

CYPRESS DEVELOPMENT CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

THREE MONTHS ENDED – MARCH 31, 2017

This Management Discussion and Analysis of Cypress Development Corp. (the “Company”) provides an analysis of the Company’s financial results for the three months ended March 31, 2017. 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 28, 2017

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 28, 2017 (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, 2017 the Company has capitalized total exploration and evaluation assets of \$634,284 on its four mineral properties, all located in the state of Nevada, USA. Of the total amount, \$565,722 relates to deferred exploration expenditures.

McKenzie Island Claims, Ontario, Canada

The Company entered into a mineral property purchase agreement on August 8, 2016 to sell its 100% right, title and interest in the property including the vendor’s royalty for the sum of \$35,000. (received)

Alkali Property, Nevada, USA

The Company has acquired through Cypress Holdings (Nevada), Ltd., a subsidiary, a 100% interest in the 1,780 acre Alkali Valley lithium brine project located in Esmeralda County, Nevada through the staking of 89 placer claims. As at March 31, 2017, the Company incurred \$28,556 in exploration expenditures.

Glory Lithium Project, Clayton Valley, Nevada, USA

The Company made cash payments of \$50,689 (US\$37,500) and issued 600,000 shares of the Company valued at \$45,000 with respect to the option agreement. As at March 31, 2017, the Company incurred \$95,689 in acquisition costs and \$171,275 in exploration expenditures against which \$218,912 in option monies received were applied.

Two Additional Claims Added to Clayton Valley Land Position

The Company has acquired and added, via staking, 2 additional claims to its Clayton Valley land position. The two mineral claims are located in the south west corner and add an additional 40 acres to the Cypress land package. The two claims titled “Angel” 12 and 13 are located to the immediate southeast of Pure Energy’s CV-2 lithium brine well. The two claims are ideally located as they abut the defined north resource area of Pure Energy Minerals and are considered highly prospective for lithium brines in existing subsurface aquifers, known to exist below the mineralized claystone.

Option Agreement with Pure Energy Minerals

The Company executed a definitive Option Agreement on August 22, 2016 governing the Company’s Clayton Valley, Nevada Project. The new option agreement grants Pure Energy Minerals the right to acquire up to 70% undivided interest in the 1,520 acre package of Federal mineral claims. The Cypress Property adjoins Pure Energy’s Clayton Valley South (CVS) Lithium Brine Project on the eastern side of the valley.

Pure Energy’s Clayton Valley South Project & Cypress’ Project, Nevada map:

http://www.cypressdevelopmentcorp.com/i/maps/CYP_Clayton_Valley_South_Cypress_Addition.jpg

In order to fully exercise the two-stage option, Pure Energy is to make the following cash and share payments and associated exploration investments in the property:

1. Cash and share payments of US \$75,000 and 350,000 shares within five business days of the date of exchange acceptance for the agreement; (received cash and shares)
2. Exploration expenditures of at least US \$300,000 before the first anniversary;
3. Cash and share payments of US \$100,000 and 750,000 shares on or before the first anniversary;
4. Additional exploration expenditures of US \$500,000 before the second anniversary;
5. Partial vesting of 51% undivided interest is reached upon satisfaction of the above;
6. An additional 1 million shares and US \$1 million of exploration expenditures before the fourth anniversary to complete vesting at 70%.

Robert Marvin, P.Geo, Exploration Manager for Cypress Development Corp. is the Qualified Person as defined by National Instrument 43-101 and has approved of the technical information in this release.

Recent Surface Sampling Results

On February 22, 2016, the Company reported recent surface sampling results from Clayton Valley Lithium Brine Project located in Nevada, USA.

The results of recent, systematic sampling of surface claystones reported confirms the target model being used by Cypress. The results are displayed in Tables 1 and 2 of the February 22, 2016 News Release. Table 1 samples were randomly collected along the contact of the Cambrian age rocks and the basin fill claystone evaporite rocks. Table 2 lithium (Li) numbers are from samples of the Cambrian rocks above a complex contact with the topographically lower claystones.

Picture of sampling sites at Cypress Clayton Valley Lithium Project, Nevada

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Clayton-Valley-Lithium-Project-Pic-of-Sampling-Site.jpg>

The results suggest a strong possibility of an essentially continuously mineralized volume of claystone at surface on the Cypress property in a position immediately east of both brine production wells at Albemarle Silver Peak mine and the north resource area of Pure Energy Minerals project.

Cypress Files Notice with BLM for Four Drill Holes Targeting Lithium Brines at Clayton Valley Project, Nevada

Cypress Clayton Valley Lithium Project, Nevada claims map:

<http://www.cypressdevelopmentcorp.com/i/maps/Clayton-Test-Wells-Plan-Map.jpg>

The permit application contains four proposed reverse circulation (“R-C”) drill holes targeting lithium brines within the main ash aquifer projected to underlie the west and west-central portion of Cypress’ Clayton Valley project. The main ash aquifer is the primary target of all four R-C holes.

Cypress expects to intersect this zone at approximately 500 feet below surface. Additional deeper targets will also be tested including the potential presence of a coarse gravel aquifer near the base of the basin fill evaporite sequence.

Cypress Clayton Valley, Nevada Seismic Cross Section map:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Clayton-seismic-section-apr.jpg>

1. R-C hole CYP-1 will target the main ash aquifer immediately east of Pure Energy Minerals hole CV-1 and Rodina hole SPD-9.
2. R-C hole CYP-2 will target the main ash aquifer within a strong NNE trending structural zone which appears to be the major bounding fault along the southeast flank of Angel Island.
3. R-C hole CYP-3 will target the main ash aquifer east of Pure Energy Minerals hole CV-2.
4. R-C hole CYP-4 will target the main ash aquifer in the southwestern portion of the property.

