Company’s shares (“Consideration Shares”). The Company paid \$350,000 to the vendors on receipt of the Pilot Plant Equipment and the Consideration Shares, following regulatory approval, were transferred into escrow. The purchase price grants full ownership of 2845028 Ontario Inc. to the Company with no further payment or royalty obligations for the use of the Lionex Process

The Company has twelve months following installation of the Pilot Plant Equipment to carry out performance tests to confirm the successful operation of the pilot plant and determine, in its absolute discretion, whether to release the Consideration Shares from escrow. In the event the Company determines not to release the Consideration Shares, 2845028 Ontario Inc. will revert to the sellers, the Consideration Shares will return to the Company and the \$350,000 cash payment will be retained by the sellers.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

6. EXPLORATION AND EVALUATION ASSET

September 30, 2021 (9 months)	Glory Lithium Clayton Valley Project	Dean Clayton Valley Claims	Gunman Project White Pine Claims	Nevada, USA Total
Acquisition costs:				
Balance as at December 31, 2020 and September 30, 2021	\$ 34,896	\$ 403,196	\$ -	\$ 438,092
Exploration and evaluation costs:				
Incurred during the period				
Advances	46,503	-	-	46,503
Assaying, sampling and test work	62,736	-	-	62,736
Consulting	611,110	-	-	611,110
Equipment and supplies	24,094	-	-	24,094
Fees and permits	210,030	-	-	210,030
Office and administration	50,121	-	-	50,121
Pilot plant	1,179,237	-	-	1,179,237
Transportation	146,025	-	-	146,025
Water rights	215,298	-	-	215,298
	2,545,154	-	-	2,545,154
Balance, beginning of period	3,532,322	674,293	-	4,206,615
Balance, end of period	6,077,476	674,293	-	6,751,769
Total costs	\$6,112,372	\$1,077,489	\$ -	\$ 7,189,861

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

December 31, 2020 (12 months)	Glory Lithium Clayton Valley Project	Dean Clayton Valley Claims	Gunman Project White Pine Claims	Nevada, USA Total
Acquisition costs:				
Balance as at December 31, 2019	\$ 34,896	\$ 403,196	\$ -	\$ 438,092
Option payments received	-	-	(19,498)	(19,498)
Recovery of costs	-	-	19,498	19,498
	<u>34,896</u>	<u>403,196</u>	<u>-</u>	<u>438,092</u>
Exploration and evaluation costs:				
Incurred during the period				
Accommodation/food	30,495	-	-	30,495
Advances	8,384	-	-	8,384
Assaying/sampling	78,625	-	-	78,625
Consulting	563,060	-	-	563,060
Dues/fees/permits	104,425	-	-	104,425
Environmental survey	67,303	-	-	67,303
Equipment rentals/storage	21,619	-	-	21,619
Fuel/mileage	28,108	-	-	28,108
Office/miscellaneous	12,770	-	-	12,770
Office rent	11,718	-	-	11,718
Supplies/maintenance	11,993	-	-	11,993
Test work and analysis	45,553	-	-	45,553
Transportation	1,422	-	-	1,422
Travel/airfare	30,786	-	-	30,786
Wages/contract work	<u>4,578</u>	<u>-</u>	<u>-</u>	<u>4,578</u>
	1,020,839	-	-	1,020,839
Balance, beginning of period	<u>2,511,483</u>	<u>674,293</u>	<u>-</u>	<u>3,185,776</u>
Balance, end of period	<u>3,532,322</u>	<u>674,293</u>	<u>-</u>	<u>4,206,615</u>
Total costs	<u>\$3,567,218</u>	<u>\$1,077,489</u>	<u>\$ -</u>	<u>\$4,644,707</u>

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

Claims

Glory Lithium Project, Clayton Valley, Nevada, USA

In 2016, the Company entered into an option agreement to acquire a 100% interest in the Glory Lithium Project in Clayton Valley, Nevada. To earn a 100% interest, the Company made US\$162,500 in cash payments (\$212,357) and issued 1,100,000 shares of the Company (issued at a fair value of \$175,000). The optionor retains a 3% net smelter royalty ("NSR") with the Company having the right to purchase 2/3rds of the NSR (i.e. 2%) for US\$1,000,000.

Gunman Project, White Pine Claims, Nevada, USA

The Company has a 100% interest in certain claims located in White Pine County, Nevada, known as the Gunman Project. The project is subject to a 2% NSR.

On December 5, 2017, the Company entered into an option agreement (the "Agreement") with Pasinex Resources Limited ("Pasinex"), whereby a previous optionee transferred its option to earn up to an 80% interest in the project to Pasinex.

