CYPRESS DEVELOPMENT CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 May 2, 2022. Information herein is provided as of April 29, 2022, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the 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"). 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 March 15, 2021 (the "Annual Information Form"), 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.

The Company reports in accordance with International Financial Reporting Standards ("IFRS") and the following disclosure, and associated audited 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.

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.

HIGHLIGHTS, 2021 DEVELOPMENTS AND OUTLOOK

Highlights for the Year

Operational

- Completed License Agreement to use proprietary technology for direct lithium extraction (the "**Lionex Process**") at the Company's 100% owned Clayton Valley Lithium Project located in the Clayton Valley, Nevada (the "**Project**");
- Entered into and completed a water rights purchase and sale agreement (the "**Water Rights Agreement**") for the Project;
- Acquired 24 unpatented mining claims in the Clayton Valley, Nevada for strategic purposes;

- Completed assembly and successfully commissioned the Company's pilot plant for extraction testing of lithium-bearing claystone from the Project (the "**Pilot Plant**"); and
- Entered into and, extended and amended the lease with del Sol Refining Inc. ("**del Sol**") through to 2025, for its facility in Amargosa Valley, Nevada which houses the Company's Pilot Plant.

Corporate

- Closed Bought Deal Offering including full exercise of over-allotment option for a total of 15,640,000 Units at a price of C$1.25 per unit for gross proceeds of C$19,550,000;
- Appointed Braam Jonker as Chief Financial Officer;
- Appointed Cassandra Joseph as independent director and Chair of the Board of Directors;
- Appointed Bryan Disher as independent director and Chair of the Audit and Compensation and Corporate Governance committees of the Board of Directors;
- Appointed Spiros Cacos as Vice President, Investor Relations;
- Appointed Ken Owen as independent Director; and
- Commenced trading on the OTCQX under the symbol "CYDVF".

2021 Developments and Outlook

The Company had a very successful year, financially, operationally and from a governance perspective.

The Company closed a bought deal public offering with PI Financial Corp. ("PI") on March 22, 2021 ("Bought Deal"). PI was the sole underwriter and bookrunner and purchased, on a bought deal basis pursuant to a short form prospectus, 15,640,000 units of the Company at a price of $1.25 per unit for gross proceeds of $19,550,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for one common share of the Company for a period of 36 months, expiring on March 22, 2024 at an exercise price of $1.75. As at the financial year-end, 3,985,900 warrants at $1.75 and 555,247 brokers' warrants at $1.25 had been exercised, providing the Company with $7,669,384 million in additional funding. The bought deal allowed the Company to commence the execution of its operational strategy.

During the second quarter of the year, the Company entered into a share purchase and license agreement (the "**License Agreement**") with Chemionex Inc. ("**Chemionex**"), an Ontario based company, and an arm's length third party (together the "**Sellers**"). The License Agreement formalized the terms of acquisition of a license to use Chemionex's Lionex Process (the "**Lionex Process**") at the Project. The acquisition included pilot plant equipment designed and constructed by Chemionex for the Company, which uses the Lionex Process ("**Pilot Plant Equipment**"). Under the terms of the License Agreement, Cypress acquired a 100% ownership of a private company, 2845028 Ontario Inc., which owns the Pilot Plant Equipment and a license to use the Lionex Process for the Project.

The purchase price for the Pilot Plant Equipment and the Lionex Process license comprised a $350,000 cash payment and one million Cypress shares (the "**Consideration Shares**"). The share issuance received regulatory approval and was transferred into escrow and the cash payment was settled according to the terms of the License Agreement. The purchase price grants full ownership of the Pilot Plant Equipment and the License Agreement through ownership of 2845028 Ontario Inc. with no further payment or royalty obligations for the use of the Lionex Process.

Cypress has 12 months following installation of the Pilot Plant Equipment to carry out performance tests to confirm the successful operation of the Pilot Plant Equipment and the efficiency of the Lionex Process and determine, in its absolute discretion, whether to release the Consideration Shares to the Sellers. In the event Cypress determines not to release the Consideration Shares, 2845028 Ontario Inc. will revert to the Sellers, the cash payment will be forfeited by the Company, and the Consideration Shares will be returned to the Company's treasury.

During the first half of the year, the Company commenced construction of its Pilot Plant, located at a metallurgical facility located in Amargosa Valley, Nevada, approximately 100 miles south of the Project (the "**Amargosa Site**"). The Amargosa Site is owned and operated by del Sol. Construction completion and successful commissioning of the Pilot Plant was achieved during the fourth quarter. The Pilot Plant operation is supervised by Continental Metallurgical Services LLC in conjunction with Cypress and del Sol personnel.

The Pilot Plant is configured to use chloride-based leaching to liberate the lithium from the Project's claystone. This was based on results from an internal scoping study completed in January 2021, which determined additional benefits in the areas of economics, process, and the environment when using a chloride-based rather than a sulphate-based leaching process. The sulphate-based process remains a viable alternative as detailed in the project's Pre-Feasibility Study (PFS, effective Date August5, 2020 and amended March 15, 2021).

There are four main sections in the Pilot Plant: leaching, tailings handling, pregnant leach solution ("**PLS**") treatment and the Lionex Process area. Two additional processing steps are conducted off-site at NORAM Engineering and Construction Ltd.'s B.C. Research Laboratory in Richmond, Canada. These steps treat the concentrated lithium solution and a portion of the depleted solution following direct lithium extraction ("**DLE**") to produce lithium hydroxide and generate hydrochloric acid and sodiumhydroxide.

Each section in the pilot plant has specific objectives:

- The leaching section works to improve leach conditions and confirm lithium extraction into PLS. Testing of various feed size and grade of the claystone, reagent mixtures, and water balance will aid in optimization at scale.

- The tailings handling section utilizes a counter current decantation arrangement of thickener settlers and flocculant mixing, with the objective of determining materials handling, moisture content and water consumption. Testing in this stage provides key information for water requirements and the design of tailings facilities.