Cypress Clayton Valley Project Proposed Drill Hole Locations:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Clayton-Drill-Plan-Map-small-apr16.jpg>

The permit also contains proposed locations for 25 shallow auger holes targeted to provide initial subsurface data and assays under areas of strongly lithium mineralized salty claystone outcrops. The auger holes are planned to be approximately 30 feet in depth and will be sampled on composite 5 foot intervals.

Lithium Leachability Study

A number of samples from these current results are now being run by additional assay procedures to provide further data on the favourable leachability potential of lithium from the mineralized claystones.

Cypress' Phase 3 program will include the drilling of shallow auger holes targeted to provide initial subsurface data and assays under areas of strongly lithium mineralized salty claystone outcrops. The auger holes are planned to test the depth of lithium in claystones and will be sampled on composite 5 foot intervals.

Cypress has received leach test results of lithium extraction from the surface claystones at the Clayton Valley Project using a dilute acid method. The results show that 95% of the lithium has also been recovered using a dilute acid method, a much less aggressive acid solution compared to the industry standard, caustic, four acid method.

Highlights:

1. 47 samples selected for further study average 1334 ppm Li using 4-acid leach
2. The 47 selected samples average 1276 ppm Li using dilute acid leach
3. The weak acid method recovered 95% of the lithium found by the 4 acid method
4. These data indicate that a readily soluble mineral form of lithium has been found
5. Further work using a pure water leach is ongoing
6. Selected samples cover a 2 kilometer strike length of exposed lithium mineralization

A four-acid digestion assay method uses an extremely corrosive combination of HCl (hydrochloric acid), HNO₃ (nitric acid), HF (hydrofluoric acid) and HClO₄ (perchloric acid). Because hydrofluoric acid dissolves silicate minerals, these digestions are often referred to as 'near-total digestions'. A four acid assay will work to extract lithium contained in any known lithium bearing mineral, including pegmatite sourced spodumene hosted lithium and lithium contained within silicate clay minerals such as hectorite (a lithium bearing smectite clay mineral).

In contrast, the Weak Aqua Regia digestion uses a much more dilute mixture of one part HNO₃ (nitric acid), one part HCl (hydrochloric acid) and one part water. A much less aggressive acid solution, Weak Aqua Regia will not extract lithium from silicate minerals including spodumene, lithiophyllite and lepidolite. However, Cypress is recovering an average of 95% Li from the non silicate minerals in the claystones.

An average of 95% of the lithium assayed with the four acid method was recovered using the Weak Aqua Regia assay method. This result strongly suggests that the lithium mineralization is contained within a readily dissolved, non-silicate mineral or minerals. Given the data in the table above, potential mineralogy of the lithium mineralization includes a complex lithium oxide, a lithium bearing carbonate or complex lithium bearing salt minerals within the calcareous volcanoclastic host rock. Importantly, while the identity of the exact lithium minerals present remains to be determined, the data strongly suggests that the lithium is not contained within refractory, hard to process, silicate minerals.

Cypress Receives Drilling Permit for its Clayton Valley Lithium Project in Nevada

On September 27, 2016, the Company announced that the Company, in close conjunction with its project partner Pure Energy Minerals, has commenced a Phase 3 property wide surface sampling program.

Drilling Results

On November 16, 2016, the Company announced that it has received results from a property wide grid sampling program at Cypress' 1,520 acre Glory Lithium Brine/Claystone Project located in Clayton Valley, Esmeralda County, Nevada. Cypress' Glory Project is located within a 0.5 mile of lithium brine wells belonging to the Albemarle Silver Peak Mine and the property shares its western boundary with the lithium resource area of Pure Energy's Clayton Valley South project.

Highlights:

- 239 Glory samples were collected on a systematic 100m X 100m grid

- 133 Glory samples assayed greater than 900 ppm Li
- New Glory zone discovered with a high grade of 3830 ppm Li
- Several open zones of 1400 to >2000 ppm Li have been identified
- 3 km long by 1 ½ km wide zone of strong lithium mineralization is present at surface on the Glory property
- Data supports that the lithium is from uplifted and exposed lake bed sediments
- Grid sample results definitively confirm earlier samples reported by Cypress

Cypress considers this highly mineralized area as a prime target for developing a large surface footprint of lithium mineralization averaging >2000 ppm. Detailed follow-up channel sampling of the area is being planned to determine the size of the higher grade zone which would become a focus area for further development work.

Table 1: Cypress Glory Grid Sampling Results

Lithology Type	Number of Samples	Average Li Assay ppm	High Li Assay ppm	Low Li Assay ppm
Mudstone/Claystone	133	906	3830	340
Volcanic Ash Tuff	46	366	1060	20
Gravel Cover	51	112	250	40

*Note ppm = parts per million, Li = lithium metal

Glory Clayton Valley Nevada grid sampling map:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Glory-2016-Grid-Samples-small.jpg>

Discussion of Grid Sample Results

A 3 km long by 1.5 km wide zone of essentially continuous lithium mineralization within uplifted lake bed sediments is present at surface on the Glory property. The assays of mudstones and claystones average >900 ppm lithium and several open zones of 1400 to >2000 ppm lithium have been identified as a result of the grid sampling.