In order to acquire an initial 51% interest in the project (the "First Option"), Pasinex issued 600,000 of its common shares to the Company, made cash payments of US\$100,000 and had to incur exploration expenditures totaling US\$1,850,000 over the three year term of the agreement. The Company also granted Pasinex a second option (the "Second Option") to acquire an additional 29% interest by issuing 200,000 common shares, making a cash payment of US\$250,000 and incurring US\$1,100,000 in exploration expenditures within one year of satisfying and exercising the First Option.

On September 11, 2019, and again on November 27, 2020, the Company and Pasinex amended the Agreement, whereby the First Option was extended to December 31, 2022, and the Second Option was extended to December 31, 2024. As a condition for extending the Agreement, Pasinex paid the Company US\$15,000 and must incur exploration expenditures of US\$200,000 by December 31, 2021.

As at December 31, 2020, the Company had incurred \$441,623 in exploration expenditures, received \$461,121 in option payments and recorded a recovery on exploration and evaluation asset of \$19,498.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**USA Claims (cont'd...)***Gunman Project, White Pine Claims, Nevada, USA (cont'd...)*

Pasinex now has the following cash payments and share issuances to make to the Company to earn the First and Second Options:

Due Date	Cash Payments	Share Issuances	Expenditure Commitments
To acquire 51%:			
By December 31, 2021	-	-	US\$200,000
By December 31, 2022	-	-	US\$1,400,000
To acquire an additional 29%:			
By December 31, 2024	US\$250,000	200,000	US\$1,100,000
Receipt of a feasibility report within 90 days of exercise of the First Option			
Total	US\$250,000	200,000	US\$2,700,000

Dean, Clayton Valley, Nevada, USA

In 2016 the Company entered into an option agreement to acquire a 100% interest in 35 lithium placer claims located in southern Clayton Valley, Nevada, USA. To earn a 100% interest, the Company was required to make US\$140,000 in cash payments and issue 1,050,000 shares of the Company over the three-year term of the option agreement. These commitments have been settled in full.

The optionor retains a 3% NSR. The Company has the right to purchase 2/3rds of the NSR (i.e. 2%) for US\$1,000,000.

Reclamation Bonds, Nevada, USA

As at September 30, 2021, the Company held reclamation bonds with respect to the Nevada, USA properties of \$41,774 (December 31, 2020 - \$41,774).

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

7. CAPITAL STOCK

Authorized

An unlimited number of common shares without par value.

Private placement

On March 22, 2021, the Company closed a bought deal offering, pursuant to a short form prospectus, for 15,640,000 units of the Company at a price of \$1.25 per unit for gross proceeds of \$19,550,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at an exercise price of \$1.75 expire on March 22, 2024.

In connection with the financing, the Company paid a 6% commission in the amount of \$1,173,000 and additional issuance costs of \$309,847 and issued an aggregate of 938,400 finders' warrants. Each finders' warrant is exercisable into one common share for a period of up to three years at a price of \$1.25.

The 938,400 finders' warrants were valued at \$649,580 using the Black-Scholes option pricing model. Using a weighted average estimated life of 3 years, volatility of 88.55%, dividend rate of 0% and risk-free interest rate of 0.48% the weighted average fair value of each finders' warrant was \$0.69.

The 15,640,000 warrants were valued at \$9,359,467 using the Black-Scholes option pricing model. Using a weighted average estimated life of 3 years, volatility of 88.55%, dividend rate of 0% and risk-free interest rate of 0.48% the weighted average fair value of each finders' warrant was \$0.598.

8. RESERVES

The Company has a stock option plan in place under which it is authorized to grant options, restricted share units and deferred share units to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option is set by the directors but cannot be less than the closing price on the grant date. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

8. RESERVES (cont'd...)

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding at December 31, 2019	16,653,188	0.270	8,004,000	0.170
Additions	-	-	350,000	0.345
Exercised	(6,892,162)	0.279	(1,495,000)	0.154
Expired	(14,058)	0.070	(80,000)	0.220
Outstanding at December 31, 2020	9,746,968	\$ 0.267	6,779,000	\$ 0.178
Additions	16,578,400	1.722	750,000	1.250
Exercised	(9,316,926)	0.314	(1,890,000)	0.155
Outstanding at September 30, 2021	17,008,442	\$ 1.659	5,639,000	\$ 0.328
Outstanding and Exercisable at September 30, 2021	17,008,442	\$ 1.659	5,139,000	\$ 0.239

The following incentive stock options and share purchase warrants were outstanding at September 30, 2021:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	659,000	\$ 0.105	December 30, 2021
	230,000	\$ 0.100	July 18, 2022
	960,000	\$ 0.180	October 27, 2022
	1,680,000	\$ 0.220	November 2, 2023
	50,000	\$ 0.220	November 28, 2023
	750,000	\$ 1.250	May 3, 2024
	1,110,000	\$ 0.180	August 13, 2024
	200,000	\$ 0.345	August 4, 2025
Warrants:	936,680	\$ 0.330	October 26, 2021
	15,640,000	\$ 1.750	March 22, 2024
	431,762	\$ 1.250	March 22, 2024

