

CYPRESS DEVELOPMENT CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

SIX MONTHS ENDED – JUNE 30, 2018

This Management Discussion and Analysis of Cypress Development Corp. (the “Company”) provides an analysis of the Company’s financial results for the period ended June 30, 2018. 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

August 29, 2018

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, August 29, 2018 (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.

Cypress Commences Trading on the OTCQB Marketplace

The Company announced on April 23, 2018 that the Company has commenced trading on the OTCQB Marketplace.

Cypress Developments’ common shares commenced quotation on the OTCQB Venture Marketplace under the symbol CYDVF, effective at the market open on April 20th, 2018. Cypress’s common shares are also quoted on the TSX Venture Exchange and the Frankfurt Exchange.

OTC Markets Group Inc., located in New York, N.Y., operates the world's largest electronic interdealer quotation system for broker dealers to trade over 10,000 securities not listed on any other United States stock exchange. North American and international investors can now trade and find news, current financial disclosure, and real-time level 2 quotes for Cypress Development at the OTC website.

Cypress Granted DTC Eligibility

The Company has been granted approval by The Depository Trust Company, which is a subsidiary of the Depository Trust & Clearing Corp., and manages the electronic clearing and settlement of publicly traded companies in the United States. Being DTC eligible is expected to greatly simplify the process of trading of the company's common shares on the OTCQB marketplace where Cypress trades under the symbol "CYDVF". The DTC electronic method of clearing securities speeds up the receipt of stock and cash, and thus accelerates the settlement process for investors. In addition to the OTCQB listing, shares of Cypress continue to trade on the main TSX Venture Exchange under the symbol "CYP" as well as the Frankfurt Stock Exchange under the symbol "C1Z1".

Exploration and Evaluation Assets

Developments on the properties are as follows:

As at June 30, 2018 the Company has capitalized total exploration and evaluation assets of \$1,626,754 on its three mineral properties, all located in the state of Nevada, USA. Of the total amount, \$1,469,604 relates to deferred exploration expenditures.

Glory Lithium Project, Clayton Valley, Nevada, USA

The Company made cash payments of \$112,375 (US\$87,500) and issued 850,000 shares of the Company valued at \$116,250 with respect to the option agreement. As at June 30, 2018, the Company incurred \$547,231 net in exploration expenditures and acquisition costs. The \$170,431 gain on option-out was recorded in fiscal 2016 on the statements of loss and comprehensive loss, net with the finders' fees.

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.

Cypress Provides Drilling Update at Clayton Valley Lithium Project in Nevada

The fall 2017 program was planned for 12 to 14 drill holes, totaling up to 1500 meters of NQ-size core, to be divided between Cypress' contiguous Dean and Glory properties. The two properties cover an area totaling 4,220 acres and are 100 per cent controlled by Cypress. So far, in the fall program, the Company has completed five holes on the Dean property. These holes were drilled on two east-west fences, about one kilometer apart and with 400 meters between the holes. With this spacing, and another nine holes drilled earlier this year, the Company anticipates establishing several kilometers of continuous lithium mineralization across the property. All the core from these five holes has been logged, split and submitted to an assay laboratory for analysis. The Company expects to receive assay results later this month or in December. Geology and structure seen in all five holes are consistent with the drill results obtained on the Dean property earlier this year.

TABLE. Summary of Spring 2017 Dean Property Drill Holes

Drill Hole		Intersection (m)			Lithium Values (ppm Li)		
		From	To	Length	Min	Max	Avg
DCH-01	(1)	4.5	36	31.5	900	1760	1146
DCH-02		0.5	112.2	111.7	350	1580	847
DCH-03		0.3	76.8	76.5	290	1190	860
DCH-04	(2)	1.5	72.5	71.0	660	1640	1051
DCH-05		0.1	79.9	79.8	550	1460	1063
DCH-06	(3)	0.6	39.0	38.4	500	1150	903
DCH-07		1.8	78.6	76.8	530	1250	777
DCH-08		0.5	75.6	75.1	430	1220	714
DCH-09		0.0	106.1	106.1	150	1490	903
			Average	74			900

Cypress Drills 102.7 meters of 1029 ppm Lithium in Clayton Valley, Nevada

Cypress has completed five core holes in its fall program on the Dean property. The results summarized here are from the first three holes, DCH-10, -11 and -12. Results from the remaining holes on Dean are expected in December, and will aid in determining where additional drilling is needed. In the meantime, as previously announced, the drill rig was moved south onto the adjoining Glory property where drilling is continuing and seven holes are planned.