Dean Claims, Clayton Valley, Nevada, USA

On September 8th, 2016 Cypress entered into an agreement to acquire a 100% interest in a 2nd Clayton Valley lithium project. The 2,700 acre "Dean" Lithium Brine/Clay Project is located immediately adjacent to the Albemarle's Silver Peak Mine on the west boundary, Pure Energy Minerals project on its southwest boundary and Cypress' existing Clayton Valley Project on its southern boundary.

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
- Year 3. \$30,000 USD cash and 250,000 shares of Cypress
- Year 4. \$50,000 USD cash and 300,000 shares of Cypress

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, 2017 the Company has incurred \$74,564 in acquisition costs (\$39,564 in cash and 250,000 shares valued at \$35,000) and \$109,417 in exploration expenditures.

Dean Project and Cypress' Clayton Valley Project, Nevada map:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Dean-Claims-2016.jpg>

On October 6, 2016, the Company announced, that further to its News Release of September 8th, the Company has received assay results from Cypress' initial Phase 1 exploration program on its new Dean Clayton Valley Lithium Brine/Clay Project in Esmeralda County, Nevada.

Cypress' Dean Clayton Valley Lithium Project sampling map:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Dean-Sampling-Map-oct-2016.jpg>

<i>SAMPLE ID</i>	<i>Li ppm</i>		<i>SAMPLE ID</i>	<i>Li ppm</i>		<i>SAMPLE ID</i>	<i>Li ppm</i>
Dean-1	1010		Dean-20	560		Dean-40	820
Dean-2	1770		Dean-21	920		Dean-41	1100
Dean-3	1480		Dean-22	790		Dean-42	1030
Dean-4	1250		Dean-24	2940		Dean-43	1000
Dean-5	930		Dean-25	950		Dean-44	1890
Dean-6	1130		Dean-26	640		Dean-45	360
Dean-7	1560		Dean-27	900		Dean-46	650
Dean-8	1720		Dean-28	1350		Dean-47	910
Dean-9	2090		Dean-29	960		Dean-48	670
Dean-10	830		Dean-30	510		Dean-49	1100
Dean-11	680		Dean-31	350		Dean-50	1250
Dean-12	440		Dean-32	960		Dean-51	1020
Dean-13	370		Dean-33	1440		Dean-52	1380
Dean-14	690		Dean-34	610		Dean-53	1200
Dean-15	500		Dean-35	340		Dean-54	600
Dean-16	460		Dean-36	460		Dean-55	670
Dean-17	390		Dean-37	400			
Dean-18	390		Dean-38	550			
Dean-19	440		Dean-39	530			

In October, Cypress initiated a Phase 2 detailed surface sampling program on the Company's 100% owned Dean Project. Another 72 samples were collected and submitted for analysis for lithium content.

Highlights:

- Maximum lithium value in claystone/mudstone was 3,730 ppm lithium (0.82% Li₂O equivalent)
- 8 samples assayed greater than 2000 ppm lithium (0.43% Li₂O equivalent)
- 29 samples assayed greater than 1000 ppm lithium (0.22% Li₂O equivalent)
- An area of >2 square kilometers has been identified as a new high-grade zone.
- The new zone has been named the Frontera Verde Zone and this zone is open for expansion to the north and south
- Initial chip channel samples demonstrate vertical continuity of mineralization to 3.25 meters (see table 1 below).
- BLM permitting is underway in preparation for drilling of the new zone

Table 1: Cypress Dean Outcrop Sampling Results Highlights

<i>Sample #</i>	<i>Rock Type</i>	<i>Li ppm</i>	<i>Sample #</i>	<i>Rock Type</i>	<i>Li ppm</i>
Dean-26	Mudstone	640	CV00802	Claystone	3730
Dean-27	Mudstone	900	CV00803	Mudstone	1660
Dean-28	Claystone	1350	CV00805	Mudstone	1000
Dean-41	Claystone	1100	CV00806	Claystone	1030
Dean-44	Claystone	1890	CV00810	Claystone	1480
CV00210	Claystone	2040	CV00811	Claystone	1320
CV00221	Claystone	2310	CV00812	Claystone	1750
CV00224	Claystone	3830	CV00813	Claystone	2130
CV00225	Mudstone	920	CV00814	Mudstone	1000
CV00226	Mudstone	910	CV00818	Mudstone	1640
CV00790	Mudstone	2440	CV00819	Mudstone	1450
CV00792	Mudstone	510	CV00820	Mudstone	800
CV00793	Mudstone	510	CV00821	Mudstone	1150
CV00794	Mudstone	2530	CV00822	Siltstone	810
CV00795	Claystone	1030	CV00823	Ashstone	570
CV00796	Mudstone	780	CV00824	Claystone	1090
CV00797	Mudstone	1770	CV00825	Mudstone	1110
CV00798	Mudstone	1780	CV00826	Mudstone	750
CV00799	Mudstone	1410	CV00827	Claystone	1060
CV00800	Claystone	1590	CV00801	Claystone	2220

CV00828	2.5 meter chip channel	1790	CV00829	3.25 meter chip channel	1390
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*Note ppm = parts per million, Li = lithium metal

Outcropping lithium-rich mudstones at Dean Project:

<http://www.cypressdevelopmentcorp.com/i/maps/Dean-Chip-Channel-Samples-Far-South.jpg>

Additional assay methods recently carried out by Cypress on the Dean Project clearly show that the lithium in the uplifted exposed lake bed sediments is easily leached by a dilute acid solution and a deionized water method.

On January 12, 2017, it was announced that the Company had received solubility study assay results from Cypress' 2,700 acre Dean Lithium Brine/Claystone Project located in the heart of the Clayton Valley lithium exploration area of Esmeralda County, Nevada.