- The PLS treatment section removes impurities prior to introduction into the DLE process through two-stage neutralization and filtration. A tertiary stage will follow the DLE process prior to recycling of solution back to leaching.

- The DLE section consists of the Lionex Process and tests compatibility of the PLS to be further concentrated with this process.

The final two steps are conducted by NORAM Engineering. These treat the concentrated lithium solution from the DLE portion of the Pilot Plant to produce lithium hydroxide and then test the stripped leach solution for compatibility for recycling to the leaching section of the Pilot Plant.

The test work at the Pilot Plant is ongoing and the Company completed a successful 7-day continuous run during December 2021. During this period, the Pilot Plant operated at its designed feed rate of one ton per day of lithium claystone from the Project. Over 400 samples of leach solutions and solids were collected during this testing period and shipped to ALS Global for analysis in 2021.

During the fourth quarter of 2021, the Company completed the purchase of Permit 44411 and Certificate 13631 (the "**Permit**") from Intor Resources Corp., a subsidiary of Nevada Sunrise Gold Corp. ("**Nevada Sunrise**"). The purchase consideration was US$3,000,000, comprising cash of US$2,150,000 and Cypress shares valued at US$850,000.

The Permit is an essential piece of Cypress' strategy to develop the Project. The Permit allows for the appropriation of the public waters of the State of Nevada in the amount of 1,770 acre-feet of groundwater per year for mining, milling and domestic applications. This amount represents the largest single volume of permitted water available in the Clayton

Valley, which is a fully appropriated hydrogeographic basin. The current extension of the Permit is valid until August 28, 2022, at which point the Company needs to re-apply for a further 12-month extension to the Permit.

During February 2021, the Company entered into a 12-month lease agreement with del Sol for the lease of part of their 12,000 square-foot processing and refining facility at the Amargosa Site. This lease was later amended by extending the lease to 2025 and allowing Cypress the option to expand its use of the facility to include all of the processing and refining facility at the Amargosa Site.

During the year, the Company spent $5,273,779 on site related activities which included $3,664,943 for water rights. $1,292,010 was spent on the Pilot Plant excluding depreciation on the ROU asset.

With the completion of the post year-end $18.1 million bought deal (see "Subsequent Events" below), the Company's Lionex Process licensing arrangements, successful start-up of the Pilot Plant, successful acquisition of water rights and expansion and strengthening of its team (see "Management and Board Changes" below), the Company believes it is well positioned to complete the bankable feasibility study in relation to the Project, including optimisation studies at its Pilot Plant, and to progress the Project to the financing and development stage.

On December 21, 2021, the Company began trading on the OTCQX under the symbol "CYDVF".

Management and Board Changes

On May 1, 2021, Mr. Abraham (Braam) Jonker joined the Company as Chief Financial Officer.

On June 2, 2021, Ms. Cassandra Joseph was appointed non-executive director of the Company.

On August 1, 2021, Mr. Spiros Cacos joined the Company as Vice President, Investor Relations.

On August 27, 2021, Ms. Joseph was appointed Chair of the Company's Board of Directors, succeeding Mr. Donald Huston, previous Chairman and President, and Mr. Bryan Disher was appointed non-executive director and Chair of the Audit and Compensation and Corporate Governance committees of the Board of Directors. Dr. William Willoughby, Chief Executive Officer ("CEO") of the Company, assumed the role of President, in addition to his role as CEO, effective on that date.

On September 28, 2021, Mr. Ken Owen was appointed non-executive director to the Company's Board of Directors and on November 18, 2021, Mr. Donald Huston and Ms. Amanda Chow resigned from the Board.

BUSINESS DESCRIPTION, EXPLORATION AND DEVELOPMENT ASSETS AND HISTORY

Nature of Business

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.

Exploration and Evaluation Assets

Developments on the properties are as follows:

Dean Claims, Nevada, USA

On September 8, 2016 Cypress entered into an agreement to acquire a 100% interest in the 2,700 acre Dean lithium property in Clayton Valley, Nevada. To purchase is 100% interest in the claims, over a four-year period the Company paid US$140,000 ($181,946) in cash and issued 1,050,000 shares of the Company, valued at $221,250.

The Optionor retains a net smelter return ("NSR") royalty interest of 3% with Cypress having the right to purchase two-thirds of the NSR for $1,000,000.

As at December 31, the Company has incurred $1,120,395 in exploration and evaluation expenditures on the property.

Glory Claims, Nevada, USA

On January 26, 2016 Cypress entered into an agreement to acquire a 100% interest in the 1,280 acre Glory lithium property in Clayton Valley.

On January 28, 2019, the Company completed the purchase with a cash payment of US$75,000 and the issuance of 250,000 common shares of Cypress to the vendor valued at $58,750. The vendor retains a 3% NSR royalty interest. Cypress has the right to purchase two-thirds of the royalty, or 2% NSR, for US$1 million prior to the beginning of production.

Gunman Project, White Pine Claims, Nevada, USA

The Company has a 100% interest in certain claims located in White Pine County, Nevada. As at December 31, 2021, the Company had incurred $441,623 in exploration expenditures, received $486,970 in option payments and recorded a recovery on exploration and evaluation asset of $45,347. The property is subject to a 2% NSR.

In 2017 the Company entered into an option agreement which provided the optionee (Caliber Minerals Inc. formerly Silcom Systems Inc.) with an earn-in option to acquire an initial 51% interest in the property. The Company subsequently granted the optionee a second option to acquire an additional 29% interest. The optionee paid the Company US$50,000 in respect of the option agreements.

On December 5, 2017, the Company entered into an agreement with Pasinex Resources Limited (through its wholly owned subsidiary Pasinex Resources Nevada Limited) ("Pasinex"), whereby the original optionee transferred its previous option to Pasinex.