Dean Drilling Highlights:

- The intersection in DCH-11 of 102.7 meters of 1029 ppm Li demonstrates continuity over a large thickness of claystone, and extending north from the south end of Dean.
- DCH-10, 400 meters to the southeast of Hole DCH-11, intersected 63.5 meters of 1014 ppm Li. The hole was abandoned due to ground conditions and ended in 1068 ppm Li. Mineralization here remains open at depth and to the east.
- In DCH-10, dark green to black ash-rich mudstones were encountered at a depth of 53.4 meters, which averaged 1367 ppm Li over 10 meters and included one meter of 2240 ppm Li. This is the first time Cypress has encountered these dark mudstones in drilling.
- DCH-11 included an interval of consistently higher grades over 36.9 meters, starting at a depth of 8.2 meters. Samples here averaged 1308 ppm Li over 36.9 meters and suggest a higher-grade zone may exist within the overall northeast trend.
- All holes to date clearly show a large, tabular, lithium-bearing formation underlying the Dean Property.
- Drilling has now outlined a large area of mineralization of approximately. 4 kilometers in length and 2 kilometers in width at Dean.
- Laboratory work continues to test the solubility of the lithium-enriched claystone under varying conditions and reagents.

TABLE. Summary of Dean Drill Holes DCH 10, 11 and 12

	Intersection (m)			Lithium Values (ppm Li)		
Drill Hole	From	To	Length	Min	Max	Avg
DCH-10	0.8	64.3 *	63.5	482	2240	1014
includes	53.4	63.4	10.0	1048	2240	1367
DCH-11	0.3	103.0	102.7	546	1737	1029
includes	8.2	45.1	36.9	1101	1737	1308
DCH-12	0.6	63.4	62.8	475	992	677

Notes: ppm=parts per million, m=meters, Avg equals average weighted value by sample length. * DCH-10 ends in 1068 ppm Li.

Cypress Expands Lithium Trend by over 2 Kilometers at Clayton Valley Project, Nevada

Cypress Development Corp. reported on February 7, 2018, results from the first four core holes on the Glory claims at the Company's 100% held project in Clayton Valley, Nevada. The drilling extends the trend of lithium mineralization by more than 2 kilometers south and west from the Dean claims, where, as previously reported, 14 drill holes in 2017 encountered lithium-bearing claystone over an area averaging 4 kilometers by 2 kilometers and averaging 78 meters in depth. The four holes reported today represent the first drilling on the Glory claims. All four holes encountered lithium values averaging from 600 to 900 ppm Li from surface to depths up to 60 meters.

Highlights:

- Lithium values were encountered in all 4 core holes at Glory, including 47.5 meters of 927ppm Li in GCH-04
- The results extend the trend of mineralization by more than 2 kilometers south and west of Dean, further demonstrating the large lateral extents of the lithium-bearing claystone
- Given success of its drill program, Cypress will recommence drilling shortly with details forthcoming
- An independent resource estimate is underway

Drill Hole Location Map:

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

TABLE. Summary of Glory Drill Holes GCH-1 to GCH-4:

Glory Hole	From	To	Length	Min Li	Max Li	Li Average
	(m)	(m)	(m)	(ppm)	(ppm)	(ppm)
Hole GCH-1	0	32.9	32.9	446	761	606
Hole GCH-2	0	39.0	39.0	166	1213	702
Hole GCH-3	1.5	60.4	58.8	308	972	659
Hole GCH-4	3.7	51.2	47.5	498	1276	927

Notes: Li=Lithium Metal, ppm=parts per million, m=meters, Average is weighted value by sample length. All samples were submitted to Bureau Veritas in Reno, Nevada, for analysis. Blind sample blanks were inserted into the sample sequences at a rate of approximately 1 per 20 samples.

Cypress Completes Drilling at Clayton Valley, Nevada with 97 meters of 1,144 ppm Lithium

The Company announced on April 3, 2018, results from the last three holes drilled at the Company's Clayton Valley lithium project in Nevada. Today's results include an intersection of 97 meters averaging 1,144 ppm Li in the final hole, GCH-6, along with intersections of 122.4 meters averaging 977 ppm Li in DCH-17 and 129.5 meters averaging 767 ppm Li in GCH-5. The Company has completed its drilling program, and is awaiting the results of an independent resource estimate currently underway.

