

CYPRESS DEVELOPMENT CORP.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2017

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 financial statements for the period ended June 30, 2017.

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

	June 30, 2017	December 31, 2016
ASSETS		
Current		
Cash	\$ 265,969	\$ 450,289
Marketable securities (Note 4)	76,500	199,500
Receivables and prepaid expenses (Note 5)	<u>36,069</u>	<u>30,227</u>
	378,538	680,016
Property and equipment (Note 6)	9,164	8,271
Reclamation bonds (Note 7)	60,869	46,246
Exploration and evaluation assets (Note 7)	<u>692,041</u>	<u>573,280</u>
	<u>\$ 1,140,612</u>	<u>\$ 1,307,813</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	<u>\$ 15,062</u>	<u>\$ 42,039</u>
Equity		
Capital stock (Note 8)	27,021,629	26,893,211
Reserves (Note 8)	3,730,177	3,738,975
Deficit	<u>(29,626,256)</u>	<u>(29,366,412)</u>
	<u>1,125,550</u>	<u>1,265,774</u>
	<u>\$ 1,140,612</u>	<u>\$ 1,307,813</u>

Nature and continuance of operations (Note 1)
Subsequent event (Note 15)

Approved and authorized by the Board on August 28, 2017

<u>“Don Huston”</u>	Director	<u>“Jim Pettit”</u>	Director
Don Huston		Jim Pettit	

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

CYPRESS DEVELOPMENT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)
PERIOD ENDED

	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	3 months	3 months	6 months	6 months
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and audit	\$ 12,869	\$ 12,185	\$ 30,124	\$ 19,817
Administrative	11,990	8,796	19,437	25,963
Consulting fees	44,205	24,960	75,202	45,548
Legal	6,782	12,886	13,505	19,579
Office and miscellaneous	7,259	6,352	20,604	13,317
Rent	9,150	8,620	19,617	17,602
Share-based compensation (Note 9)	-	106,891	-	117,162
Shareholder communications	17,366	34,102	36,973	46,067
Telephone	885	820	2,665	1,620
Transfer agent and filing fees	3,276	6,158	9,154	7,501
Travel	6,707	1,915	8,568	3,795
	(120,489)	(223,685)	(235,849)	(317,971)
Loss on sale of marketable securities (Note 4)	(14,995)	-	(14,995)	-
Unrealized gain/(loss) on marketable securities (Note 4)	15,500	-	(9,000)	-
Loss and comprehensive loss for the period	\$ (119,984)	\$ (223,685)	\$ (259,844)	\$ (317,971)
Basic and diluted loss per common share	\$ (0.003)	\$ (0.011)	\$ (0.007)	\$ (0.015)
Weighted average number of common shares outstanding	34,816,818	21,304,621	34,816,818	21,304,621

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)
SIX MONTHS ENDED JUNE 30

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (259,844)	\$ (317,971)
Items not affecting cash:		
Share-based compensation	-	117,162
Loss on sale of marketable securities	14,995	-
Unrealized loss (gain) on marketable securities	9,000	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables and prepaid expenses	(5,842)	(19,750)
Increase (decrease) in accounts payable and accrued liabilities	<u>(26,977)</u>	<u>57,083</u>
Net cash flows used in operating activities	<u>(268,668)</u>	<u>(163,476)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of marketable securities	99,005	-
Property and equipment	(893)	-
Reclamation bonds	(14,623)	13,133
Option payments received	65,075	-
Expenditures on exploration and evaluation assets	<u>(156,336)</u>	<u>(130,208)</u>
Net cash flows used in investing activities	<u>(7,772)</u>	<u>(117,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	96,400	453,035
Share issuance costs	(4,280)	(11,634)
Share subscriptions received in advance	<u>-</u>	<u>(2,500)</u>
Net cash flows provided by financing activities	<u>92,120</u>	<u>438,901</u>
Change in cash during the period	(184,320)	158,350
Cash, beginning of period	<u>450,289</u>	<u>7,493</u>
Cash, end of period	<u>\$ 265,969</u>	<u>\$ 165,843</u>