In order to acquire an initial 51% interest in the project (the "First Option"), Pasinex issued 600,000 of its common shares to the Company, made cash payments of US$100,000 and had to incur exploration expenditures totaling US$1,850,000 over the three-year term of the agreement. The Company also granted Pasinex a second option (the "Second Option") to acquire an additional 29% interest by issuing 200,000 common shares, making a cash payment of US$250,000 and incurring US$1,100,000 in exploration expenditures within one year of satisfying and exercising the First Option.

On September 11, 2019, and again on November 27, 2020, the Company and Pasinex amended the Agreement, whereby the First Option was extended to December 31, 2022, and the Second Option was extended to December 31, 2024. As a condition for extending the Agreement, Pasinex paid the Company US$15,000 and must incur exploration expenditures of US$200,000 by December 31, 2021. On December 13, 2021, a third amending agreement extended the due date of $200,000 in exploration expenditures from December 31, 2021, to June 30, 2022. As consideration, the Company received US$20,000.

Upon completion of the Second Option, issuance of all the shares and cash payments and completion of all work commitments, Pasinex will have earned an 80% interest in the property, subject to an underlying 2% NSR royalty interest.

As at December 31, 2021, Pasinex is required to make the following cash payments and share issuances to the Company:

Due Date	Cash Payments	Share Issuances	Expenditure Commitments
By June 30, 2022	-	-	US$ 200,000
By December 31, 2022	-	-	US$1,400,000
By December 31, 2024	US$250,000	200,000	US$1,100,000
Receipt of a feasibility report within 90 days of exercise of the First Option			
Total	US$250,00	200,000	US$2,700,000

Clayton Valley Lithium Project

The contiguous Dean and Glory properties collectively comprise Company's Project. Exploration drilling began on the properties in 2017.

History of the Project

On February 7, 2018, the Company reported results from the first four core holes on the Glory claims at the Project and that the drilling extended the trend of lithium ("Li") mineralization by more than 2 kilometers south and west from the Dean claims, where the Company had previously reported 14 drill holes and encountered lithium-bearing claystone over an area averaging 4 kilometers by 2 kilometers. The Company commenced mobilization for drilling on the Clayton Valley Lithium Project in support of a prefeasibility study ("PFS").

On April 3, 2018, the Company announced results from three holes drilled at the Project and reported an intersection of 97 meters averaging 1,144 ppm Li in the final hole.

On May 1, 2018, the Company announced a maiden independent resource estimate for the Project that noted a 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"). The Company also reported 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.

On May 9, 2018, the Company commenced a Preliminary Economic Assessment ("PEA") on the Project to be undertaken by Global Resource Engineering, Ltd. Of Denver, Colorado, an independent engineering services firm.

On September 6, 2018, the Company announced results from the PEA, reporting a net present value of $1.45 billion at an 8% discount rate.

On October 26, 2018, the Company closed a non-brokered placement financing for total gross proceeds of $2,010,647 to be used for the completion of the, including further metallurgical studies and related infill drilling, and for general working capital purposes.

On February 14, 2019, the Company selected Ausenco Engineering Canada Inc. as the lead consultant for the PFS.

On February 26, 2019, the Company completed the first phase of metallurgical testing in the PFS and reported that testing confirmed the range of parameters used in the PEA conducted in 2018.

In April 2019, the Company completed its infill drilling program and received assay results at the Project. The drilling was focused within a one kilometer-square area where six holes were completed to an average of 120 meters below surface grade.

On July 15, 2019, the Company reported on the demonstration of high lithium recoveries for the Project utilizing extraction processes developed by Lilac Solutions.

On August 29, 2019, the Company achieved a milestone where a commercially viable process was identified based on filtration, to deal with the separation of clay particles from leach solutions.

On November 14, 2019, the Company contracted NORAM Engineering to conduct concept testing for the Project. On February 27, 2020, the Company received positive initial results from the test program.

On May 19, 2020, the Company announced results from the PFS of the Project: average annual production of 27,400 tonnes per year LCE, mine life for PFS of 40 years, industry-low cash cost of US$3,392 per tonne LCE, US 1.052 billion NPV at 8% discount rate after, after tax internal rate of return of 25.8% and payback period of 4.4 years.

On August 11, 2020, the Company announced a mineral resource estimate at the Project which included measured plus indicated resources of 929.6 million tonnes averaging 1,062 ppm Li or 5.2 million tonnes LCE.

On February 7, 2021, the Company entered into a twelve-month lease agreement with del Sol for the lease of part of their refining facility in the Amargosa Valley. The Amargosa Site is located approximately 110 miles south from Tonopah, Nevada and will be used to house the Pilot Plant.

On March 1, 2021, the Company amended the PFS Report (as set out below).

On March 22, 2021, the Company closed a bought deal public offering for 15,640,000 units of the Company at a price of $1.25 per unit for gross proceeds of $19,550,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for one common share of the Company for a period of 36 months, expiring on March 22, 2024 at an exercise price of $1.75.

On April 13, 2021, the Company entered into a five-year lease with Nye County, renewable for two additional five-year terms, for 19.64 acres of land adjacent to Tonopah Airport for US$750 per month.

On May 3, 2021, the Company entered into a mineral property acquisition agreement to acquire 24 unpatented mining claims in the Clayton Valley for strategic purposes.

On May 10, 2021, the Company entered into a letter of intent for the purchase of water rights for the Project from the Nevada Sunrise Gold Corp. Group.

On May 20, 2021, the Company announced that it has entered into a service agreement with Chemionix to advise on the DLE section of the pilot plant.

On July 6, 2021, the Company entered into a share purchase and license agreement with Chemionix for the Pilot Plant Equipment and the use of Chemionex's Lionex Process for both testing in the Pilot Plant and the use, without any further payment, for the Project.

On September 8, 2021, the Company entered into the Water Rights Agreement, allowing for 1,770 acre-feet of water per year for mining, milling and domestic use.

