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.
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Item 2. **Date of Material Change**

May 26, 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 26, 2005**. The press release was issued in Vancouver, British Columbia.

Item 4. **Summary of Material Change**

Results From McKenzie Island Gold Property, Red Lake, Ontario
Drill Program To Begin On Poly Gold-Silver Property, Stewart, BC

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

Cypress Development Corp. (Cypress) announces that the second phase of the 2005 winter/spring drill program has now been completed on the St Paul's Bay region of its McKenzie Island property in Red Lake, northwestern Ontario. The McKenzie Island property is held jointly by Cypress (TSX.V: CYP 80%) and by Skyharbour Resources Ltd. (TSX.V: SYH 20%). A total of 14 reconnaissance drill holes (approx. 3300 metres) were completed in a 2 phase diamond drill program with the objective of exploring a district scale west-northwest trending geological zone known as the "D2" Structure.

Significant zones of gold mineralization have been discovered during the 2 phase drill program. The gold mineralization is hosted within a pervasively altered quartz-sericite-chlorite-tourmaline alteration of the "Dome Stock" and contains quartz-sulphide veining and silica flooding within a strongly sericite altered felsic intrusive. Sulphhides are generally less than 2% but locally contain up to 10%. Discrete quartz veinlets occur over 10 cm widths and commonly contain visible gold within these zones. The identified sulphides include pyrite, sphalerite, calcopyrite, and arsenopyrite.

The initial phases of drilling carried out on the property have delineated a gold bearing structure of alteration approximately 100 metres wide and 1000 metres long. This new zone remains open in all directions for further exploration. As previously reported, reconnaissance drill hole M05-7 intersected a 10 metre wide zone of gold mineralization from 114.7 metres to 124.7 metres down hole. Assays from the centre of the zone returned 2.1 g/t Au over 5.5 metres. All of the gold mineralization interceptions lie within a large (+1000 metres by +150 metres) envelope of quartz-sericite-chlorite alteration, which appears to be controlled by a district scale WNW trending deformation zone known as the "D2"zone.

All core samples were shipped to TSL Laboratories in Saskatoon, Saskatchewan for assaying.

Phase II Analytical Results:

Hole #	From m	To m	Length m	Gold g/t
M05-8	145.5	148.1	2.6	0.64
M05-9	110.3	111.1	0.8	3.20
Incl.	111.1	112.2	1.1	0.78
Incl.	144.2	148.4	4.2	0.72
Incl.	154.8	155.8	1.0	1.32
M05-10	8.5	9.5	1.0	1.50
M05-11	172.4	173.4	1.0	0.96
M05-12	114.2	114.7	0.5	1.4
M05-13		no	significant	assays
M05-14	21.2	21.5	0.3	13.08
Incl.	21.5	22.0	0.5	17.02
Incl.	65.9	70.2	4.3	0.70
Incl.	93.6	94.1	0.5	1.71
Incl.	94.1	94.6	0.5	0.91

Cypress and Skyharbour Resources Ltd. are encouraged with the assay results to date. The companies are, at this time, in the process of conducting a detailed surface rock-sampling program on all of their McKenzie Island property, including the St Paul's Bay region. The companies will be conducting multi element assaying consisting of whole rock analysis. The objective is to identify the potential of large-scale alteration systems within the Dome Stock.

David J. Busch, B.A. B.Sc. (hons.) PGeo. is the qualified person, under the meaning of National Instrument 43-101, and has reviewed the data in this News Release.

In other news, a Phase I drill program is scheduled to start the second week of June 2005 on Cypress Development's new Poly gold-silver property in the Stewart gold camp, Skeena Mining Division, northwestern British Columbia. The Company has now advanced the necessary funds to complete the Phase I drill program.
Location Map:

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

Cypress Development Corp. is a diversified precious and base metal exploration and development company with a gold-silver project in Stewart, BC, and 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 26, 2005