Supplemental disclosures with respect to cash flows (Note 11)

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

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

	<u>Capital Stock</u>			Subscriptions received in advance	Deficit	Total
	Number	Amount	Reserves			
Balance, as at December 31, 2016	33,522,730	\$ 26,893,211	\$3,738,975	\$ -	\$ (29,366,412)	\$ 1,265,774
Warrants exercised	1,600,000	88,000	-	-	-	88,000
Options exercised	80,000	8,400	-	-	-	8,400
Share issuance costs	-	(4,280)	-	-	-	(4,280)
Options exercised	-	8,798	(8,798)	-	-	-
Exploration and evaluation assets	250,000	27,500	-	-	-	27,500
Loss for the period	-	-	-	-	(259,844)	(259,844)
Balance, as at June 30, 2017	35,452,730	\$ 27,021,629	\$3,730,177	\$ -	\$ (29,626,256)	\$ 1,125,550
Balance, as at December 31, 2015	17,778,171	\$ 25,761,051	\$3,514,278	\$ 2,500	\$ (28,200,573)	\$ 1,077,256
Private placements	6,903,833	408,460	-	-	-	408,460
Options exercised	190,000	15,200	-	-	-	15,200
Warrants exercised	425,000	29,375	-	-	-	29,375
Share issuance costs	-	(11,634)	-	-	-	(11,634)
Subscriptions received in advance	-	-	-	(2,500)	-	(2,500)
Exploration and evaluation assets	350,000	17,500	-	-	-	17,500
Share-based compensation – options exercised	-	33,848	(33,848)	-	-	-
Share-based compensation	-	-	117,162	-	-	117,162
Loss for the period	-	-	-	-	(317,971)	(317,971)
Balance, as at June 30, 2016	25,647,004	\$ 26,253,800	\$3,597,592	\$ -	\$ (28,518,544)	\$ 1,332,848

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 SIX MONTHS ENDED JUNE 30, 2017

1. NATURE AND CONTINUANCE OF OPERATIONS

Cypress Development Corp. is a publicly listed exploration company incorporated pursuant to the *Business Corporations Act* (Saskatchewan) on August 23, 1991. 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's financial statements and those of its wholly owned controlled subsidiary ("consolidated financial statements") are presented in Canadian dollars.

The Company has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may materially impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance with International Financial Reporting Standards

These unaudited condensed interim financial statements, 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'. The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2016.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

CYPRESS DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

2. BASIS OF PREPARATION (cont'd...)

Critical Accounting Estimates & Judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Cypress Holdings (Nevada) Ltd., a company incorporated in the United States. All significant inter-company transactions and balances have been eliminated upon consolidation.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the statement of financial position date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the condensed consolidated interim statements of loss and comprehensive loss for the period.

CYPRESS DEVELOPMENT CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets

Costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property until the determination of technical feasibility and commercial viability. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, an impairment is recorded on the property.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation of automotive equipment is recognized using the declining balance method at an annual rate of 30% and amortization of leasehold improvements is recognized using the straight-line method over the term of the lease. Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to items of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property and equipment and are recognized in the statement of loss and comprehensive loss.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as mining assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized mining assets generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on mineral property or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

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

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Share-based compensation (cont'd...)**

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in reserves. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a deferred tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders. When the Company renounces flow-through expenditures, a portion of the Company's deferred tax assets that were not recognized in previous years, will be recognized as a recovery of deferred taxes in the statement of loss and comprehensive loss.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

Financial instrument disclosures

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

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

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

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

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

The Company has classified its cash and marketable securities as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

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.

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

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**New accounting standards and interpretations (cont'd...)***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.

4. MARKETABLE SECURITIES

The Company holds securities that have been designated as fair value through profit or loss:

	June 30, 2017	December 31, 2016
Opening balance	\$ 199,500	\$ -
Additions	-	290,500
Unrealized gain (loss)	(9,000)	(91,000)
Sale of marketable securities	(114,000)	-
Total	\$ 76,500	\$ 199,500

Marketable securities at June 30, 2017 (December 31, 2016 – 350,000) consisted of 150,000 Pure Energy Minerals Corp. shares.