Drilling Highlights:

- All three holes show consistency in encountered Li grade with the Company's previous 20 holes drilled on the Dean and Glory properties.
- DCH-17, with 122.4 meters of 977 ppm Li, demonstrates the extension of lithium mineralization into the southeast corner of Dean. This intersection is comparable to the intersections in previous holes, DCH-15 and DCH-16, to the north and west.
- GCH-5 and GCH-6 demonstrate the extension of lithium mineralization south, into the eastern portion of Glory. The intersection of lithium in GCH-5, with 129.5 meters of 767 ppm Li, is the thickest drilled-to-date at the project.
- These three holes, as with all 20 previous holes, remain open at depth, with DCH-17 ending in 797 ppm Li, GCH-5 in 665 ppm Li, and GCH-6 in 752 ppm Li.
- A full table of Clayton Valley drill results can be found here:
- https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_drill_hole_table_for_clayton_valley_-_nevada.jpg

2017 Dean & Glory Projects, Clayton Valley, Nevada drill hole map:

https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp_dean_glory_drill_hole_map_march_2018.jpg

TABLE. Summary of Clayton Valley Project Drill Holes DCH-17, GCH-5 and GCH-6

Drill Hole	Intersection (m)			Lithium Values (ppm Li)		
	From	To	Length	Min	Max	Average
DCH-17	2.0	124.4	122.4	548	1539	977
GCH-5	0.0	129.5	129.5	410	1298	767
GCH-6	3.0	100.0	97.0	699	1609	1144

Daniel Kalmbach, CPG and consulting geologist to Cypress Development Corp., is the qualified person as defined by National Instrument 43-101 and has approved the technical information in this release.

Cypress Development Corp. Maiden Resources Estimate for the Clayton Valley Lithium Project, Nevada

Indicated Mineral Resource of 2.857 Million Tonnes of LCE and Inferred Mineral Resource of 3.683 Million Tonnes of LCE

Cypress Development Corp. announced on May 1, 2018, a maiden independent resource estimate for its 100%-owned Clayton Valley Lithium Project in Nevada.

Highlights:

- Total indicated mineral resource of 597 million tonnes at an average grade of 899 ppm (0.09%) Li, which equates to a contained 2.857 million tonnes of lithium carbonate equivalent (LCE).

- Total inferred mineral resource of 779 million tonnes at an average grade of 888 ppm (0.089%) Li, which equates to a contained 3.683 million tonnes of LCE.
- This resource estimate is the first for Cypress' Clayton Valley Lithium Project and includes mineral resources on the contiguous Dean and Glory properties.
- The deposit is outlined by 23 core holes drilled by Cypress during 2017 and 2018. The deposit remains open at depth, with 21 of the 23 holes ending in lithium mineralization.
- The deposit is interpreted as a fossil lithium brine deposit which was uplifted by faulting above the eastern margin of the current salt playa. The lithium occurs within a large volume of mudstones, composed of volcanic ash with finer grained clay, carbonate, and salt minerals. Consistency of the nature of mineralization lends itself to interpretation by wide spaced drilling as in other sedimentary-hosted deposits.
- Preliminary test work conducted at SGS Canada Inc. (Lakefield) and Continental Metallurgical Services, LLC has shown the material exhibits high lithium extractions with short leach times. Lithium extractions greater than 80% can be achieved in 4 to 8 hours using conventional dilute sulfuric acid leaching. Currently, Hazen Research Inc. is conducting additional leach tests and preliminary results confirm high lithium extractions for new mineral zones.
- The presence of acid leachable lithium presents a significant cost savings by avoiding calcine and regrind of material during processing. Preliminary results also show the consumption of sulfuric acid and other reagents are relatively low.
- The production of high-purity lithium carbonate (a typical salable product) was demonstrated in the laboratory using conventional recovery methods.
- An additional 30 drill holes are required to upgrade the inferred portion of the mineral resource to the indicated category.
- Cypress plans to proceed immediately with a Preliminary Economic Assessment (PEA) based on the current indicated and inferred resources and at the same time evaluate ways to accelerate the project through additional drilling, metallurgical testing and related studies.
- The large tonnage of the deposit lends potential to target higher grade lithium mineralization for the PEA, as is seen within the intercepts between GCH-06 and DCH-13

Dr. Bill Willoughby, Cypress' CEO, commented on the resource estimate, "This is a major milestone for Cypress. To have advanced from drilling the first hole on Dean just over a year ago to the resources we have now is truly remarkable. It's exciting not only to see validation to the size of deposit, which is something we've anticipated, but also all the other factors line up that affect how a project can become a mine. I'm looking forward now to the PEA next, which I anticipate based on the results today, we will work to complete as quickly as possible."