On October 13, 2021, the Company completed construction and assembly of the Pilot Plant.

On December 7, 2021, the Company successfully started up the pilot plant with the completion of a 72-hour test run.

On December 8, 2021, the Company completed the purchase of the Permit.

Goat Claims, Nevada, USA

The Company entered into a purchase agreement on May 3, 2021 to acquire a 100% interest in 24 unpatented mining claims, comprising 480 contiguous acres in Clayton Valley, Nevada. To acquire the 100% interest, the Company issued 49,000 common shares with a fair value of $75,950 (Note 9) to the vendor. The claims have no retained or underlying royalties.

PREFEASIBILITY STUDY

Amended Prefeasibility Study for Clayton Valley Lithium Project

The Company's NI 43-101 Technical Report on the Project is titled "Prefeasibility Study Clayton Valley Lithium Project Esmeralda County, Nevada" with an effective date of August 5, 2020, amended March 15, 2021 (the "PFS Report"). The PFS Report includes the results from all drilling and metallurgical testing, updates to the capital and operating cost estimates, and addresses changes in the physical and economic conditions since the previous technical reports relating to the Project.

The following is a summary of the PFS Report. The detailed PFS Report is available for review on the Company's website and also under the Company's SEDAR profile at www.sedar.com.

Project Description, Location and Access

Cypress commissioned the PFS Report of the Project. The Project is in Esmeralda County, Nevada, six miles east of the community of Silver Peak, and is located within township 2 south, range 40 east, and township 3 south, range 40 east, Mt. Diablo Meridian. Access from Tonopah, Nevada, is by traveling 22 miles south on US Highway 95, then 19 miles west on Silver Peak Road.

The PFS updates previously disclosed mineral resource estimates and economic assessments.

Mineral Rights and Tenure

The Project comprises 129 unpatented placer mining claims and 212 unpatented lode mining claims. The claims cover 5,430 acres and provide Cypress with the rights to all brines, placer and lode minerals on the property. All lode and placer claims are unpatented U.S. Federal claims administered by the U.S. Bureau of Land Management (the "BLM"). The claims are held 100% by Cypress and subject to an underlying 3% NSR agreement. The royalty can be brought down to a 1% NSR in return for US$2 million in payments to the original property vendor. The claims require annual filing of "Intent to Hold" and cash payments to the BLM and Esmeralda County totaling $167 per 20 acres or claim, depending on claim type.

History

The first recorded mining activity in Clayton Valley was in 1864 with the discovery of silver at the town of Silver Peak. The playa in the center of Clayton Valley was mined for salt as early as 1906, and later explored for potash during World War II. Lithium was noted during the 1950s. In 1964, Foote Minerals acquired leases and began production of lithium carbonate at Silver Peak by 1967. Production of lithium carbonate from brine has continued to the present under several companies, currently under Albemarle Corporation.

The occurrence of lithium in sediments of Clayton Valley was reported as early as the 1970s by the United States Geological Survey. In 2015, Cypress acquired rights to claims on the south and east side of Angel Island. Sampling revealed high lithium concentration in surface sediments. In 2017, Cypress drilled its first holes in the Dean claim block, followed later that year by drilling in the Glory claim block. In February 2018, Cypress reported exploration results on the Dean claims in a NI 43-101 technical report. Later in 2018, Cypress completed additional drilling followed by a NI 43-101 technical report Resource Estimate and the PEA.

Geological Setting, Mineralization and Deposit Type

The Clayton Valley is a closed basin near the southwestern margin of the Basin and Range geo- physiographic province of western Nevada. Horst and graben normal faulting is a dominant structural element of the Basin and Range and likely occurred in conjunction with deformation due to lateral shear stress, resulting in disruption of large-scale topographic features. Clayton Valley is the lowest in elevation of a series of regional playa filled valleys, with a playa floor of about 100 square kilometers (km2) that receives surface drainage from an area of about 1,300 km2. The valley is fault-bounded on all sides, delineated by the Silver Peak Range to the west, Clayton Ridge and the Montezuma Range to the east, the Palmetto Mountains and Silver Peak Range to the south, and Big Smokey Valley, Alkali Flat, Paymaster Ridge, and the Weepah Hills to the north.

The western portion of the project area is dominated by the uplifted basement rocks of Angel Island which consist of metavolcanic and clastic rocks, and colluvium. The southern and eastern portions are dominated by uplifted, lacustrine sedimentary units of the Esmeralda Formation. Within the project area, the Esmeralda Formation is comprised of fine grained sedimentary and tuffaceous units, with some occasionally pronounced local undulation and minor faulting.

Elevated lithium concentrations, generally greater than 600 ppm, are encountered in the local sedimentary units of the Esmeralda Formation from surface to at least 142 meters below surface grade. The lithium- bearing sediments primarily occur as silica-rich, moderately calcareous, interbedded tuffaceous mudstone, claystone and siltstone.

Lithium occurs in potentially economic concentrations in three types of deposits: pegmatites, continental brines, and clays. Lithium is produced from pegmatites and brines, with brines the largest producer of lithium worldwide. There is no active mining of lithium clay deposits. In clay deposits, lithium is often associated with smectite (montmorillonite) group minerals. The USGS presents a preliminary descriptive model of lithium in smectites of closed basins (AsherBolinder, 1991), Model 251.3(T), which suggests three forms of genesis for clay lithium deposits: alteration of volcanic glass to lithium-rich smectite; precipitation from lacustrine waters; and incorporation of lithium into existing smectites. In each case, the depositional/diagenetic model is characterized by abundant magnesium, silicic volcanic rocks, and an arid environment.

Exploration

Cypress began exploring the project in late 2015. Exploration activities carried out by Cypress to the date of the PFS Report included surface sampling, detailed geological mapping, and drilling. In 2016, prior to drilling, Cypress collected 494 soil and rock chip samples. Results indicated elevated lithium concentrations over most of the project area. Cypress also conducted surface geologic mapping over most of the project. The geologic information is used as a guide for exploration planning in combination with surface samples and drilling results.