An unrealized loss on marketable securities of \$9,000 (2016 - \$Nil) was recorded in the consolidated statements of loss and comprehensive loss for the periods ended June 30, 2017 and 2016.

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

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

5. RECEIVABLES AND PREPAID EXPENSES

The Company's receivables and prepaid expenses arise from three main sources, accounts receivable, goods and services tax ("GST") and prepaid expenses. These are broken down as follows:

	June 30, 2017	December 31, 2016
Subscriptions receivable	\$ -	\$ 10,000
GST receivable	5,792	4,968
Prepayments	30,277	15,259
Total	\$ 36,069	\$ 30,227

6. PROPERTY AND EQUIPMENT

	Computer Software	Leasehold Improvements	Total
Cost			
Balance, December 31, 2015	\$ -	\$ 19,850	\$ 19,850
Disposals	-	-	-
Balance, December 31, 2016	-	19,850	19,850
Additions	893	-	893
Balance, June 30, 2017	\$ 893	\$ 19,850	\$ 20,743
Accumulated depreciation			
Balance, December 31, 2015	\$ -	\$ 8,270	\$ 8,270
Depreciation	-	3,309	3,309
Balance, December 31, 2016 and June 30, 2017	\$ -	\$ 11,579	\$ 11,579
Carrying amounts			
As at December 31, 2016	\$ -	\$ 8,271	\$ 8,271
As at June 30, 2017	\$ 893	\$ 8,271	\$ 9,164

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

7. EXPLORATION AND EVALUATION ASSETS

June 30, 2017 (6 months)	Ontario, Canada Claims	Nevada, USA Claims	Total
Acquisition costs:			
Balance, beginning of period	\$ -	\$ 74,564	\$ 74,564
Additions	-	60,608	60,608
Option payments received	-	(131,685)	(131,685)
Balance, end of period	-	3,487	3,487
Exploration costs:			
Incurred during the period			
Accommodation/food	-	1,970	1,970
Advances	-	27,486	27,486
Assaying/sampling	-	7,701	7,701
Consulting	-	40,850	40,850
Drilling	-	94,558	94,558
Dues/fees/permits	-	1,239	1,239
Equipment rentals/storage	-	3,489	3,489
Fuel/mileage	-	3,282	3,282
Office/miscellaneous	-	205	205
Supplies/maintenance	-	7,839	7,839
Transportation	-	60	60
Travel/airfare	-	1,159	1,159
	-	189,838	189,838
Balance, beginning of period	-	498,716	498,716
Balance, end of period	-	688,554	688,554
Total costs	\$ -	\$ 692,041	\$ 692,041

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

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

7. EXPLORATION AND EVALUATION ASSETS

December 31, 2016 (12 months)	Ontario, Canada Claims	Nevada, USA Claims	Total
Acquisition costs:			
Balance, beginning of year	\$ 25,000	\$ -	\$ 25,000
Additions	-	109,645	109,645
Option payments received	-	(35,081)	(35,081)
Disposition	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
Balance, end of year	<u>-</u>	<u>74,564</u>	<u>74,564</u>
Exploration costs:			
Incurred during the year			
Accommodation/food	-	8,670	8,670
Assaying/sampling	-	24,063	24,063
Consulting	-	64,814	64,814
Dues/fees/permits	-	98,108	98,108
Equipment rentals/storage	2,634	4,271	6,905
Fuel/mileage	-	11,131	11,131
Shipping/transportation	-	335	335
Staking/line-cutting	-	13,359	13,359
Supplies/maintenance	-	2,770	2,770
Wages	<u>-</u>	<u>2,578</u>	<u>2,578</u>
	2,634	230,099	232,733
Balance, beginning of year	<u>550,673</u>	<u>452,448</u>	<u>1,003,121</u>
	553,307	682,547	1,235,854
Option payments received	-	(354,172)	(354,172)
Gain on option-out	-	170,341	170,341
Disposition	<u>(553,307)</u>	<u>-</u>	<u>(553,307)</u>
Balance, end of year	<u>-</u>	<u>498,716</u>	<u>498,716</u>
Total costs	\$ -	\$ 573,280	\$ 573,280

CYPRESS DEVELOPMENT CORP.