Details of the Mineral Resource Estimate

The National Instrument 43-101 Mineral Resource Estimate was estimated by Terre Lane, MMSA Qualified Professional and SME Registered Member, of Global Resource Engineering Ltd. (GRE) of Denver, Colorado. GRE has extensive experience in the resource estimation, mining, and extraction of sedimentary-hosted deposits. The NI 43-101 technical report will be filed on SEDAR within 45 days and carries an Effective Date of May 1, 2018.

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 6 mineralized stratigraphic units 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.

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 (0.03%), reflecting a \$1/tonne mining cost, \$0.50 G&A cost, and a \$3,800/tonne LCE processing cost (~\$13/tonne processed). These costs reflect a 10,000 – 15,000 tonne per day mining operation in soft sedimentary material that does not require blasting. The resource estimate used a process recovery of 80%.

An overall lithium recovery of 80% was employed for the mineral resource based on the results from laboratory testing. Confirmation leach testing on the core from DCH-16 is being conducted at Hazen in Golden, Colorado under direction of Dr. Todd Harvey, who is Qualified Person in Metallurgy under NI 43-101 from GRE. Preliminary leach results indicate relatively high grade pregnant leach solution (PLS) can be produced containing Li, K, Na and limited deleterious elements.

Table 1. Indicated Mineral Resource

	Total Tonnes	% Li	Tonnes LCE
Total	597 million	0.090	2.857 million

Table 2. Inferred Mineral Resource

	Total Tonnes	% Li	Tonnes LCE
Total	779 million	0.088	3.683 million

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 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.

Cypress Development Corp. Selects Global Resource Engineering for Clayton Valley Lithium Project PEA

Cypress Development Corp. announced on May 9, 2018 that it has commenced a Preliminary Economic Assessment (PEA) on its 100%-owned Clayton Valley Lithium Project in Nevada and has selected Global Resource Engineering Ltd. (GRE) of Denver, Colorado to conduct the study. Results of the PEA are anticipated in the latter part of July, 2018.

The study will be based upon the Mineral Resource Estimate for the Clayton Valley project, completed by GRE and reported in a press release on May 1, 2018 by Cypress. GRE was selected for the PEA because of their modeling work on Clayton Valley along with GRE's extensive experience in mining, metallurgy, and process design for sedimentary-hosted deposits, and their timely completion of economic studies ranging from due diligence to full feasibility. GRE will continue to engage Hazen Research Inc., and Continental Metallurgical Services LLC for ongoing test work.

The recently completed NI 43-101 estimate for Clayton Valley consists of a total indicated mineral resource of 597 million tonnes at an average grade of 899 ppm Li, for a contained 2.857 million tonnes of lithium carbonate equivalent (LCE), in addition to a total inferred mineral resource of 779 million tonnes at an average grade of 888 ppm Li, or a contained 3.683 million tonnes of LCE. Cypress and GRE envision a PEA using an initial production rate of 10,000 to 15,000 tonnes per day of material, which equates to an annual rate of 3.6 to 5.5 million tonnes to be mined and processed. This rate is selected based on the operation's relative size to the world lithium market. Due to the size of the resource, GRE will concentrate the study upon the core area of the deposit between GCH-6 and DCH-13 which exhibits better than average grade intercepts in drilling. As PEA level studies may include

inferred mineral resources in the economic analysis, no additional drilling is required. GRE, however, will review the areas within the study for additional drilling to upgrade the resources and advance the project beyond the PEA level, as well as obtaining additional material for metallurgical testing.

The PEA will examine surface mining in conjunction with tank leaching for the deposit, with on-site production of a lithium product from the leach solution. The mining operation will be based on excavating and transporting the soft sedimentary material that does not require blasting and has negligible overburden. Processing will be based on leaching the lithium using weak sulfuric acid solutions at near ambient to elevated temperatures. Laboratory test work continues to show lithium extractions greater than 80% can be achieved in under 8 hours with relatively low reagent consumptions, and conventional downstream processing can be used to produce a high purity lithium product on-site. The anticipated completion date for the PEA is in the latter part of July, 2018.