Highlights:

- Cypress completes solubility studies on 48 previously assayed Dean claystone samples;
- A deionized water leach process returns 36.15% Li recovery on average;
- A modified dilute acid leach process returns 94.72% Li recovery on average;
- Permit application made to BLM, Nevada for a series of drill holes into new Frontera Verda Zone;
- Cypress anticipates drilling to begin at the end of January.

September and October 2016 surface sampling on the Dean Project has revealed a 2 square kilometer area of strong lithium mineralization up to 3,700 ppm Li (0.82% Li₂O equivalent) in calcareous, volcanoclastic, claystones, mudstones and volcanic ash units. The mineralization is essentially identical to the acreage being jointly explored by Cypress and Pure Energy Minerals on Cypress' Glory Project immediately to the south.

Cypress has now completed solubility studies with 48 previously assayed claystone samples from the Dean property. A modified dilute Aqua Regia (dilute acid) process (ME-MS41W) and a deionized water leach process (ME-MS03) has been carried out by ALS/Chemex lab in Reno, Nevada in order to provide Cypress with further data on the potential feasibility of a large-scale leach extraction method of lithium from the abundant mineralized claystone.

Dean Lithium Solubility Study Assay Results:

Sample	*ME-ICP61 Li ppm	*ME-MS41W Li ppm	*ME-MS03 Li ppm	Recovery with Dilute Aqua Regia	% Li Recovery with Deionized
Dean-1	1010	1010	105	100.00%	10.40%
Dean-2	1770	1720	1100	97.18%	62.15%
Dean-3	1480	1500	302	101.35%	20.41%
Dean-4	1250	1240	122	99.20%	9.76%
Dean-5	930	910	164	97.85%	17.63%
Dean-6	1130	1070	124	94.69%	10.97%
Dean-7	1560	1520	832	97.44%	53.33%
Dean-8	1720	1640	854	95.35%	49.65%
Dean-9	2090	1990	1100	95.22%	52.63%
Dean-10	830	790	195	95.18%	23.49%
Dean-22	790	750	239	94.94%	30.25%
Dean-24	2940	2780	1100	94.56%	37.41%
Dean-25	950	880	528	92.63%	55.58%
Dean-26	640	560	188	87.50%	29.38%
Dean-27	900	880	125	97.78%	13.83%
Dean-28	1350	1340	247	99.26%	18.30%
Dean-29	960	920	190	95.83%	19.74%
Dean-30	510	480	103	94.12%	20.20%
Dean-31	350	348	111	99.43%	31.71%
Dean-32	960	940	70	97.92%	7.28%
Dean-33	1440	1420	279	98.61%	19.38%
Dean-41	1100	1020	826	92.73%	75.09%
Dean-42	1030	970	634	94.17%	61.55%
Dean-43	1000	920	237	92.00%	23.70%
Dean-44	1890	1840	590	97.35%	31.22%
Dean-45	360	298	54	82.78%	15.11%
Dean-46	650	590	510	90.77%	78.46%
Dean-47	910	850	487	93.41%	53.52%
Dean-48	670	550	229	82.09%	34.18%
Dean-49	1100	1040	104	94.55%	9.41%
Dean-50	1250	1120	865	89.60%	69.20%

Dean-51	1020	960	155	94.12%	15.15%
Dean-52	1380	1400	1100	101.45%	79.71%
Dean-53	1200	1140	978	95.00%	81.50%
RKCV-00810	1480	1390	553	93.92%	37.36%
RKCV-00811	1320	1270	273	96.21%	20.68%
RKCV-00812	1750	1820	1100	104.00%	62.86%
RKCV-00813	2130	2040	1100	95.77%	51.64%
RKCV-00814	1000	980	298	98.00%	29.80%
RKCV-00815	390	369	108.5	94.62%	27.82%
RKCV-00816	780	690	280	88.46%	35.90%
RKCV-00817	780	730	278	93.59%	35.64%
RKCV-00818	1640	1560	790	95.12%	48.17%
RKCV-00819	1450	1400	618	96.55%	42.62%
RKCV-00820	800	760	279	95.00%	34.88%
RKCV-00821	1150	1050	567	91.30%	49.30%
RKCV-00822	810	780	157	96.30%	19.38%
RKCV-00823	570	500	196	87.72%	34.39%
				94.72% AV	36.15% AV

* ME-ICP61 is a 4 acid digestion that will extract lithium from any mineral including silicates

* ME-MS41W is a highly dilute version of Aqua Regia that will dissolve carbonate minerals

* ME-MS03 is a leach method that uses deionized water to extract lithium in the sample

* Li = Lithium Metal

* ppm = parts per million

* AV = Average

Several first order drill targets have been defined on the Dean property that include extensive outcropping of altered green evaporate-rich volcanoclastic claystone / mudstone exposures known as the Frontera Verde Zone. The Frontera Verde Zone covers an area of greater than 2 square kilometers. The average lithium grade of the Frontera Verde Zone is greater than 1500 ppm Li (>0.32% Li₂O).

Cypress has made application to the BLM, Nevada for an area of disturbance Permit to allow for a series of drill holes into the new Frontera Verda Zone on the Dean Project. The Company anticipates mobilizing a drill crew into the Clayton Valley by the end of January.

Extensive sampling by Cypress at the Dean Project has identified strong lithium mineralization up to 3,700 ppm lithium (1.98% lithium carbonate equivalent) in a highly soluble uplifted lakebed mudstone and claystone in the 2 square kilometer Frontera Verde Zone that averages 1,500 ppm lithium (0.80% lithium carbonate equivalent) at surface.

