CYPRESS DEVELOPMENT CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED - JUNE 30, 2022

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of Cypress Development Corp. and its subsidiaries (the "Company" or "Cypress") has been prepared by management as of August 16, 2022. Information herein is provided as of August 16, 2022, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020 (**"Financial Statements"**) and the notes thereto, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**"IFRS"**) and the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021 (**"Interim Financial Statements"**) and notes thereto prepared in accordance with IFRS. These statements are filed with the relevant regulatory authorities in Canada. All amounts herein are expressed in Canadian dollars, unless otherwise indicated.

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated August 5, 2022 (**"AIF"**) can be found on SEDAR at www.sedar.com.

Dr. William Willoughby, PhD., PE is a non-independent Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects, and approved the scientific and technical information in this MD&A.

The information contained herein is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is a "Venture Issuer" as defined in NI 51-102. For more information on the Company, investors should review the Company's continuous disclosure filings that are available under the Company's profile at www.sedar.com.

Readers are cautioned that this MD&A contains forward-looking statements. All information, other than historical facts included herein, including without limitation data regarding potential mineralization, exploration results and future plans and objectives of Cypress 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. Please refer to the Annual Information Form for further details regarding various risks and uncertainties facing the Company.

BUSINESS OVERVIEW

Cypress is a public company listed on the TSX Venture Exchange under the symbol "CYP". The Company is an exploration and development 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 and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the property, and upon future profitable production.

The Company is focused on the development of its Clayton Valley Lithium Claystone Project in southwestern Nevada, USA (**"Clayton Valley Project"**) and is currently operating a pilot plant operation based in Amargosa Valley, Nevada (**"Pilot Plant"**). Cypress has also initiated a feasibility study for the Clayton Valley Project (**"Feasibility Study"**). For further information on the Clayton Valley Project and the Company's business, please refer to the AIF.

HIGHLIGHTS, RECENT DEVELOPMENTS AND OUTLOOK

Highlights for the quarter

- Completed acquisition of adjacent Enertopia Corporation's (**"Enertopia"**) Clayton Valley Lithium Claystone Project (**"Enertopia Project"**);

- Completed several continuous operation events at the Pilot Plant and delivered solution for testing for production of lithium carbonate and lithium hydroxide;

- Completed purchase of Direct Lithium Extraction (**"DLE"**) technology from Chemionix Inc. (**"Chemionix"**);

- Commenced and completed a sonic drill program on the Clayton Valley Project;

- Continued progress on the Feasibility Study; and

- Announced dismissal of water rights petition.

Recent Developments and Outlook

The Company continued the strong momentum from the first quarter with the completion of the Enertopia Project acquisition, significant progress at the Pilot Plant, completion of a drilling program and advancement of the Feasibility Study.

On February 23, 2022, the Company entered into a definitive purchase and sale agreement with Enertopia for the purchase of the Enertopia Project and completed the acquisition on May 4, 2022. The purchase consideration comprised US$1,050,000 million cash and 3,000,000 Cypress common shares valued at $4,890,000.

The Enertopia Project is located immediately adjacent to the Clayton Valley Project and comprises 17 unpatented mining claims totaling 160 contiguous acres. According to a March 2020 NI 43-101 technical report on the Enertopia Project[1], the project has an indicated resource of 82 million tonnes (mt) of 1,121 parts per million (ppm) Li and an inferred resource of 18 mt of 1,131 ppm Li using a cutoff grade of 400 ppm Li. The resource was calculated using assay data from four core holes drilled on the property in 2018. The property will be included in the Company's Feasibility Study. To the best of the Company's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the mineral resources set out in the technical report inaccurate or misleading.

The Company's Pilot Plant continued to operate in line with expectations and several continuous tests conducted on a 24-hour per day basis, over periods ranging from 3 to 14 days have been completed to date. Optimization studies at the Pilot Plant are ongoing with processing conditions and equipment arrangements in the areas of leaching, filtration, impurity removal, and the DLE system being varied to determine the effect of changes.

During the quarter, the Pilot Plant also reached a significant milestone through the delivery of about 4,000 liters of concentrated lithium chloride solution to two Canadian laboratories. These laboratories are now working to further treat the solutions, one to produce lithium carbonate, and the other, lithium hydroxide, as the final product. The Company is awaiting the results from the treatment.

