

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

CYPRESS DEVELOPMENT CORP.

Suite 1610 – 777 Dunsmuir Street, Vancouver, BC, V7Y 1K4

Telephone: (604) 687-3376

Fax: (604) 687-3119

Item 2. Date of Material Change

June 11th, 2018

Item 3. News Release

A news release was issued throughout Canada by wire service on **June 11th, 2018** and filed on SEDAR on that same day.

Item 4. Summary of Material Change

Company Files Resource Estimate for Clayton Valley Lithium Project, Nevada

Item 5. Full Description of Material Change

See “Schedule A”

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

N/A

Item 7. Omitted Information

None.

Item 8. Executive Officer

William Willoughby, CEO

Phone: (604) 687-3376

Item 9. Date of Report

June 11th, 2018

Schedule A



Suite 1610 - 777 Dunsmuir Street, Vancouver, BC, Canada, V7Y 1K4

www.cypressdevelopmentcorp.com

TSX Venture Exchange Symbol: CYP
Email: info@cypressdevelopmentcorp.com

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

NEWS RELEASE

June 11, 2018

CYPRESS DEVELOPMENT FILES RESOURCE ESTIMATE FOR CLAYTON VALLEY LITHIUM PROJECT, NEVADA

Vancouver, BC - Cypress Development Corp. (TSX-V: [CYP](#)) (OTCQB: [CYDVF](#)) (Frankfurt: [C1Z1](#)) ("Cypress" or the "Company") is pleased to announce it has filed a National Instrument (NI) 43-101 Technical Report on SEDAR titled "Resource Estimate Clayton Valley Lithium Project". The Technical Report details the independent Mineral Resource Estimate for the Company's 100%-owned lithium project in Nevada, as described in the Company's press release of [May 1](#), 2018.

Global Resource Engineering (GRE) of Denver, Colorado, prepared the Technical Report which is the first estimate of resources for Cypress' property. The report carries an Effective Date of May 1, 2018 and Issue Date of June 5, 2018. The report includes recommendations for further work including a Preliminary Economic Assessment (PEA) which GRE expects to complete in the next two months. Terre A. Lane, J. Todd Harvey, Hamid Samari, and J. J. Brown of GRE are the Qualified Persons for the report.

Highlights:

- Total Indicated Mineral Resource of 697 million tonnes at an average grade of 886 ppm Li, or 3.287 million tonnes of lithium carbonate equivalent (LCE).
- Total Inferred Mineral Resource of 643 million tonnes at an average grade of 852 ppm Li, or 2.916 million tonnes of LCE.
- The mineral resources are reported using a cut-off grade of 300 ppm Li and constrained to pit shell reflecting a \$15/tonne operating cost, \$10,000/tonne of LCE price and 80% net recovery to LCE.

- Minor changes in the resource model occurred following the May 1, 2018 press release due to adjustments in model boundaries. The proportion of indicated to inferred tonnes increased somewhat while the net lithium tonnes in the model decreased slightly.
- The resources are broken down into five units which are distinguished by stratigraphic position and color (Table 1). The middle three units are higher grade and estimated to average greater than 950 ppm Li, whereas the uppermost and lowermost units average less than 700 ppm Li.
- GRE generated an initial pit outline capable of supporting several decades of mining at a production rate of 10,000 to 15,000 tpd (Table 2). The initial pit contains an indicated resource of 191 million tonnes averaging 988 ppm Li (1.007 million tonnes LCE), and an inferred resource of 25 million tonnes at 1,047 ppm Li, (0.142 million tonnes LCE). Selective mining of higher grade material, i.e. targeting the middle three units, will be an option considered in the PEA.
- Metallurgical bench tests from three drill holes, two of which are within the initial pit area, indicate agitated tank leaching with sulfuric acid is a viable method for extracting lithium. Tests indicate leach times of under 8 hours with relatively low consumptions of acid and other reagents. Sulfuric acid is expected to be the major component in operating costs, and alternatives for acid supply will be considered in the PEA.
- Five to ten drill holes in the initial pit area are recommended by GRE to convert resources into higher confidence categories and to obtain material for further metallurgical testing. This drilling is not required for the PEA but recommended to advance the project quickly. GRE additionally recommends proceeding with collecting environmental baseline data, and conducting hydrogeology and geotechnical studies.

Details of the Mineral Resource Estimate

GRE estimated the Mineral Resource using a database of 23 drill holes for 1,891 metres, drilled by Cypress during 2017 and 2018. The resource was calculated using a 2.5-dimensional (2.5D) gridded model (common for layered sedimentary deposits) of six mineralized stratigraphic units, which includes a thin surficial gravel unit, and verified using a 3-dimensional (3D) block model. The mineralized intercepts in the drill holes and a 3D interpretation of the geology and intercepts were done by Terre Lane and J.J. Brown of GRE, who are Qualified Persons under NI 43-101.

Clayton Valley Lithium Project 3D Drill Hole View:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_re_3d_dh_view.jpg

All samples for the project were assayed at ALS Chemex or Bureau Veritas, both ISO-9000 certified laboratories. The resulting assay intervals were composited for the entire sedimentary unit for the 2.5D gridded model and were composited to a 5m down-hole length for the 3D estimate. Grade capping of lithium values was not required. Model grades were interpolated in Techbase using an inverse distance squared algorithm. A tonnage factor of 1.7 tonnes per cubic meter was selected based upon general published values to represent the insitu density. Indicated Mineral Resources were defined as being within 300 meters of a drill hole, with the Inferred mineralization requiring 2 drill holes within a search ellipse of 1500 x 800 metres for each unit. The major axis was orientated north-south along valley. The sedimentary units were truncated at the Angel Island volcanic package and claim boundaries.