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

9. RELATED PARTY TRANSACTIONS*Key management compensation*

Key management consists of the Company's CEO and CFO. The aggregate amount paid or payable to key management personnel, and directors was as follows:

	September 30, 2021	September 30, 2020
Charged to profit and loss as consulting fees	\$ 385,931	\$ 180,746
Charged to profit and loss as salaries and wages	183,000	-
Capitalized to exploration and evaluation assets	72,531	98,812
Share-based compensation	155,407	-
Total	\$ 796,869	\$ 279,558

Administrative agreement

The Company operates from the premises of a private company owned by a director of the Company. The private company has provided office and administrative services to the Company under a short-term contract on a cost recovery basis. In November 2021 the Board of Directors approved a revised contract with the private company for the provision of these services for a fixed price of \$25,000 per month, reviewable quarterly. Included in receivables and prepaids at September 30, 2021, is a prepaid balance of \$22,211 (December 31, 2020 - \$18,374) with this private company.

Included in accounts payable at September 30, 2021, is \$88,447 (December 31, 2020 - \$43,334) due to directors and/or their companies.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	September 30, 2021	September 30, 2020
Cash received during the period for interest	\$ 12,421	\$ 920
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

	September 30, 2021	December 31, 2020
Cash and cash equivalents consist of:		
Cash	\$ 19,819,807	\$ 401,554
Guaranteed Investment Certificates ("GIC")	-	1,700,000
	\$ 19,819,807	\$ 2,101,554

Significant non-cash transactions during the period ended September 30, 2021 were as follows:

- Incurred exploration and evaluation asset expenditures of \$205,936 through accounts payable and accrued liabilities.
- Granted 938,400 finders' warrants with an estimated fair value of \$649,580 pursuant to the Company's bought deal share issuance.
- Granted 15,640,000 warrants with an estimated fair value of \$9,359,467 pursuant to the Company's bought deal share issuance.
- Issued 970,000 shares as partial consideration for the purchase of the intangible asset

Significant non-cash transactions during the period ended September 30, 2020 were as follows:

- Incurred exploration and evaluation asset expenditures of \$82,294 through accounts payable and accrued liabilities.
- Issued 308,307 common shares valued at \$80,160 for legal fees.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted market prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based in valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and marketable securities are carried at fair value using a Level 1 fair value measurement. The carrying value of receivables, due to/from related parties and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

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. Approximately \$19,350,000 of the Company's cash and equivalents are held with the Bank of Montreal, a Canadian bank, which has an AA credit rating.

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 September 30, 2021, the Company had a cash balance of \$19,819,807 to settle current liabilities of \$349,026 and had working capital of \$19,639,277. All of the Company's financial liabilities are subject to normal trade terms.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial risk factors (cont'd...)

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 \$18,117,587 (December 31, 2020 - \$401,245) as of September 30, 2021, the Company has \$1,700,000 (December 31, 2020 - \$1,700,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of \$2,220 (December 31, 2020 - \$309). A 1% change in interest rates would have an effect of \$17,000 (December 31, 2020 - \$17,000) 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 \$13,969,164 as of September 30, 2021, the Company has \$205,936 denominated in US dollars. A 1% change in foreign exchange rates would have an effect of \$137,632 on foreign currency.

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

13. SUBSEQUENT EVENTS

Purchase of Goat Claims, Nevada, USA

The Company entered into a purchase agreement to acquire a 100% interest in 24 unpatented mining claims, comprising 480 contiguous acres in Clayton Valley, Nevada. To acquire the 100% interest, the Company issued 49,000 shares of the Company to the vendor. The claims have no retained or underlying royalties. TSX Venture Exchange approval for the issuance of the shares was received on October 8, 2021.

Options granted

The Company granted 150,000 incentive stock options to a director of the Company on October 1, 2021. The options are exercisable at \$1.51 per share for a period of five years from the date of grant. On November 22, 2021, the Company granted an additional 1,945,000 incentive stock options to directors and contractors of the Company at an exercise price of \$2.26 per share effective for variable periods up to five years from the date of grant. These options vest over variable periods up to three years.

Exercise of warrants

The Company issued 4,741,189 common shares pursuant to the exercise of warrants and received proceeds of \$6,949,791.

Exercise of options

The Company issued 217,500 common shares pursuant to the exercise of options and received proceeds of \$22,738.

Board of Directors Appointment

Mr. Ken Owen was appointed to the Board of Directors of the Company effective October 29, 2021.

Board of Directors Resignations

Mr. Donald Huston and Ms. Amanda Chow resigned from the Board of Directors of the Company effective November 18, 2021.