The U.S. Bureau of Land Management has approved 12 exploration drill hole locations into the Dean Frontera Verde Zone. Cypress plans to drill the 12 vertical holes using NQ diamond drill core methods of approximately 2 inch diameter core. Morningstar Drilling of Three Forks, Montana will complete the drilling.

Analysis of Deionized Water Leach Assay Results from Dean Lithium Project

Summary:

A total of fifty surface samples from the Dean property have been analyzed by ALS Chemex's lab in Reno, Nevada using method ME-MS03. This method involves using deionized water as the leach agent for extraction of easily soluble minerals and other element ions that are present in the prepared rock sample pulps.

The purpose of this work was an initial evaluation of extraction of lithium and other elements from the samples using water only. The important questions to answer in this study were the solubility of lithium in water and also the solubility of other associated evaporite elements such as sodium, potassium, magnesium and calcium.

Data, Methodology and Results:

The core data for this study were assay results from two fundamentally different assay procedures. The methods are;

1. ME-ICP61 method known as a four acid assay as it uses a mixture of acids to completely dissolve the sample in a highly corrosive solution of acids. The resulting solution is then analyzed for the amounts of individual elements present, here expressed as percent (%). This assay method produces a complete accounting of the make-up of the rock being assayed, nothing is left behind. This is known as complete digestion.

2. ME-MS03 method which uses only deionized water as the leaching solution. Assay results from this method will be entirely dependent of the solubility, in water, of the minerals or ion complexes that occur in the sample. This method will not extract elements from many minerals including silicates, sulfides, carbonates etc.

The results of this study are formed by comparing the assays from these two very different methods for the elements of importance in the Clayton Valley; lithium (Li), magnesium (Mg), calcium (Ca), potassium (K) and sodium (Na).

An ideal outcome of a water leach assay would be a large percentage extraction of lithium along with a low percentage extraction of other evaporite elements, especially magnesium and calcium, versus the assays of these elements in the four acid method.

The results of the fifty deionized water leach assays show exactly that, strong extraction of lithium with very low extraction of magnesium and calcium. The water and soluble element "synthetic brine" produced for assay from the samples has very similar chemistry to that of reported chemistry of production brines from the Clayton Valley and to brines reported by Pure Energy Minerals within their northern resource area.

This similarity of the "synthetic brine" from the Cypress deionized water leach assay (ALS Chemex method ME-MS03) compared to production and resource brines in the Clayton Valley is most clearly seen in the ratios of lithium vs. other evaporite elements in solution. These ratios are the standard reporting structure for the evaluation of the chemical quality of brines worldwide. In particular, relatively high amounts of lithium in comparison to the amount of magnesium and calcium in solution that are critical parameters in evaluating the suitability of a brine for processing using both traditional and new-era lithium production processes.

For Cypress, the comparison of the lithium to calcium, sodium, potassium and magnesium ratios for our deionized water leach brine, or synthetic brine, to the same ratios for both production brines and brines included in lithium resource estimates within the Clayton Valley is of critical importance in providing a first order estimation of the suitability of these synthetic brines for lithium extraction processing using either the traditional evaporation and

precipitation process similar to Albemarle's Silver Peak Mine or for possible processing in one of the new processes being developed by Pure Energy Minerals.

Cypress used public data that exists for a number of samples of these production and resource brines for this study. These data came from Pure Energy's July 28, 2015 NI 43-101 Technical Report on its Clayton Valley South lithium project and from subsequent news releases by Pure Energy Minerals. The inclusion of chemical data on Albemarle's production brines was possible by examining public data on these brines which are reported as part of Albemarle's annual reporting requirements to the Nevada Department of Environmental Protection and to the State of Nevada Water Resources.

The key results of the Cypress solubility study are presented below beginning with a side by side comparison of assays (in percentage) of the important elements in the rock samples as reported by ALS Chemex for the two different assay methods. The pairs of numbers for each method represent the average for the fifty samples in the study:

Water Solubility of Lithium from Surface Rock Samples Comparison of Assays from Four Acid Digestion and Distilled Water Methods:

Lithium		Magnesium		Calcium		Potassium		Sodium	
ME-ICP61	ME-MS03	ME-ICP61	ME-MS03	ME-ICP61	ME-MS03	ME-ICP61	ME-MS03	ME-ICP61	ME-MS03
Li	Li	Mg	Mg	Ca	Ca	K	K	Na	Na

The results from the table above show that the deionized water leach assay method would result in a water solution containing an average of 0.05% Li, 0.14% Mg, 0.11% Ca, 0.29% K, and 2.9% Na. These results are compared to other basin brine chemistries below in this study. The values are straight assay values for the elements as found in the deionized water solution used in the assay procedure.

The study looked at the solubility of each of the important elements in a fashion which compares the complete extraction of each element in the four acid method versus the partial extract using only deionized water.

As the chart below clearly shows, two elements, lithium and sodium, show strong solubility into water versus a four acid solution while the remainder of the elements show remarkably low solubility in water versus a four acid solution. The difference is significant and the result is that a water solution is created which contains approximately 42% of the lithium and 81% of the sodium of the original rock but contains only trace amounts of the undesirable elements magnesium, calcium and potassium, all of which are less than 1%.

Solubility in Deionized Water vs. 4 Acid Digestion:

Element	% Solubility
Lithium	42.00%
Magnesium	0.07%
Calcium	0.02%
Potassium	0.06%
Sodium	81.10%

The table below compares the solution chemistry of the Dean deionized water "synthetic brine" produced by ALS Chemex during the ME-MS03 assays to actual production and resource brines in the Clayton Valley. Note that the lithium value for the water leach solution from Dean claystones is more than double that of the Pure Energy brine and is four times that of the Albemarle production brine.