Cypress Development Files Resource Estimate for Clayton Valley, Nevada Lithium Project

June 11, 2018 - Cypress Development Corp. 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_pitsm.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.

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
(paid CDN\$36,477 & issued 250,000 shares valued at \$26,250)
- 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 June 30, 2018 the Company has incurred \$137,291 in acquisition costs (\$76,041 in cash and 500,000 shares valued at \$61,250) and \$674,294 in exploration expenditures.

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

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%.

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.

2017 Dean & Glory Projects, Clayton Valley, Nevada drill hole map:

<https://www.cypressdevelopmentcorp.com/site/assets/files/3573/cyp-dean-and-glory-drillingsm.jpg>

Cypress Resumes Drilling at Clayton Valley Lithium Projects, Nevada (Dean & Glory Claims)

Cypress Development Corp. announced on February 13, 2018, drilling has resumed at the Company's 100% owned lithium project in Clayton Valley, Nevada.

The first holes will be drilled on the Dean property, where, in 2017, 14 holes intersected lithium-bearing claystone to depths of 112 meters below surface. As announced in the Feb. 7th press release, an independent consulting firm, Global Resource Engineers (GRE), of Denver, Colorado, is engaged to prepare a resource estimate and accompanying technical report based on the 2017 drill results. A site visit has taken place, during which split core samples were selected for check assays and select surface samples were twinned under the direction of a GRE geologist. Additional work is underway.

Drill Hole Location Map:

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

After review of the 2017 drilling, the initial three holes of this program are to be in the southeast corner of the Dean property. One hole will test continuity between two fence lines in previous drilling, another will be drilled near DCH-10, which was terminated in mineralization due-to poor ground conditions, and the final will step-out towards the southeast corner of the claim block. Drilling is expected to be completed by early March and the results included by GRE in the resource estimate.

Upon completion of the drilling on Dean, an additional five to seven holes are planned to further target the Glory property. As reported in the February 7th news release, the first four holes drilled on Glory extended the trend of mineralization south and west from Dean by over 2 kilometers. The next holes on Glory will focus on defining mineralization in the eastern half of the property south of the higher grade holes on Dean.

Cypress Confirms Leach Results for Clayton Valley Lithium Project in Nevada

Cypress Development Corp. announced on February 20, 2018 additional results that confirm the high solubility of lithium in claystone from its 100%-owned Clayton Valley Project in Nevada.

As previously reported (January 9, 2018 press release), lithium extractions of 74% were obtained for both oxidized and reduced claystone samples from drill core from hole DCH-05, leached in a solution of 5% sulfuric acid heated to 80°C. Subsequent tests reported today show lithium extractions of 67% for the oxidized claystone and 80% for the reduced claystone sample, leached under identical conditions but using a solution of 10% sulfuric acid heated to 50°C. These results are in line with previous results and continue to demonstrate the solubility of lithium found in the subsurface claystone at Clayton Valley using sulfuric acid. An opportunity to improve extractions by adjusting leach conditions is now also apparent.

The Company is also pleased to report core drilling is underway and the first of three additional holes, DCH-15, was completed to a depth of 127 meters, and encountered oxidized and reduced claystone types throughout. As previously announced, this hole was located to test the continuity between two fence lines of holes from the previous drilling. Drilling of the next two holes is expected to be completed by early March and the results included in the upcoming resource estimate.

Cypress' Lithium Project

Cypress' primary focus is the Company's Dean and Glory claim blocks, located in Clayton Valley, Nevada, 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, which has been tested by drilling over a seven-kilometer trend across Cypress' 4200-acre properties.

The lithium mineralization is contained within interbedded lacustrine (lake basin) stratigraphy. These lake bed, volcanic ash rich claystone have been uplifted to their present outcropping position by movement along the Angle Island fault, a typical Walker Lane style shear zone with both lateral and vertical movement. Lithium content of the claystone was found to range up to 3800 ppm on surface. In Cypress' drilling, the claystone values are between 300 and 1700 ppm Li over thicknesses of up to 112 meters. In most of Cypress' holes, a redox boundary has been encountered. This change occurs at depths of between 20 to 30 meters and is seen where claystone above the boundary is oxidized and light grey in color and claystone below is reduced and dark grey and green to black in color. Composite samples for metallurgical tests were prepared recognizing the redox boundary and designated as Oxidized Sample if above the redox boundary or Reduced Sample if below it.