Drilling

Cypress drilled at the project in 2017, 2018, and 2019 a total of 29 vertical, NQ-size core holes. Drill hole depths ranged from 33 to 142.3 meters, totaling 2,574.9 meters drilled. The drilling results indicate a favorable section of claystone extending to depths of approximately 120 meters, where a strong, apparently planar, alternating oxidation/unaltered zone exists. The lithium content through these zones appears consistent, as do other geochemical factors, and any specific significance of the oxidized and unaltered zones regarding lithium mineralization is not apparent.

Sampling, Analysis and Data Verification

Samples collected at the Clayton Valley Lithium Project comprise surface samples and NQ-size drill core. Surface samples of outcropping materials or soil were collected by Cypress' geologists using standard hand tools. Location and material were logged, samples were bagged and marked with number or other designation.

Samples are crushed, split, and pulverized at the laboratory in preparation for analysis. After pulverizing, two subsamples are selected by the lab for duplicate analysis. Cypress has submitted eight pulp duplicates to a secondary laboratory as check samples, the pulp duplicates are principally used by the primary lab for internal quality control and are not relied on by Cypress to evaluate the overall quality of the sampling program.

For most samples collected at the project, Cypress' QA/QC procedures were limited to insertion of a certified reference material ("CRM") standard at a rate of one standard sample per 30 core samples. These standards were purchased in durable, pre-sealed packets. The standard sample assay results were routinely reviewed by Cypress' geologists, and the results fell within the anticipated range of variability as described by the manufacturer of the standards. The assay results in total, including standard, core, and surface sample data, provide no indication of systematic errors that might be due to sample collection or assay procedures.

Data verification efforts included on-site inspections of the project, drilling activity, core storage facility, independent laboratory facilities, check sampling, and auditing of the project database.

Mineral Processing & Metallurgical Testing

Lithium in the deposit is associated with illite and smectite clays. The lithium is amenable to leaching with dilute sulfuric acid leach followed by filtration, solution purification, concentration and electrolysis to produce lithium hydroxide.

Leaching tests were conducted by Continental Metallurgical Services ("CMS") in Butte, Montana. Tests on solid-liquid separation, tailings handling, and lithium recovery from solution were performed at several laboratories in the US and Canada. All analytical work was supported by ALS Minerals in Reno, Nevada and Vancouver, B.C.

Physical property testing shows the clay is soft, has negligible abrasion and work indices, and readily disaggregates with agitation in water. Testing has shown that leaching must be done at less than 30% solids for the slurry to mix, pump, and flow properly.

Leach tests were conducted on various samples under varying conditions to determine optimum acid concentrations and temperatures in leaching, and whether variability exists by material type. Tests on composite samples from four drill holes in 2019 showed only minor differences with respect to sample depth, oxidation or weathering state of the clay.

Large leach tests were performed on samples to provide slurry for rheology, filtration, and lithium recovery testing. The tests yielded average results of 86.5% extraction of lithium into solution and 126.5 kilograms per tonne for acid consumption.

Testing was conducted to determine a commercial means of solid-liquid separation. Specific conditions and equipment were identified. Solids from filtration tests simulating the final circuit were generated. The solids following single stage washing are suitable for handling by conveyor to a conventional dry-stack tailings facility.

CMS and NORAM Engineering designed and tested critical key elements of the flowsheet for recovering the lithium from solution. The flowsheet uses several stages to remove impurities and recycle 85% of the inflow back to leaching. The remaining 15% is treated by evaporation, followed by crystallization of salts and recovery of free sulfuric acid. Sulfuric acid is returned to the leach circuit along with the water recovered from evaporation. The NORAM Engineering-CMS test program was successful in yielding a concentrated lithium solution containing 1.85% lithium with low impurities and suitable for direct production of lithium hydroxide after additional treatment.

Mineral Resources

The mineral resource estimate is based on all drilling results from the Project, totaling 33 core drill holes.

The reported mineral resource is pit constrained by an "ultimate" pit that extends to the property boundaries and uses slope angles determined from geotechnical study described in Section 16.0 of the PFS Report. The area around and beneath the tailings facility is excluded from the pit constrained mineral resource.

The pit-constrained mineral resource (Table 1-1) totals 1,304.2 million tonnes averaging 904.7 parts per million (ppm) Li in the indicated resource. Lithium contained in the pit-constrained indicated resource totals 1,179.9 million kg of Li, or 6.28 million tonnes of LCE.

Table 1-1: Summary of Mineral Resources

Domain	Tonnes Above Cutoff (millions)	Li Grade (ppm)	Li Contained (million kg)
Indicated			
Tuffaceous mudstone	91.4	656.8	60.1
Claystone all zones	956.9	973.9	932.0
Siltstone	255.8	734.2	187.8
Total	**1,304.2**	**904.7**	**1,179.9**
Inferred			
Tuffaceous mudstone	39.9	560.2	22.3
Claystone all zones	146.2	792.5	115.9
Siltstone	50.3	821.9	41.4
Total	**236.4**	**759.6**	**179.6**

1. The effective date of the mineral resource estimate is August 5, 2020. The QP for the estimate is Ms. Terre Lane of Global Resource Engineering Ltd. and is independent of Cypress.
2. The mineral resources were determined at a 400 ppm Li cut-off and specific gravity of 1.505.
3. The mineral resource estimate was prepared with reference to the 2014 Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards ("2014 CIM Definition Standards") and with the generally accepted CIM's "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 29, 2019).
4. Cautionary statements regarding mineral resource estimates: 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. Inferred mineral resources are the part of a mineral resource for which quantity and grade or quality are estimated based on limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological, and grade or quality continuity.

Mineral Reserves

The indicated resources were used to determine the mineral reserves as described in Sections 14.0 and 15.0 of the PFS Report.