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FOR THE SIX MONTHS ENDED JUNE 30, 2017

7. 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.

Canada Claims

McKenzie Island Claims, Ontario, Canada

The Company had a 100% interest in certain claims known as the McKenzie Island claims located in the Dome and Fairlie Townships, Red Lake District, Kenora Mining Division of Ontario. The property is subject to a 2% net smelter returns royalty ("NSR").

The Company staked 1 additional claim contiguous to its 16 claims in the McKenzie Island area of Ontario.

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). As a result, the Company recognized a loss on sale of \$543,307 through the statement of loss and comprehensive loss in fiscal 2016.

USA Claims

As at June 30, 2017 the Company held reclamation bonds with respect to the Nevada, USA properties of \$60,869 (December 31, 2016 - \$46,246).

Alkali Claims, Nevada, USA

During fiscal 2015, the Company's subsidiary, Cypress Holdings (Nevada) Ltd. acquired a 100% interest in 89 placer claims located in Esmeralda County, Nevada, USA by way of staking. As at June 30, 2017, the Company incurred \$28,556 in exploration expenditures.

White Pine Claims, Nevada, USA

The Company has a 100% interest in certain claims located in White Pine County, Nevada. The Company incurred \$440,305 in deferred exploration expenditures and received \$131,685 in option payments as at June 30, 2017. The property is subject to a 2% NSR.

Glory Lithium Project, Clayton Valley, Nevada, USA

During fiscal 2016, the Company entered into an option agreement to acquire a 100% interest in Clayton Valley, in the state of Nevada, USA. To earn a 100% interest, the Company is required to make US\$162,500 in cash payments \$50,689 (US\$37,500) paid and issue 1,100,000 shares of the Company (600,000 common shares issued at a fair value of \$45,000) over the four year term of the option agreement. The optionor will retain a 3% NSR with the Company having the right to purchase 2% of the NSR for US\$1,000,000.

The Company acquired and added, via staking, 4 additional claims to its Clayton Valley land position.

CYPRESS DEVELOPMENT CORP.

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FOR THE SIX MONTHS ENDED JUNE 30, 2017

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

USA Claims (cont'd...)

On August 22, 2016, the Company entered into an agreement to option-out the right to acquire up to a 70% undivided interest in 76 lithium placer claims to Pure Energy. The Company issued 270,576 shares with a fair value of \$35,175 as finder's fees, net against the gain on exploration and evaluation assets option-out in the statement of loss and comprehensive loss.

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

To acquire a 51% undivided interest:

- Cash and share payments of \$98,753 (US\$75,000) and 350,000 (valued at \$290,500) shares within five business days of the date of TSX-Venture Exchange acceptance for the agreement; (received cash and shares – Note 4)
- Exploration expenditures of at least US \$300,000 before the first anniversary;
- Cash and share payments of US \$100,000 and 750,000 shares on or before the first anniversary;
- Additional exploration expenditures of US \$500,000 before the second anniversary;

To acquire a further 19% interest:

- An additional 1,000,000 shares and US \$1,000,000 in exploration expenditures before the fourth anniversary.

The underlying option includes a provision for a 3% NSR (items discussed above). The parties have acknowledged in the agreement that Cypress will be responsible for meeting the share and cash requirements of that underlying option agreement. Under the option agreement, Cypress will act as project manager on the claims for the first year's exploration program.

Upon completion of one or both of the options, the parties shall enter into a joint venture agreement for the further exploration of the property, and the optionee shall serve as operator.

As at June 30, 2017, the Company has capitalized \$266,964 in acquisition and exploration expenditures and received \$218,912 in option payments.