Laboratory Test Work

The Company is continuing laboratory work to determine the solubility of the lithium and other mineral constituents within the claystone. Initial tests were conducted in 2017. The Company reported at the time that a portion of the lithium is water soluble from simple assay-level tests. Bench-scale testing began in August 2017, when representative samples of oxidized and reduced material from hole DCH-05 were delivered to SGS in Lakefield, Ontario. The primary observation from these tests is the lithium in the subsurface material, at least from DCH-05 core, is almost totally insoluble in water. This contradicts the previously reported tests, which only utilized surface sample material, and suggests the water-soluble lithium occurs as a product of surficial weathering.

Further tests were completed at SGS using various acids and conditions, with the best results occurring in sulfuric acid. In these tests, extractions of 74% were achieved in both the oxidized and reduced samples. These tests used the following conditions, ground to minus-10 mesh, leached for 4 hours at 10% solids in 5% sulfuric acid and heated to 80°C. These extractions were achieved with relatively low acid additions, measured at 140 kg to 170 kg of sulfuric acid per tonne of material, and clearly contrast with the low extractions and high acid consumptions seen in hectorite-bearing claystone deposits.

Present Results

Further tests were conducted at SGS on the core from DCH-05. Following the observation where temperature set to 80°C showed a positive affect and increased the solubility of lithium significantly, subsequent tests were done with the temperature reduced to 50°C and acid concentration increased to 10%. These changes produced a mixed result, reducing the extraction in the oxidized sample to 67% (test OL-07), while increasing the extraction in the reduced sample to 80% (test RL-11). The results are consistent with the previous tests (OL-06 and RL-06), confirming the solubility of the lithium with sulfuric acid for DCH-05 core, and demonstrating the opportunity to improve extractions by adjusting leach conditions. An additional test was done on the reduced material to generate a time-extraction curve, shown below, which shows dissolution of the lithium is relatively fast, reaching 50% in the first hour, and may continue to increase beyond 4 hours.

Further tests are ongoing with the following goals: 1) refining the leach conditions, 2) checking for mineralogical variability from hole to hole, and 3) determining effective means of recovering the lithium from the leach solutions. In December, samples were sent to a second independent laboratory, Continental Metallurgical Services, in Butte, Montana. The two samples were composites of oxidized and reduced intervals from hole DCH-02. A one-hour leach of these samples, using 10% sulfuric acid at 10% solids and 50°C, returned lithium extractions of 62% and 65%, respectively. These results, if plotted on the extraction curve from hole DCH-05,

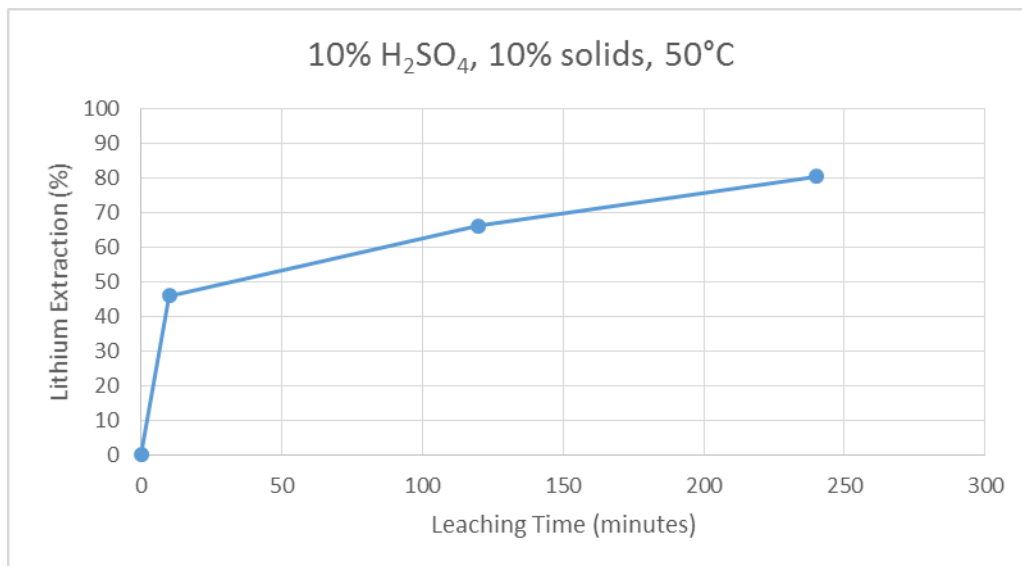
plot somewhat higher, possibly indicating differences do exist in mineralogy from hole to hole, or other difference in laboratory conditions, such as intensity of agitation during leaching. The results are consistent, however, with the observation that the lithium in the subsurface claystone can be leached with high levels of extraction in sulfuric acid.