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[1] *Lithium Claystone Mineral Resource Estimate, Clayton Valley, Esmeralda County, Nevada, USA* (March 30, 2020). Prepared for Enertopia Corporation by Bradley C. Peek, MSc, CPG, Peek Consulting Inc. Dr. William Willoughby, PhD., PE reviewed the technical report on behalf of Cypress.

Assays received from samples collected during continuous operating cycles in March, April, and May, 2022, revealed an average lithium recovery of 99.5% within the DLE portion of the Pilot Plant. The samples were collected at 6-hour intervals over the operating periods and were assayed at ALS Global for lithium and other elements. These high lithium recoveries were accompanied with high levels of impurity rejection. Rejection of major cations, calcium and magnesium, during the period was above 99%.

Based on the results of the DLE section of the Pilot Plant, the Company released the one million Cypress shares that were held in escrow to Chemionex during June 2022, thereby satisfying the terms of its July 5, 2021, Share Purchase and License Agreement. With the completion of the purchase agreement, Cypress acquired full ownership of the equipment and a royalty-free license in perpetuity to use the Chemionex DLE technology at its Pilot Plant and at the Clayton Valley Project.

To support the continued testing at the Pilot Plant, a 500-tonne sample of claystone was excavated in April 2022 from an engineered test-pit at the Clayton Valley Project. The sample was collected in the vicinity of the planned starter-pit for mining in the Feasibility Study. The processing of the sample at the Pilot Plant is ongoing.

During May 2022, the Company commenced and completed a sonic drill program at the Clayton Valley Project. The purpose of the drill program was to obtain large-diameter (6-inch) continuous core for metallurgical testing at the Pilot Plant to supplement the Clayton Valley Project's resource model for the Feasibility Study and to examine if there are any variations in performance due to depth, location, or material type in the deposit. Eight locations were selected for metallurgical, geotechnical and lithological purposes. A total of 580 meters were drilled with each of the eight holes yielding 1.9 to 2.3 tonnes of claystone and ranging from 61 to 76 meters in depth.

During the first quarter of the year, the Company officially commenced the Feasibility Study and appointed Wood PLC (**"Wood"**) and Global Resource Engineering to conduct the work. The Feasibility Study is progressing according to schedule on all fronts. On the geotechnical program, samples have been collected, under supervision of Wood personnel, and shipped to materials testing laboratories for assay and geotechnical testing to provide further information to support the mine design. As discussed above, the Pilot Plant is performing to expectations and Wood's process engineering team is utilizing data from the Pilot Plant to develop mass balance and equipment sizing. Work is also underway on the overall project infrastructure, including design of access roads, plant equipment, power and water supplies. Completion of the Feasibility Study is still expected by the end of 2022.

On December 20, 2021, the Company reported that since the closing of the purchase of Nevada water Permit 44411 (Certificate 13631) from Intor Resources Corp., the Company learned that a petition was filed by a junior exploration company in the Nevada District Court for judicial review of the Nevada State Engineer's approval of Intor's Application for Extension of Time to Prevent Forfeiture of the Permit (the **"Petition").**

On April 11, 2022, the Company was informed that the Petition was dismissed with prejudice by the Fifth Judicial Court of Esmeralda County, Nevada. With this court order, the State Engineer's approval is final and binding, and the extension of the Permit is valid until its annual renewal date of August 28, 2022.

Over the coming months, the Company will continue to run tests through its Pilot Plant to enhance its process flowsheet and work towards completion of the Feasibility Study. On August 4, 2022 the Company submitted an Application of Time to Prevent Forfeiture of the Permit in relation to its water permit and awaits a response.

SECOND QUARTER FINANCIAL RESULTS

THREE MONTHS ENDED JUNE 30

	2022	2021
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative, office and miscellaneous	$ 103,611	$ 60,750
Consulting fees	85,236	155,175
Directors' fees	68,742	57,484
Finance costs	35,702	-
Legal	81,880	39,590
Recruitment	-	43,800
Salaries and wages	117,691	141,405
Share-based compensation	972,784	-
Shareholder communications	200,685	90,594
Transfer agent and filing fees	27,709	15,248
Travel	49,578	4,464
	(1,743,618)	(608,510)
Foreign exchange loss	298,987	351,002
Interest income	75,033	6,349
Unrealized gain on marketable securities	-	(3,000)
Loss and comprehensive loss for the period	$ (1,369,598)	$ (254,159)
Basic and diluted loss per common share	$ (0.01)	$ (0.00)

For the quarter ended June 30, 2022, the Company reported a loss of $1,369,598 or $0.01 loss per share. Comparatively, the Company had a loss of $254,159 or $0.00 loss per share in the same quarter in 2021. The Company's expenses of $1,743,618 (2021 - $608,510) increased by $1,135,108 as compared to the same quarter in the previous year, reflecting the increase in the Company's activities.