Element	Dean Claystones	CV-1 (@700 feet)	Well 392
Lithium %	0.047	0.0204	0.012
Magnesium %	0.140	0.0464	0.031
Calcium %	0.110	0.0835	0.039
Potassium %	0.290	0.3660	0.220
Sodium %	2.90	4.14	2.50

Cypress

Pure Energy

Albemarle

The data is significant when comparing the chemistry of the Cypress synthetic brine with two examples of brines from the Clayton Valley. As can be seen in the chart above, the Cypress synthetic brine is materially higher in lithium than the resource brine of Pure Energy Minerals or the production brine of Albemarle's Silver Peak Mine.

The results needed to be viewed in relation to the other elements to more clearly see if these three different solutions containing lithium and other elements are truly similar. To do this, Cypress looked at ratios of lithium with the other elements in each sample. This produced the critical metal ratios which are used for the evaluation of the processing characteristics of brines in terms of efficiency of lithium extraction from the mineral brines.

The metal ratios for each of the three mineral brines are presented below:

Ratio	Dean Claystones	CV-1 (@700 feet)	Well 392
Mg/Li	2.98	2.27	2.58
Ca/Li	2.34	4.09	3.25
K/Li	6.17	17.94	18.33
Na/Li	61.70	202.94	208.33

Cypress

Pure Energy

Albemarle

Conclusions:

The ratio data above compares in an effective way the chemistries of a synthetic brine made from surface outcropping claystones on the Cypress Dean property with basin brines of the Clayton Valley. The ratios suggest that the synthetic brine is chemically very similar to the two selected basin brines. This is particular true in the critical magnesium/lithium (Mg/Li) ratio where the total range of values for the three solutions falls within a narrow range.

The following points are apparent and supported by the mineral solubility data:

1. It appears that a lithium bearing mineral solution that is chemically similar to the production and resource brines of the Clayton valley can be produced by the leaching of surface exposed evaporate stratigraphy in water.
2. Comparison of ratios with other important elements also shows the Dean "Synthetic Brine" to compare favorably with basin production brines.
3. The data provides further strong support for the idea that the production brines of the basin are being continuously recharged by leaching of lithium and other elements from the uplifted and exposed former lake basin sediments that outcrop in a wide belt along the east margin of the Clayton Valley.
4. This recharge mechanism strongly supports the importance of the outcropping and buried claystones as a very significant lithium source rock. Our chemistry work-up as presented here shows how rain water would extract lithium and sodium from the uplifted, mineralized basin sediments at much higher rates

than the extraction of magnesium and calcium. This process would neatly account for the chemistry of basin production brines versus the chemistry of source rock claystones.

5. The potential for the existence of ground water mineral brines under and immediately adjacent to the exposed belt of lithium rich rocks is high as the water flow pathways for the recharge system are likely to be vertical as well as horizontal.

Robert Marvin, PGeo, Exploration Manager for Cypress Development Corp., is the qualified person as defined by National Instrument 43-101 and has approved of the technical information in this release.

Cypress Provides Drilling Update at Dean Lithium Claystone Project in Clayton Valley, Nevada

On March 27, 2017, the Company announced that drilling has commenced at the Company's Dean Lithium Claystone Project in Nevada after a delay due to unforeseen maintenance of the contractor's equipment and difficulties in getting the required equipment to the site. Preparations for core logging and a core cutting facility have already been established on site in the Clayton Valley. Cypress is pleased to get the drilling program underway.

Cypress Clayton Valley, Nevada Lithium Projects location map:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Clayton-topo-satalite-small.jpg>

In other news, detailed lithium extraction work on a series of mini-bulk samples of claystone taken from the Cypress – Pure Energy joint exploration project at the neighboring Glory Project is continuing at SGS Labs in Canada. The results of this work will be reported as data is made available.

White Pine Claims (Gunman Zinc Project), Eureka, Nevada, USA

During the latter part of fiscal 2013, the Company decided to recommence activity on the property. As at March 31, 2017 the Company has incurred \$440,305 in exploration expenditures to which \$66,610 in option monies received has been applied to.

The Company entered into an option agreement on March 23, 2017 with Silcom Systems Inc. ("Silcom") which provides Silcom an earn-in option to acquire an initial 51% interest in Cypress' 100% owned Gunman zinc-silver property located in White Pine County, Nevada. Under the agreement, Silcom will issue 1,500,000 listed common shares and make cash payments of \$300,000 USD and incur exploration expenditure totaling \$1,850,000 USD over the three year term of the first agreement.

Cypress has granted Silcom a second option to acquire an additional 29% interest in the Gunman Property by issuing 500,000 listed common shares and making a cash payment of \$250,000 USD within 90 days of Silcom satisfying and exercising the first option and incurring additional exploration expenditures totaling \$1,100,000 USD within 12 months.

Upon completion by Silcom of the two option agreements and the issuance of all the shares and cash payments and completion of all work commitments set out above, Silcom shall have earned an 80% interest in the Gunman Property, subject to an underlying 2% net royalty interest.

The agreement is subject to TSX Venture Exchange acceptance and the shares of Silcom obtaining a Canadian stock exchange listing.