Dean, Clayton Valley, Nevada, USA

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 is required to make US\$140,000 in cash payments \$39,564 (US\$30,000 paid) and issue 1,050,000 shares of the Company (250,000 common shares issued at a fair value of \$35,000) over the three year term of the option agreement. The optionor will retain a 3% NSR with the Company having the right to purchase 2% of the NSR for US\$1,000,000. As at June 30, 2017, the Company incurred \$74,564 in acquisition costs and \$232,249 in exploration expenditures.

CYPRESS DEVELOPMENT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE SIX MONTHS ENDED JUNE 30, 2017

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

USA Claims (cont'd...)

Frost Gold Property, Oregon, USA

The Company entered into an option agreement dated May 5, 2015, to earn a 100% interest in 48 claims located in Malheur County, south eastern Oregon. To earn its interest, the Company is required to make cash payments totaling US\$30,000, issue 250,000 shares of the Company and incur exploration expenditures on the property totaling US\$350,000 over the four-year term of the option agreement. The Property is subject to a 2% NSR. The Company may purchase, at any time, one-half of the NSR (1%) for US\$500,000. As at December 31, 2015, the Company paid cash of \$6,350 (US\$5,000), issued 50,000 shares valued at \$4,500 and incurred \$7,131 in exploration expenditures. Subsequent to December 31, 2015, the Company decided to abandon its interests and accordingly charged \$17,981 to the statement of loss in fiscal 2015.

8. CAPITAL STOCK AND RESERVES

Authorized

An unlimited number of common shares without par value.

Share Consolidation

On January 12, 2015, the Company's share capital was consolidated on the basis of one (1) new share for each ten (10) old shares. All common share, warrant, option and per share amounts have been retroactively adjusted.

Private Placements

In March 2016, the Company completed a private placement to raise \$300,000 by the issuance of 6,000,000 units at a price of \$0.05 per unit of which \$2,500 was received in fiscal 2015. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.055 per share for a period of five years from the date of issuance. Aggregate finder's fees of \$10,983 cash and 174,650 finder's warrants (valued at \$10,271) have been paid in connection this offering. The finder warrants are subject to the same terms and conditions as the subscriber warrant.

The finder's warrants were valued using the Black-Scholes option pricing model with an expected life of 5 years, volatility of 170%, risk-free rate of 0.69% and a dividend rate of 0%.

In June 2016, the Company completed a private placement to raise \$108,460 by the issuance of 903,833 units at a price of \$0.12 per unit. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.15 per share for a period of one year from the date of issuance. Aggregate finder's fees of \$1,401 cash and 910 finder's warrants (valued at \$64) have been paid in connection this offering. The finder's warrants are subject to the same terms and conditions as the subscriber warrant.

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

(Unaudited - Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2017

8. CAPITAL STOCK AND RESERVES (cont'd...)

The finder warrants were valued using the Black-Scholes option pricing model with an expected life of 1 year, volatility of 133%, risk-free rate of 0.54% and a dividend rate of 0%.

In December 2016, the Company completed a private placement to raise \$440,000 of which \$10,000 was received subsequent to December 31, 2016 (Note 5), by the issuance of 4,400,000 units at a price of \$0.10 per unit. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.125 per share for a period of three years from the date of issuance. Aggregate finder's fees of \$6,300 cash and 28,000 finder's warrants (valued at \$2,143) have been paid in connection with this offering. The finder warrants are subject to the same terms and conditions as the subscriber warrant.

The finder warrants were valued using the Black-Scholes option pricing model with an expected life of 3 years, volatility of 133%, risk-free rate of 0.54% and a dividend rate of 0%.

The weighted average fair value of each agent's warrants was \$0.0698. (2015 - \$Nil)

9. STOCK OPTIONS AND WARRANTS

The Company has a stock option plan in place under which it is authorized to grant options 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 equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board.