The most material increases were:

- administration, office and miscellaneous increased from $60,750 in 2021 to $103,611 in 2022, mainly due to the increase in operational activities at the Clayton Valley Project;

- consulting fees decreased from $155,175 in 2021 to $85,236 in 2022 as the Company is capitalizing the consulting fees relating to the Clayton Valley Project to exploration and evaluation assets;

- salaries and wages decreased from $141,405 in 2021 to $117,691 in 2022 due to a $110,000 signing bonus in the 2021 quarter relating to the appointment of the CFO in May 2021. During the 2021 quarter, the CFO was the only employee in the Company;

- shareholder communications increased from $90,594 in 2021 to $200,685 in 2022 due to increased marketing activities following the appointment of the Vice President, Investor Relations; and

- share-based compensation increased from $Nil in 2021 to $972,784 in 2022. The 2022 expense relates to the vesting of stock options granted to officers and directors in Q4 2021 and Q1 2022.

Total assets were $59,333,213 at quarter-end Q2 2022 compared to $37,274,018 at quarter-end Q4 2021 principally due to the receipt of $18,138,720 from a bought deal offering, pursuant to a short form prospectus, consisting of 9,058,000 units of the Company at a price of $2.00 per unit with each unit consisting of one common share of the Company and one common share purchase warrant, with each warrant being exercisable into an additional common share at an exercise price of $2.65 for a period of two years (the "Bought Deal"), and the acquisition of the Enertopia Project for $6,443,515, of which $4,890,000 was in the form of equity, off-set by operating expenses during the first half of the 2022 financial year. The Company also received $1,228,753 on the issuance of 1,399,642 Common Shares from the exercise of 639,642 share purchase warrants and 760,000 stock options during this six-month period.

Working capital increased $10,922,575 from $22,953,963 at December 31, 2021, to $33,876,538 at June 30, 2022, mainly reflecting the equity proceeds less the operating expenses and expenditures on evaluation and exploration asset during this six-month period. Cash spent on operating activities and exploration and evaluation assets during the six-month period ending June 30, 2022, was $1,355,016 and $5,198,279 respectively.

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is a summary of quarterly results taken from the Company's unaudited quarterly financial statements and audited financial statements.

	June 30, 2022	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**
Total assets	$ 59,333,213	$ 54,069,322	$ 37,274,018	$ 28,416,654
Working capital	$ 33,876,538	$ 38,545,166	$ 22,953,963	$ 19,639,277
Revenue	$ -	$ -	$ -	$ -
Loss for the period	$ 1,369,598	$ 1,337,942	$ 1,600,390	$ 123,175
Net loss per share: Basic and fully diluted	$ 0.01	$ 0.01	$ 0.01	$ 0.01

	June 30, 2021	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**
Total assets	$ 25,740,084	$ 25,918,317	$ 6,864,765	$ 5,994,705
Working capital	$ 19,271,028	$ 20,462,381	$ 2,051,088	$ 1,419,515
Revenue	$ -	$ -	$ -	$ -
Loss for the period	$ 254,159	$ 710,648	$ 230,961	$ 267,534
Net loss per share: Basic and fully diluted	$ 0.00	$ 0.01	$ 0.00	$ 0.00

The Company is in the exploration and development stage and does not generate any revenue. The increase in total assets during the above periods was mainly due to the issuance of equity during two bought deals, three asset acquisitions and warrant and stock option exercises, offset by operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

In management's view, given the Company is in the exploration and evaluation phase, 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 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 near future.

At June 30, 2022, the Company had cash of $34,305,491 compared to $23,137,155 at December 31, 2021.
During this six-month period, the Company received $18,138,720 in gross proceeds from a bought deal and proceeds of $1,228,753 from the exercise of 760,000 options and 639,642 warrants. This was offset by cash expenditures incurred for general business expenses of $989,749, expenditures in exploration and evaluation assets of $5,198,279 and an increase in receivables and prepaid expenses of $195,507 and a decrease in accounts payable and accrued liabilities of $169,760, resulting in a closing cash position at June 30, 2022, of $34,305,491.

During the quarter, the Company continued its preparatory work to further progress the Clayton Valley Project towards the feasibility stage. The main activities focused around operating and optimizing the Pilot Plant, acquiring the Enertopia Project and selecting and engaging the consultants for the Feasibility Study.