Highlights as at March 31, 2017

- Completed a National Instrument 43-101 Technical Report on the Gunman zinc-silver project, Nevada

- Completed a Phase 1 RC drill program on the Gunman zinc-silver project on the RH Zone
- Phase 1 results include Hole GMRC-9 assaying 175 foot interval that grades 121.0 g/t silver and 12.0% zinc starting at a 50 foot depth.
- Completed a Phase 2 RC drill program on the Gunman zinc-silver project on the RH Zone
- Phase 2 results include Hole GMRC-16 assaying 230 foot interval that grades 83.4 g/t silver and 13.4% zinc starting at surface.
- Doubled size of Gunman, Nevada land package
- Completed a detailed surface sampling program (zinc, silver, copper) on the Gunman, Nevada RH South Target
- Purchased high resolution airborne magnetometer survey data over the Gunman, Nevada project area

Cypress completed thirteen reverse circulation (RC) drill holes in May 2014 at the Gunman zinc-silver project in eastern White Pine County, Nevada. The drilling program totaled 3,520 feet and was directed at three targets areas located in the central portion of the property.

Summary of Quarterly Results

		1st (3 months)	4th (3 months)	3rd (3 months)	2nd (3 months)
		March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
(a)	Revenue - interest	\$ -	\$ -	\$ -	\$ -
(b)	Net (loss)	\$ (139,861)	\$ (119,666)	\$ (728,202)	\$ (223,685)
(c)	Net (loss) per share:				
	Basic -	\$ (0.004)	\$ (0.005)	\$ (0.032)	\$ (0.011)
	Fully Diluted -	\$ (0.004)	\$ (0.005)	\$ (0.032)	\$ (0.011)

		1st (3 months)	4th (3 months)	3rd (3 months)	2nd (3 months)
		March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
(a)	Revenue - interest	\$ -	\$ (45)	\$ -	\$ 168
(b)	Net (loss)	\$ (94,286)	\$ (127,171)	\$ (109,085)	\$ (157,397)
(c)	Net (loss) per share:				
	Basic -	\$ (0.005)	\$ (0.008)	\$ (0.007)	\$ (0.010)
	Fully Diluted -	\$ (0.005)	\$ (0.008)	\$ (0.007)	\$ (0.010)

For the Quarter Ended March 31, 2017

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.

For the quarter ended March 31, 2017, the Company reported a net loss of \$139,861 or a \$0.004 loss per share. Comparatively, the Company had a loss of \$94,286 or a \$0.005 loss per share during the same quarter in 2016.

The Company's total expenses of \$115,361 (2016 - \$94,286) increased by \$21,075 as compared to the same quarter in the previous year. Share-based compensation expense (2017 - \$Nil; 2016 - \$10,271), is a non-cash item. Without the inclusion of this expense, total expenses would have been \$115,361 (2016 - \$84,015), an increase of \$31,346 in the current quarter.

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 quarter and year to another. Shareholder communications 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. Administrative expense varies with the amount of activity in the Company.

There are no trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on the Company's business, financial condition or results of operation other than uncertainty as to the speculative nature of the business.

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, 2017 the Company had cash of \$351,318 compared to \$450,289 at December 31, 2016. The Company generated \$66,150 in gross proceeds from the exercise of options and warrants (2016 - \$300,000 from private placements). Working capital was \$511,858 at March 31, 2017 as compared to working capital of \$637,977 at December 31, 2016.

The Company's cash position at December 31, 2016 was \$450,289. As a result of expenditures incurred during the current period for general business expenses; the receipt of \$66,150 in proceeds from the exercise of options and warrants and \$66,610 from an option payment; expenditures in exploration and evaluation assets of \$17,448; the decrease in receivables and prepaid expenses of \$5,065 and in accounts payable and accrued liabilities of \$18,473; and the increase in reclamation bonds of \$14,623; the Company's cash position at March 31, 2017 was \$351,318.

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.

Off-Balance Sheet Arrangements

At March 31, 2017, 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, 2017	March 31, 2016
	3 months	3 months
Consulting fees	\$ 24,996	\$ 20,000

Administrative agreement

The Company operates from the premises of a private company that 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 and is charged an administration fee of \$Nil (2016 - \$7,110) representing 15% of the costs incurred.

Included in receivables and prepaid expenses at March 31, 2017 is \$14,075 (December 31, 2016 - \$4,407) due from the private company.

Effective June 30th, 2016, the privately owned company, no longer provided administrative services to the Company.

On July 1, 2016, the Company commenced administrative services with another private company with a common director. No administrative fees are charged for this service.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

New accounting standards and interpretations

Certain new standards, interpretations and amendments to existing have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2016, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below. The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases require lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

Subsequent Events

The following events occurred subsequent to March 31, 2017:

Robert Marvin Appointed Director and VP of Exploration

Robert Marvin, B.Sc., P.Geo., was appointed a Director of Cypress Development and Vice President of Exploration for the Company. Mr. Marvin currently holds the position of Exploration Manager for Cypress Development's lithium and zinc projects in Nevada. Mr. Marvin graduated from the University of New Mexico with a Bachelor's degree focused in geology, chemistry and mathematics in 1984.

Dean Project in Clayton Valley, Nevada, USA

Cypress Drills 210 feet of 1140 ppm Lithium at Dean Project in Clayton Valley, Nevada

The Company reported on May 15, 2017 that a Phase 1 core drilling program has now been completed on the Company's 100% held Dean Lithium Claystone Project in Clayton Valley, Nevada. A nine hole exploratory core drill program was carried out under the supervision of Cypress VP of Exploration Robert Marvin, PGeo. Cypress is pleased to publish assay results from the first 5 holes at this time.