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, December 31, 2015	2,714,000	\$ 0.070	885,000	\$ 0.080
Additions	11,507,393	0.090	2,640,000	0.090
Exercised	<u>(3,380,150)</u>	0.060	<u>(190,000)</u>	0.080
Outstanding, December 31, 2016	10,841,243	0.090	3,335,000	0.090
Exercised	(1,600,000)	0.055	(80,000)	0.105
Expired	<u>(910)</u>	0.150	<u>-</u>	-
Outstanding and Exercisable, June 30, 2017	<u>9,240,333</u>	\$ 0.101	<u>3,255,000</u>	\$ 0.088

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

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FOR THE SIX MONTHS ENDED JUNE 30, 2017

9. STOCK OPTIONS AND WARRANTS (cont'd...)

The following incentive stock options and share purchase warrants were outstanding at June 30, 2017:

	Number of Shares	Exercise Price	Expiry Date
Stock options:	695,000	\$ 0.080 (1)	January 31, 2019
	1,500,000	\$ 0.080	April 11, 2021
	1,060,000	\$ 0.105	December 30, 2021
Warrants:	1,784,000	\$ 0.070	July 9, 2020
	669,500	\$ 0.055	March 21, 2021
	300,000	\$ 0.055	March 24, 2021
	1,155,000	\$ 0.055	March 30, 2021
	903,833	\$ 0.150 (2)	June 29, 2018
	4,328,000	\$ 0.125	December 23, 2019
	100,000	\$ 0.125	December 30, 2019

(1) During the year ended December 31, 2015, the Company amended the exercise price of these options from \$0.50 to \$0.08.

(2) During the current period, the Company extended the expiry date of these options for a one year period, from June 29, 2017 to June 29, 2018.

Share-based compensation

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the periods ended June 30, 2017 and 2016:

	2017	2016
Risk-free interest rate	-	0.66% & 0.73%
Expected life	-	5 years
Annualized volatility	-	142.26% & 144.63%
Estimated forfeiture rate	-	0%
Dividend rate	-	0%

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10. RELATED PARTY TRANSACTIONS

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:

	2017	2016
	<i>6 months</i>	<i>6 months</i>
Charged to profit and loss for consulting fees	\$ 55,701	\$ 38,000
Capitalized to exploration and evaluation assets	41,077	-
Share-based payments	-	52,732
Total expense	\$ 96,778	\$ 90,732

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 June 30, 2017 is \$30,103 (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.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2017	2016
	<i>6 months</i>	<i>6 months</i>
Cash received during the period for interest	\$ -	\$ -
Cash paid during the period for interest	\$ -	\$ 1,039
Cash paid during the period for income taxes	\$ -	\$ -

Significant non-cash transactions during the current period were as follows:

- a) Issued 250,000 common shares valued at \$27,500 for exploration and evaluation assets.
- b) Incurring exploration and evaluation asset expenditures of \$8,840 through accounts payable and accrued liabilities.

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11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd...)

Significant non-cash transactions during the period ended June 30, 2016 included:

- a) Issued 350,000 common shares valued at \$17,500 for exploration and evaluation assets.
- b) Incurring exploration and evaluation asset expenditures of \$5,546 through accounts payable and accrued liabilities.

12. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. The Company's non-current assets by geographic area are as follows:

	2017	2016
	<i>6 months</i>	<i>6 months</i>
Canada	\$ 9,164	\$ 588,571
USA	<u>752,910</u>	<u>631,877</u>
	<u>\$ 762,074</u>	<u>\$ 1,220,448</u>

13. 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 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:

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

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 June 30, 2017, the Company had a cash balance of \$265,969 (December 31, 2016 - \$450,289) to settle current liabilities of \$15,062 (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 \$265,969 as of June 30, 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 \$77,816 as of June 30, 2017 (December 31, 2016 - \$66,336), the Company has \$10,225 (December 31, 2016 - \$21,792) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of \$676 (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.

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14. 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.

15. SUBSEQUENT EVENT

The Company cancelled the Glory Lithium Project, Clayton Valley, Nevada, USA Property Option Agreement, dated August 22, 2016, with Pure Energy Minerals for failure, by Pure Energy, to spend the required property exploration expenditures.