The mineral resources reported use a cut-off grade of 300 ppm Li, reflecting a \$15/tonne operating cost for mining, processing and G&A. The costs reflect a 10,000 – 15,000 tonne per day mining operation in soft sedimentary material that does not require blasting. Cost assumptions for the cut-off grade include a delivered acid cost of \$80/tonne and 100 kg acid per tonne of material processed.

An overall lithium recovery of 80% was employed for the mineral resource based on the results from laboratory testing and confirmation leach testing at Hazen in Golden, Colorado under direction of Dr. Todd Harvey, who is Qualified Person in Metallurgy under NI 43-101 from GRE. The preliminary metallurgical examinations indicate that the claystone responds well to conventional weak acid leaching with no upstream size reduction required. Initial results indicate that lithium extractions of greater than 80% can be achieved. Expected leach conditions of 2 – 8 hours of leaching with 5% sulfuric acid at temperatures ranging between 50 and 80 °C are anticipated.

Clayton Valley Lithium Project Leach Kinetics:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_re_preliminary_leach_kinetics-1.jpg

The preliminary leach results indicate relatively high grade pregnant leach solution (PLS) can be produced containing Li, K, Na and limited deleterious elements and a conventional downstream lithium recovery circuit should be applicable to produce saleable lithium carbonate or lithium hydroxide.

Clayton Valley Lithium Project Conceptual Production Flowsheet:

https://cypressdevelopmentcorp.com/site/assets/files/3573/cyp_re_conceptual_flowsheets.jpg

GRE concludes Cypress' Clayton Valley Lithium Project has the potential to be a major supplier of lithium products in the world, and additional work is warranted.

Table 1. Indicated and Inferred Resources

Lithology	Tonne	Grade-ppm	Li-kg	LCE-kt
Indicated				
Upper Tuff	58,700	707	41,500	221
Upper Olive	148,300	897	133,000	708
Main Blue	220,500	1,081	238,400	1,269
Lower Olive	132,200	851	112,500	599
Hard Bottom	136,900	673	92,100	490
Total	696,600	886	617,500	3,287
Inferred				
Upper Tuff	65,300	689	45,000	240
Upper Olive	112,400	883	99,300	529
Main Blue	190,700	1,032	196,800	1,048
Lower Olive	149,400	833	124,400	662
Hard Bottom	125,000	657	82,100	437
Total	642,800	852	547,600	2,916

Note: ppm = parts per million, Li = lithium metal, LCE = lithium carbonate equivalent, kg = kilogram, kt = kilotonne

Clayton Valley Lithium Project Resource Cross Section:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_re_cross_section_2.jpg

Table 2. Resources within Initial Pit Outline

Lithology	Tonne	Grade-ppm	Li-kg	LCE-kt
Indicated				
Upper Tuff	22,600	686	15,500	83
Upper Olive	37,400	947	35,400	188
Main Blue	88,000	1,169	102,900	548
Lower Olive	24,500	922	22,600	120
Hard Bottom	18,900	672	12,700	68
Total	191,400	988	189,100	1,007
Inferred				
Upper Tuff	-	-	-	-
Upper Olive	7,200	986	7,100	38
Main Blue	11,200	1,161	13,000	69
Lower Olive	7,000	929	6,500	35
Hard Bottom	-	-	-	-
Total	25,400	1,047	26,600	142

Clayton Valley Lithium Project Plan View of Preliminary Pit:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_re_plan_view_of_preliminary_pit.jpg

CIM definitions were followed for Mineral Resources. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.

Terre Lane, J.J. Brown, Hamid Samari and Dr. Todd Harvey, of GRE are the Qualified Persons as defined by National Instrument 43-101 and have approved of the technical information in this release.

About Cypress Development Corp.:

Cypress Development Corp. is a publicly traded exploration company focused on developing the Company's 100%-owned Clayton Valley lithium project in the State of Nevada, U.S.A.

Cypress' Clayton Valley Lithium Project is located immediately east of Albemarle's Silver Peak mine, North America's only lithium brine operation. Recent exploration by Cypress has discovered an extensive deposit of lithium-bearing claystone adjacent to the brine field. With mineralization tested by drilling over a seven-kilometer trend, the size of the deposit makes Clayton Valley a premier target that has the potential to impact the future of lithium production in North America.

Cypress Development Corp. has approx. 60.1 million shares issued and outstanding.

To find out more about Cypress Development Corp. (TSX-V: [CYP](#)), visit our website at www.cypressdevelopmentcorp.com.

CYPRESS DEVELOPMENT CORP.

"Dr. Bill Willoughby"

WILLIAM WILLOUGHBY, PhD., PE
Chief Executive Officer

For	further	information	contact	myself	or:
Don Myers					
Cypress Development Corp.					
Director, Corporate Communications					
Telephone:				604-639-3851	
Toll				Free: 800-567-8181	
Facsimile:				604-687-3119	
Email: info@cypressdevelopmentcorp.com					

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This release includes certain statements that may be deemed to be "forward-looking statements". All statements in this release, other than statements of historical facts, that address events or developments that management of the Company expects, are forward-looking statements. Although management believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. The Company undertakes no obligation to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors, should change. Factors that could cause actual results to differ materially from those in forward-looking statements, include market prices, exploration and development successes, continued availability of capital and financing, and general economic, market or business conditions. Please see the public filings of the Company at www.sedar.com for further information.