Within the ultimate pit shell, 16 pit phases were constructed, expanding from initial mining in the southwest to the northeast. For the production schedule and analysis, only the first eleven phases are used to produce a mine life of approximately 40 years. The cumulative result for all eleven phases forms the mineral reserves in Table 1-2.

Table 1-2: Summary of Mineral Reserves

Domain	Tonnes Above Cutoff (millions)	Li Grade (ppm)	Li Contained (million kg)
Probable Reserve			
Total	**213.3**	**1,129**	**240.9**

1. The effective date of the mineral reserve estimate is August 5, 2020. The QP for the estimate is Ms. Terre Lane of Global Resource Engineering Ltd. and is independent of Cypress.
2. The mineral reserve estimate was prepared with reference to the 2014 CIM Definition Standards and the with generally accepted CIM's "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 29, 2019).
3. Mineral reserves are reported within the pit design at a mining cut-off of 900 ppm.
4. The cut-off of 900 ppm is an optimized cut-off selected for the mine production schedule. The mineral reserve cut-off exceeds the 400-ppm economic mineral resource cut-off to accelerate return on capital, maximize operating margins, and reduce risk. Material between the economic cut-off and is the optimized cut-off is stockpiled for future processing.
5. The mineral reserves are derived from and not separate from the mineral resources.
6. No inferred resources are included in the mineral reserves or given value in the economic analysis.

The mineral reserve is classified as a probable reserve as described in Section 15.1.3 of the PFS Report. The probable reserve contains 240.9 million kg of Li, or 1.28 million tonnes LCE.

Mining Operations

Mining will be carried out using conventional surface methods. Excavation will use a single Caterpillar 6020B or equivalent shovel (hydraulic excavator configuration) with a 12 m³ bucket capacity. The initial pit is based on the first eight phases of the ultimate pit (Table 1-3) and were developed to mine higher-grade material, and a preliminary mining schedule was generated for the base case scenario based on a nominal daily production rate of 15,000 tonnes/day (tpd) of mill feed. No drilling or blasting will be required.

Table 1-3: Initial Pit Production by Phase

Pit Phase	Ore Tonnes (millions)	Low Grade Tonnes (millions)	Waste Tonnes (millions)	Ore Li Contained (millions Kg)	Ore Li Grade (ppm)	Stripping Ratio
1	29.9	0.36	0.70	35.9	1,199	0.04
2	16.2	0.03	2.5	18.9	1,165	0.16
3	23.8	1.01	3.6	26.7	1,122	0.19
4	12.3	1.06	2.3	14.4	1,169	0.27
5	33.4	7.4	2.2	37.0	1,109	0.29
6	32.5	7.5	2.6	36.8	1,131	0.31
7	14.1	0.21	2.9	16.0	1,140	0.22
8	34.3	6.0	2.3	38.6	1,125	0.24
9	4.1	9.0	0.0	4.0	968	2.20
10	5.7	5.1	0.0	5.6	994	0.89
11	7.0	6.0	0.0	7.0	1,001	0.86

Pit Phase	Ore Tonnes (millions)	Low Grade Tonnes (millions)	Waste Tonnes (millions)	Ore Li Contained (millions Kg)	Ore Li Grade (ppm)	Stripping Ratio
Total	**213.3**	**43.6**	**19.1**	**240.9**	**1,129**	**0.29**

The processable material will be removed from the pit using in-pit, semi-mobile feeder-breaker with conveyors. The production equipment includes a 12 m³ hydraulic excavator and scrapers to haul lower grade claystone to a waste dump. The stripping ratio is 0.29:1. The mine operates on a two 10-hour shift, 7 days/week schedule.

Infrastructure

Access to the project is via Silver Peak Road. The east side of Angel Island was identified for the plant location based upon proximity to the road, power, mine area, and favorable topography.

Facilities on-site include administration, laboratory, warehouse, reagent storage, sulfuric acid plant, crushing, leaching and lithium recovery areas, mine shop, and fuel and reagent storage areas.

An acid plant, with 2,500 tpd of acid capacity, is a key item of infrastructure. The plant will burn elemental sulfur to create sulfuric acid and, in the process, generate steam to heat leach tanks. The plant will also be equipped for power generation.

Tailings will be conveyed from the filtration area and stacked in tailings facility south of the plant by conveyor. Dozers will be used for final spreading and contouring.

Cypress has evaluated options for securing makeup water estimated at 2,000 gallons per minute. A specific source and related costs are excluded from the study. Allowances are included in the estimates for constructing supply wells, pipeline, and power.

Permitting and Environmental

Environmental permitting requirements for the Project are expected to be similar to other mines in Nevada. The permitting process consists of submitting a Plan of Operations to the BLM, who will act as lead agency, conducting environmental baseline studies, and preparing an Environmental Impact Statement along with other permit applications prior to site development and operations. The applications will include consideration of reclamation, surface water, groundwater and air pollution prevention plans, and other items common to mining operations in the State of Nevada. Permits and plans will include all applicable monitoring, reporting schedules, bonding and fees. The time frame for permitting the project is estimated at 18 to 24 months.

A Phase I Environmental Site Assessment of the project was conducted in 2019 and found no existing environmental liabilities. A Threatened and Endangered Species Preliminary Study was also completed. Initiation of field studies is included in the recommendation.

Capital and Operating Costs

Capital Costs

The capital and operating costs are estimated according to accepted methods for prefeasibility studies. The estimates constitute a Class 4 estimate, as defined by the AACE International, and have an accuracy of +30%/-15%. All costs are presented in Q1 2020 US$. The initial capital costs total US$493 million, which includes US$95 million in contingency plus working capital. Vendor quotes, internal data and public information were used along with construction factors to estimate direct costs. Indirect costs allow for EPCM, freight, sales tax and Owners Costs. Contingency at 20% is applied to the direct and indirect costs.