The Company has no revenue generating operations from which it can internally generate funds. To date the Company's activities have been financed by the sale of its equity securities by way of private placements and the exercise of incentive stock options and share purchase warrants. The Company's working capital was $33,876,538 at June 30, 2022, consisting of cash and cash equivalents of $34,305,491 and receivables, prepaids and marketable securities totalling $581,008, less accounts payable and accrued liabilities of $787,798 and the current portion of a lease liability of $222,163, as compared to working capital of $22,953,963 at December 31, 2021.

The Company expects that it will operate at a loss for the foreseeable future, however, the Company believes that its cash and cash equivalents as at the date of this MD&A are sufficient for the Company's currently planned operating needs for the next 12 months.

TRANSACTIONS WITH RELATED PARTIES

Key management compensation

Key management personnel consist of the Company's Directors and Officers. The aggregate amount paid or accrued to key management personnel, or companies under their control, during the six-month period ended June 30th, was as follows:

	June 30, 2022	June 30, 2021
Charged to operations:		
Amanda Chow – Director - resigned during 2021	$ -	$ 18,500
Bryan Disher – Director	28,998	-
Don Huston – Director, Chairman - resigned during 2021	-	70,625
Abraham Jonker – CFO	95,867	139,200
Cassandra Joseph – Director, Chairman	32,421	-
Don Myers – Director	24,000	64,625
Ken Owen – Director	24,000	-
Jim Pettit – Director	24,000	62,375
Sentinel Market Services Ltd. - a company owned by Jim Pettit	194,878	-
Willoughby & Associates, PLLC - a company owned by William Willoughby, President, CEO and a Director of the Company	-	95,494
Share-based compensation	1,031,110	-
Sub-total	1,455,274	450,819

Capitalized to exploration and evaluation assets		
Willoughby & Associates, PLLC	465,627	72,531
Total	$ 1,920,901	$ 523,350

As at June 30, 2022, $80,911 (December 31, 2021 - $38,706) is included in accounts payable and accrued liabilities owing to Directors and/or companies under their control.

Administrative agreement

The Company operates from the premises of a private company owned by a Director of the Company. Up until November 2021 the company had provided office and administrative services to the Company under a short-term contract on a cost-plus basis. In November 2021, the Board of Directors approved a revised contract with the company for the provision of these services for a fixed price of $25,000 per month, reviewable quarterly.

Included in receivables and prepaid expenses at June 30, 2022, is a prepaid balance of $1,357 (December 31, 2021 - $Nil) with this company.

BALANCE SHEET ARRANGEMENTS

At June 30, 2022, 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.

SUBSEQUENT EVENT

The following events occurred subsequent to June 30, 2022:

Exercise of stock options

The Company issued 210,000 common shares pursuant to the exercise of options and received proceeds of $23,400.

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 most significant risk for the Company is:

1) The junior resource market, where the Company raises funds, is 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.

2) 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. Further, the majority of the Company's cash and cash equivalents are held with the Bank of Montreal, a Canadian bank.

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, 2022, the Company had cash and cash equivalents of $34,305,491 (December 31, 2021 - $23,137,155) to settle current liabilities of $1,009,961 (December 31, 2021 - $562,693) and had working capital of $33,876,538 (December 31, 2021 - $22,953,963). 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 savings accounts or 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. The Company has $33,605,491 in interest-bearing savings accounts with banks as at June 30, 2022 (December 31, 2021 - $22,437,155) and $700,000 (December 31, 2021 - $700,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of $1,818 (December 31, 2021 - $42). A 1% change in interest rates would have an effect of $343,055 (2021 - $231,372) 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. In addition to cash in US accounts of $4,612,955 (December 31, 2021 - $10,407,963) as of June 30, 2022, the Company has $735,653 (December 31, 2021 - $58,269) in liabilities to US payees. A 1% change in foreign exchange rates would result in a gain of $38,773 (December 31, 2021 - $103,497) in 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 lithium, 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.

CONFLICTS OF INTEREST

To the best of our knowledge, there are no known existing or potential material conflicts of interest among the Company and its Directors, Officers or other members of management as a result of their outside business interests except that certain of our directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to Cypress and their duties as a director, officer or advisor of such other companies.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND MD&A

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

SHARE CAPITAL

As at the report date of August 16, 2022, the following were outstanding:

Share capital - issued and outstanding	146,528,136
Options	6,835,000
Warrants	21,141,091

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