**FORM 51-102F3**
***Material Change Report***

**Item 1. Name and Address of Company**

**CYPRESS DEVELOPMENT CORP.**
Suite 1490 – 885 West Georgia Street,
Vancouver, B.C.
V6C 3E8

Telephone: (604) 687-3376
Fax: (604) 687-3119

**Item 2. Date of Material Change**

May 16, 2005

**Item 3. News Release**

The date of the press release issued pursuant to Section 7.1 of National Instrument 51-102 with respect to the material change disclosed in this report is **May 16, 2005**. The press release was issued in Vancouver, British Columbia.

**Item 4. Summary of Material Change**

Letter of intent to acquire 51% of the Poly Gold-Silver project, Stewart, BC.

**Item 5. Full Description of Material Change**

Cypress Development Corp. (the Company) announces it has signed a Letter Of Intent to enter into a formal option agreement with Lateegra Resources Corp. (Lateegra) to acquire a 51% interest in the Poly gold-silver project located in the Stewart Gold Camp, Skeena Mining Division of Northwestern British Columbia. Lateegra Resources Corp. currently holds the property under option from Geofine Exploration Consultants Ltd. ("Geofine") and can earn a 100% interest by fulfilling escalating option payments and work commitments, subject to a Geofine 2.5% NSR. The 23 square kilometre Poly property is contained within 7 claim blocks and is situated about 42 km northeast of the town of Stewart in the Entrance Peak Area of BC.
Map:

**http://www.cypressdevelopmentcorp.com/i/Maps/PolyGoldMap.gif**

Exploration carried out in 2004 on the Poly property included geological, geochemical and geophysical surveys and identified high priority drill targets for gold and silver and associated base metal mineralization. The targets have been delineated over an 800 metre strike length that remains open to the south and appears to extend at least another 300 metres to the north. The composition of the target mineralization indicated by the grid samples have a average grade of 13.26 g/t Au, 632.54 g/t Ag, 0.29% Cu, 0.25% Pb, 0.54% Zn, and are mainly comprised of coarse-grained pyrite, arsenopyrite, chalcopyrite, galena and sphalerite. The mineralization is hosted by epithermal to mesothermal quartz-sulfide breccia veins in a favorable orthogonal structure.

Lateegra has agreed to grant an option to the Company to acquire a 51% interest in the Poly Project in consideration of the Company undertaking a work program on the Poly Project aggregating $825,000, assuming 51% percent of the remaining cash payment obligations required to be paid to Geofine under the terms of the Underlying Option Agreement and issuing an aggregate of 250,000 shares to Lateegra as set forth herein;

(a) Share Issuance

(i) issue 50,000 common shares to Lateegra upon receipt of TSX Venture Exchange approval to the formal option and joint venture agreement;

(ii) issue 100,000 common shares to Lateegra on or before December 1, 2005;

(iii) issue 100,000 common shares to Lateegra on or before December 1, 2006.

(b) Work Commitment

The Company shall incur an aggregate of $825,000 of exploration expenditures on the Poly Project as follows:

(i) $150,000 on or before December 31, 2005;

(ii) $300,000 on or before December 31, 2006;

(iii) $300,000 on or before December 31, 2007;

(iv) $75,000 on or before December 31, 2008.

(c) Cash Contributions

The Company shall assume and pay 51% of the remaining cash payment obligations required to be paid to Geofine under the terms of the Underlying Option Agreement ($182,000). Lateegra will be responsible for making its 49% share of the remaining cash obligations to Geofine and all share issuances required to be made to Geofine under the terms of the Underlying Option Agreement.

The Company and Lateegra agree that they will diligently and in good faith negotiate a definitive Option Agreement and Joint Venture Agreement incorporating the principal terms of the transaction described above. Closing of the Definitive Agreement is subject to the approval of the Board of Directors of both the Company and Lateegra and receipt of all regulatory approvals, including the approval of the TSX Venture Exchange.

In other news, Cypress Development has now completed its 2005 Phase II drill program in the St. Paul's Bay region on the Company's 80% owned McKenzie Island property in Red Lake, Northwestern Ontario. 7 diamond drill holes totaling 1406 metres (4611 feet) were completed here. The Company expects to release assay results from this drill program in approximately 2 weeks.

Cypress Development Corp. is a diversified precious and base metal exploration and development company with a gold property in Red Lake, Ontario Canada, and 2 gold properties and a zinc property Nevada, U.S.A.

To find out more about Cypress Development Corp. (TSX.V: CYP), visit the Company's website at www.cypressdevelopmentcorp.com.

**Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

**Item 7. Omitted Information**

N/A

**Item 8. Executive Officer**

The following executive officer of the Company is knowledgeable about the material change disclosed in this report:

Donald C. Huston, President
Phone: (604) 687-3376

**Item 9. Date of Report**

May 16, 2005