Table 1-4: Capital Cost Summary

Area	US$'000
Facilities	5,891
Mine	34,768
Plant	306,855
Infrastructure	25,907
Owners Costs	24,992
Contingency and Working Capital	94,704
Total CAPEX	**493,115**

Operating Costs

The operating costs were developed for the operation sized to at the nominal mill rate of 15,000 tpd. The estimated operating costs total an average of US$91.9 million/year, or US$16.90/t.

Table 1-5: Operating Cost Summary

Area	Avg Annual US$'000	Mill Feed US$/t
Mining	10,787	1.98
Processing	77,588	14.27
G&A	3,550	0.65
Total OPEX	**91,925**	**16.90**

The operating costs are developed from estimates of labor, operating and maintenance supplies, and power. The total labor force required for the operation is estimated at 183 on-site employees.

Acid plant operations are a major component in the operating costs and account for one third of the total operating cost based on a delivered cost of US$145 per tonne for sulfur. The acid plant has capacity to generate 93% of the power required by the operation and will have surplus power available when the operation is running. No allowances are made in the operating cost estimates for potential power sales or offsets.

Economic Analysis

An after-tax discounted cash flow model was prepared using the information and estimates in the PFS Report. The model includes federal, state and local taxes.

The nominal production rate at full operation is set at 15,000 tpd, or 5.475 million tonnes/year (tpy). The production schedule uses the material from the first eight pit phases, which results in a 40-year mine life, and 213 million tonnes of mill feed at an average grade of 1,129 ppm Li. Recovery of lithium is estimated at 83%. The resulting annual output averages 27,400 tpy of LCE.

The economic evaluation is reported in terms of LCE using an average price of US$9,500 per tonne. The price assumption reflects variations expected over time due to start-up and type of lithium product.

The only revenue stream considered is from the sale of lithium products. No revenues are included for any other by-products. Such revenues remain to be determined.

No credit is taken for power sales or offsets on purchased electricity. Results for the project base case are:

- Average annual production of 27.4 million kg of LCE.
- Cash operating cost of US$3,387/tonne LCE
- After-tax US$1.030 billion NPV at 8% discount rate
- After-tax IRR of 25.8%
- Payback period of 4.4 years
- Break-even price (0% IRR) of US$4,081/t LCE

The cash flow model is most sensitive to changes in lithium price. Sensitivities to lithium price, capital and operating cost are shown in Table 1-6.

Table 1-6: Economic Sensitivity (US$)

Variation	50%	Base Case	150%
Lithium Price $/t LCE	$4,750	$9,500	$14,250
NPV-8%	$-0.14 million	$1.030 billion	$2.142 billion
IRR	5.0%	25.8%	41.3%
Capital Cost	$247 million	$493 million	$740 million
NPV-8%	$1.252 billion	$1.030 billion	$807 million
IRR	46.2%	25.8%	17.8%
Operating Cost	$1,664/t LCE	$3,387/t LCE	$4,993/t LCE
NPV-8%	$1.407 billion	$1.030 billion	$647 million
IRR	31.2%	25.8%	19.7%

Note: IRR (internal rate of return) and NPV (net present value) are both shown after-tax

Interpretation and Conclusions

The Project has mineral resources and mineral reserves to support a mine life in excess of 40 years at a production rate at 27,400 tpy LCE and an average estimated operating cost of US$3,387/tonne LCE. The project risks are typical of a mining project at a prefeasibility level of study and further work with respect to processing and permitting are needed to advance the project to the feasibility level. A pilot plant program and environmental studies are needed to advance the project to the feasibility stage.

Recommendations and Risks

The recommendations to advance the project are:

- Processing—Additional test work is needed to confirm the process flowsheet and determine recoveries and reagent consumptions at the pilot stage. Critical information includes,
  - confirm steps and equipment in leaching and filtration;
  - conduct further work to enhance solid-liquid separation and reduce acid consumption;
  - determine lithium and acid losses in the processing plant if any;
  - optimize solution handling in the plant and determine if bleed streams or additional treatment are needed to recycle solutions; and
  - determine whether potassium, magnesium, rare earth elements and other elements have commercial value.
- Mining—Drilling or limited test mining is required to obtain material for metallurgical testing.
- Permitting—A field program is required to determine if any species of concern are present and to gather data to prepare a Plan of Operations.

- Infrastructure—Feasibility-level designs for the mine, plant and tailings storage areas can begin. Further determination of project power and water supply are needed.

Cost of the programs is estimated at US$7,250 million.

Table 1-7: Estimated Pilot Plant Costs

Area	US$ x 1000
Pre-program studies	150
Sample procurement	500
Infill drilling	500
Equipment	
Leaching	650
Lithium Recovery	2,600
Operating expenses	1,500
Contingency	1,350
Total Program	**7,250**

The potential risks at this stage of the Project are:

- Recovery of lithium from the project was not proven at a commercial scale. Further testing in a pilot plant is needed;
- Production is potentially limited by the availability and cost of sulfur and its transportation;
- The project is most sensitive to lithium market prices which are currently dependent on the demand for lithium batteries in electric vehicles and energy storage;
- A source of makeup water has not been secured. Options to obtain water through rights acquisition, purchase or other agreements should be pursued; and
- Environmental permitting is subject to presence of flora, fauna or other conditions which are yet to be determined.

SHAREHOLDER RIGHTS PLAN

The Company announced on September 3, 2020, that it has entered into a Shareholder Rights Plan (the "Plan"), subject to all necessary regulatory and shareholder approval.

The Plan is designed to ensure that the Company's shareholders are treated fairly in the event of a take-over bid for the Company's common shares and that the Company's Board of Directors and shareholders will have adequate time to evaluate any unsolicited take-over bid and, if appropriate, to evaluate and pursue other alternatives to maximize shareholder value. The Plan was not adopted in response to any actual or threatened take-over bid or other proposal from a third party to acquire control of the Company.