Cypress Clayton Valley, Nevada Lithium Projects location map:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Clayton-topo-satellite-small.jpg>

Highlights:

- All mineralized intercepts at Dean start at near surface;
- Average mineralized thickness is greater than 220 feet;
- The thick, tabular zone of pervasive lithium mineralization is considered to be open in all directions;
- Lithium mineralization appears to thicken and increase in grade towards the east;
- Potential exists for a water leach followed by dilute acid wash to mobilize lithium into solution;
- Laboratory studies continue to explore the highly reactive and soluble nature of the large volume of lithium enriched rock seen at Dean;
- Cypress awaits further assay results for the final four holes;
- Targeting of more core holes is being planned.

The five drill holes clearly show that a very large, tabular, lithium mineralized formation underlies the Dean property. All five holes reported here have intersected continuous, consistent grades of lithium mineralization of +1,000 ppm on average. The NQ core drilled exhibits excellent recovery of nearly 100%.

Dean Project Phase 1 drill hole location map:

<http://www.cypressdevelopmentcorp.com/i/photos/CYP-Dean-Phase-1-Drilling-Satellite-Plan-Map.jpg>

HOLE ID	From	To	Interval Thickness	Li Grade ppm
DCH-01	14.5 Feet	118 Feet	103.5 Feet	1145.9 ppm Li
DCH-02	1.5 Feet	368 Feet	366.5 Feet	846.9 ppm Li
Including	1.5 Feet	178 Feet	176.5 Feet	1007.5 ppm Li
DCH-03	1.0 Feet	251 Feet	250.0 Feet	860.4 ppm Li
DCH-04	1.5 Feet	238 Feet	236.5 Feet	1051.0 ppm Li
DCH-05	48.0 Feet	258 Feet	210.0 Feet	1139.5 ppm Li

*Li Grade is the average grade from continuous sample assays taken on 10 foot intervals.

An east-west section of approximately 4,000 feet has been explored at nominal 1,000 foot intervals in holes DCH-01 to DCH-05. Average mineralized thickness indicated by the downhole assay data is greater than 220 feet. All intercepts start at near surface.

Lithium mineralization appears to thicken and increase in grade towards the eastern portion of the Dean Project, as evidenced by the results received to date of the most easterly hole DCH-05.

The rocks hosting the continuous consistent lithium mineralization are a thick section of interbedded, ash and silt rich, mudstones and claystones, along with locally significant volcanic ash units, which constitute the logged downhole stratigraphy. The interbedded host sequence is highly calcareous throughout.

The host sequence is tilted eastward at less than 10 degrees. The thick, tabular zone is considered to be open in all directions. Data to date suggests excellent potential down the shallow dip direction to the east. Cypress has an additional 3,000 feet under claim to the east of the current drilling.

Cypress continues with ongoing laboratory studies to explore the reactive and soluble nature of the large volume of lithium enriched rock seen on the Dean Project so as to further understand a method of extraction and ultimately production. The observed reactivity is likely to be strongly related to the high carbonate content of the mineralized host rocks. Carbonate minerals are all partially to completely soluble in neutral water. Data from ongoing solubility studies suggests a 5% sulfuric acid solution will solubilize a large portion of the total lithium.

Outcropping Li-rich claystone on Cypress Dean Project:

<http://www.cypressdevelopmentcorp.com/i/maps/CYP-Dean-Lithium-Project-Outcropping-Green-Claystones.jpg>

Cypress sees the potential for an initial water leach to remove a significant portion of the carbonate and sand, silt grains, followed by a dilute acid wash to complete the process of mobilizing the lithium into solution.

Cypress awaits further assay results for the final four holes now completed on the Dean property.

Targeting of more core holes is being planned and will be finalized once all assays are received and compiled. Drilling on the area of the Dean property east and northeast of hole DCH-05 will be a top priority as well as ongoing studies to determine the most efficient method of extraction and production.

Don Huston, Cypress President, stated: "this initial drill program by Cypress indicates an average of +1000 ppm lithium starting at surface over an average of 220 foot thickness along a strike length of 4000 feet. The assays presented here becomes even more relevant with Cypress' Dean property located in a basin with an operating lithium mine as its next door neighbor. The potential value of a rapidly expanding zone of lithium mineralization on the Dean Project owned 100% by Cypress is growing exponentially. This is an exciting time for the Company and its shareholders."

Quality Control and Quality Assurance:

All samples were submitted to ALS Chemex Labs in Reno, Nevada, for analysis using an ME-ICP61, 33 element four acid digestion ICP method. Blind sample blanks were inserted into the sample sequences at a rate of approximately 1 per 20 samples.

Robert Marvin, PGeo, VP of Exploration and a Director of Cypress Development Corp., is the qualified person as defined by National Instrument 43-101 and has approved of 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.

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, 2017, the Company had a cash balance of \$351,318 (December 31, 2016 - \$450,289) to settle current liabilities of \$39,622 (December 31, 2016 - \$42,039). 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 \$351,318 as of March 31, 2017 (December 31, 2016 - \$450,289), the Company has \$Nil (December 31, 2016 - \$Nil) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of \$Nil (December 31, 2016 - \$Nil). A 1% change in interest rates would have an effect of \$Nil (December 31, 2016 - \$Nil) 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 \$80,781 as of March 31, 2017 (December 31, 2016 - \$66,335), the Company has \$16,056 (December 31, 2016 - \$21,792) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of \$647 (December 31, 2016 - \$445) 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.

Share Capital

As at the report date of May 28, 2017 the following were outstanding:

Share capital – issued and outstanding	35,452,730
Options	3,255,000
Warrants	9,241,243
Shares held in escrow	Nil