Summary of Leach Tests

Test ID	Sample Type	Head Assay ppm Li	Temp °C	Extraction (%) Li
OL-02	Oxidized	860	room	39
RL-02	Reduced	1100	room	55
OL-06	Oxidized	860	80°	74
RL-06	Reduced	1100	80°	74
OL-07	Oxidized	860	50°	67
RL-11	Reduced	1100	50°	80
Li-A2	Oxidized	1020	50°	62
Li-A1	Reduced	972	50°	65

Samples were ground to minus-10 mesh and leached with a solution of 5% sulfuric acid for 4 hours at 10% solids. OL and RL series samples were core from DCH-05, tested at SGS and leached for 4 hours. Samples Li-A1 and Li-A2 were core from DCH-02, tested at Continental Metallurgical Services, and leached for 1 hour. In all tests, the leach solution was monitored but no additional sulfuric acid was required to maintain an acidic pH. The mixture was then filtered and rinsed with residue and solutions submitted for assay.

Extraction Curve for Reduced Sample, DCH-05



Todd Fayram, MMSA QP #1300, President of Continental Metallurgical Services, LLC, is the qualified person as defined by National Instrument 43-101 and has approved of the technical information in this news release.

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 June 30, 2018 the Company has incurred \$441,623 in exploration expenditures to which \$173,685 in option monies received have been applied against.

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 US\$300,000 and incur exploration expenditure totaling US\$1,850,000 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.

On December 5, 2017, the Company entered into an option agreement with Pasinex Resources Limited (through its wholly-owned subsidiary Pasinex Resources Nevada Limited) (“Pasinex”), whereby Silcom Systems Inc. transferred their previous option to Pasinex to earn up to an 80% interest in the property.

To acquire an initial 51% interest in the property, Pasinex is required to issue 600,000 listed common shares and make cash payments of US\$200,000 to the Company and incur exploration expenditures totaling US\$1,850,000 over the three year term of the first agreement.

The Company has granted the optionee a second option to acquire an additional 29% interest by issuing 200,000 listed common shares and making a cash payment of US\$250,000 after satisfying and exercising the first option and incurring additional exploration expenditures totaling US\$1,100,000 within 12 months.

Upon completion of the second option, issuance of all the shares and cash payments and completion of all work commitments, the optionee shall have earned an 80% interest in the property, subject to an underlying 2% net royalty interest.

During fiscal 2017, the Company received 200,000 Pasinex shares valued at \$42,000. As at June 30, 2018, the shares have a fair market value of \$24,000. (Note 4)

Highlights as at June 30, 2018:

- 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

		2nd (3 months)	1st (3 months)	4th (3 months)	3rd (3 months)
		June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
(a)	Revenue - interest	\$ 1,742	\$ 1,189	\$ 859	\$ -
(b)	Net (loss)	\$ (400,032)	\$ (390,205)	\$ (728,170)	\$ (153,344)
(c)	Net (loss) per share:				
	Basic -	\$ (0.007)	\$ (0.007)	\$ (0.019)	\$ (0.004)
	Fully Diluted -	\$ (0.007)	\$ (0.007)	\$ (0.019)	\$ (0.004)

		2nd (3 months)	1st (3 months)	4th (3 months)	3rd (3 months)
		June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
(a)	Revenue - interest	\$ -	\$ -	\$ -	\$ -
(b)	Net (loss)	\$ (119,984)	\$ (139,861)	\$ (119,666)	\$ (728,202)
(c)	Net (loss) per share:				
	Basic -	\$ (0.003)	\$ (0.004)	\$ (0.005)	\$ (0.032)
	Fully Diluted -	\$ (0.003)	\$ (0.004)	\$ (0.005)	\$ (0.032)

For the Quarter Ended June 30, 2018

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 June 30, 2018, the Company reported a net loss of \$400,032 or a \$0.007 loss per share. Comparatively, the Company had a loss of \$119,984 or a \$0.003 loss per share during the same quarter in 2017.

The Company's total expenses of \$384,774 (2017 - \$120,489) increased by \$264,285 as compared to the same quarter in the previous year.

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 year to another. Shareholder communications (2018 - \$136,145; 2017 - \$17,366) 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. Consulting fees vary 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 June 30, 2018, the Company had cash of \$786,826 compared to \$1,153,926 at December 31, 2017. The Company generated \$756,761 and \$62,300 in gross proceeds from the exercise of warrants and options respectively (2017 - \$88,000 and \$8,400). Working capital was \$778,393 at June 30, 2018 as compared to working capital of \$1,309,273 at December 31, 2017.

The Company's cash position at December 31, 2017 was \$1,153,926. As a result of expenditures incurred during the current period for general business expenses; the receipt of \$819,060 in proceeds from the issuance of shares; expenditures in exploration and evaluation assets of \$473,823; the decrease in receivables and prepaid expenses of \$154,790, in due from related party of \$21,795 and increase in accounts payable and accrued liabilities of \$104,184; the Company's cash position at June 30, 2018 was \$786,826.

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 June 30, 2018, 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:

	June 30, 2018	June 30, 2017
Charged to profit and loss for consulting fees	\$ 105,388	\$ 55,701
Capitalized to exploration and evaluation assets	62,928	41,077
Share-based payments	<u>-</u>	<u>-</u>
	\$ 168,316	\$ 96,778

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. No administrative fees are charged for this service.

Included in receivables and prepaid expenses at June 30, 2018 is \$9,899 (December 31, 2017 - \$31,694) due from the private company.

Included in accounts payable at June 30, 2018 is \$44,718 (December 31, 2017 is \$75,554) due to directors and/or their companies.

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, 2017, 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

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2017, except for the adoption, on January 1, 2018, of IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9"), which has an initial application as at this date.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The following is the new accounting policy for financial assets under IFRS 9:

Financial assets

The Company will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-

current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial instruments	IFRS 9 Classification
Cash	FVTPL
Other receivables	Amortized cost
Marketable securities (excluding warrants)	FVTPL
Trade payable and accrued liabilities	Amortized cost

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires 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 June 30, 2018:

Cypress Development Re-Elects Five Directors at AGM

The Company announced on July 20, 2018 that it held its annual general meeting on July 18, 2018. The Company reports that William Willoughby, Donald Huston, James Pettit, Donald Myers and Amanda Chow were re-elected directors of the Company. Shareholders also re-appointed Davidson & Company, Chartered Accountants, as auditors and approved the renewal of the Company's Incentive Stock Option Plan. Disinterested shareholders also approved the issuance of shares for professional services, as described in the information circular, to compensate Willoughby & Associates, PLLC, a private professional limited liability company controlled by William W. Willoughby, CEO and a director of the Company.

Cypress Issues Shares to Willoughby & Associates PLLC

The Company proposes to issue to Willoughby & Associates, PLLC, controlled by William Willoughby, CEO of the Company, 94,694 common shares of the Company at a deemed price of \$0.25 each for a total value of \$23,673.50, as part of compensation for geotechnical services for the period January 1, 2018 to June 30, 2018, pursuant to the Consulting Agreement dated January 1, 2018. The issuance of shares under the Consulting Agreement was approved by disinterested shareholders at Cypress' Annual General Meeting held on July 18, 2018 and is subject to acceptance by the TSX Venture Exchange.

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.

Financial risk factors

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 June 30, 2018, the Company had a cash balance of \$786,826 (December 31, 2017 - \$1,153,926) to settle current liabilities of \$121,173 (December 31, 2017 - \$151,978). 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 \$786,826 (December 31, 2017 - \$1,153,926) as of June 30, 2018, the Company has \$500,000 (December 31, 2017 - \$500,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of \$3,773 (December 31, 2017 - \$859). A 1% change in interest rates would have an effect of \$5,000 (December 31, 2017 - \$5,000) 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 \$6,034 (December 31, 2017 - \$7,056) as of June 30, 2018, the Company has \$77,288 (December 31, 2017 - \$60,064) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of \$713 (December 31, 2017 - \$530) 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 August 29, 2018 the following were outstanding:

Share capital – issued and outstanding	61,413,403
Options	4,504,000
Warrants	13,010,040
Shares held in escrow	Nil