The Plan is effective as of September 2, 2020 ("Effective Date"). The Plan received the approval of the TSX Venture Exchange, subject to shareholder approval. The Company's shareholders approved the Plan at the Annual General and Special Meetings of Shareholders held on October 14, 2020. The Plan will be in effect until three years from the Effective Date and must be renewed by shareholders at the 2023 Annual General Meeting and every three years thereafter.

At the close of business on the Effective Date, one right (a "Right") was issued and attached to each common share of the Company outstanding at that time. A Right will also attach to each common share of the Company issued after the Effective Date.

The Plan is similar to shareholder rights plans adopted by several other Canadian companies. The Plan is not intended to block take-over bids. The Plan includes “Permitted Bid” provisions which will prevent the dilutive effects of the Plan from operating if a take-over bid is made by way of a take-over bid circular that, among other things, remains open for a minimum of 60 days and is accepted by a specified proportion of the common shares held by independent shareholders. The Plan will be triggered by an acquisition, other than pursuant to a Permitted Bid, of 20% or more of the outstanding common shares of the Company.

Selected Annual Information

		Years Ended December 31 (audited)		
	Fiscal year	**2021**	**2020**	**2019**
	Interest income	$ 19,663	$ 3,221	$ 6,828
	Foreign exchange gain	$ 640,544	$ -	$ -
	Loss for the year	$ 2,688,372	$ 862,941	$ 1,601,798
	Loss per share: Basic - fully diluted -	$ 0.02	$ 0.01	$ 0.02
	Total Assets	$ 37,274,018	$ 6,864,765	$ 5,285,202
	Long Term Debt	$ -	$ -	$ -
	Total Exploration and Evaluation Assets	$ 11,508,837	$ 4,644,707	$ 3,623,868

During the years 2019 to 2021, the Company received interest income on cash and cash equivalents and guaranteed investment certificates. The fluctuation in interest earned reflects the changing amounts on deposit and varying interest rates.

The foreign exchange gain resulted from the Company transferring funds from the Canadian dollar accounts into two US$ savings accounts and a subsequent increase in the value of the US$ versus the Canadian dollar.

Financial Year ended December 31, 2021 Compared to Financial Year Ended December 31, 2020

Private Placements

During fiscal 2021, the Company closed a bought deal offering, pursuant to a short form prospectus, consisting of 15,640,000 units of the Company at a price of $1.25 per unit for gross proceeds of $19,550,000. Each unit consisted 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 $1.75 for a period of three years, expiring on March 22, 2024. Consistent with the Company’s accounting policy, the Company bifurcated the value between the components of the units sold using a residual value approach. The result was an allocation of $18,768,000 to capital stock, with the residual value of $782,000 being allocated to reserves for the warrant component of the units.

In connection with the financing, the Company paid a 6% commission in the amount of $1,173,000 and incurred additional issuance costs of $330,621. Further, the Company issued a total of 938,400 finders’ warrants, with each finders’ warrant being exercisable into one common share for a period of three years at a price of $1.25, expiring on March 22, 2024.

During fiscal 2020, the Company did not participate in any private placements.

Revenue

The Company is in the exploration and development stage and does not generate any revenue.

Interest income for the year ended December 31, 2021 was $19,663 (2020 - $3,221). The increase of $16,442 is attributable to larger amounts invested in savings accounts during fiscal 2021 as compared to fiscal 2020 as a result of the bought deal financing in Q1 2021.

Loss for the Year

During the first half of 2020, the COVID-19 outbreak escalated to a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. As a result, it is not possible for the Company to predict the duration or magnitude of its effects on the Company's business.

For the year ended December 31, 2021, the Company reported a loss of $2,688,372 or a $0.02 loss per share. Comparatively, the Company had a loss of $862,941 or a $0.01 loss per share in 2020. The Company's expenses of $3,380,428 (2020 - $1,108,572) increased by $2,271,856 as compared to the previous year, reflecting the increase in the Company activities for the year.

The most material increases were:

- Accounting and audit fees increased from $56,916 in 2020 to $171,554 in 2021, mainly due to the bought deal during the first quarter of 2021 and the subsequent increase in operational activities at the Project;

- Consulting fees increased from $222,898 in 2020 to $463,840 in 2021, mainly due to the increase in operational activities at the site as well as increased administrative support;

- Directors' fees increased from $126,000 in 2020 to $336,678 in 2021 as the Company appointed additional directors.

- Salaries and wages increased from $Nil in 2020 to $316,576 in 2021 due to the appointment of the CFO in May 2021 and the Vice President, Investor Relations, in August 2021. The Company had no employees in 2020.

- Share-based compensation expense increased from $84,577 in 2020 to $1,170,146 in 2021, is a non-cash item directly attributable to the number of stock options granted during the year. The Company granted 2,845,000 stock options in 2021 but only granted 350,000 in 2020.

- Shareholder communications increased from $170,732 in 2020 to $395,816 in 2021 due to increased marketing activities; and

- Legal fees decreased from $288,534 in 2020 to $195,410 in 2021. Fees in 2020 related to a lawsuit which resulted in the Company receiving a settlement of $281,740 (US$200,000), which was recorded as other income on the consolidated statements of loss and comprehensive loss in fiscal 2020.

The Company had an unrealized gain on marketable securities of $6,000 in fiscal 2021 (2020 - $9,000).

The Company incurred exploration and development expenditures of $6,630,222 (2020 - $1,020,839) on its Nevada, USA claims. The Company incurred $233,908 (2020 - $Nil) in acquisition costs and received $25,849 (2020 - $19,498) in option payments in the current year.

The Company's main focus is exploration and development therefore, annual profit or loss is not currently a meaningful measure of the Company's performance or value.

The Company's administrative function is largely outsourced to a private company that provides office and administrative services to various public companies on a short-term contract basis. The private company is a related party to the Company as it is owned by a director of the Company. It incurs costs which are reimbursed by the companies to whom it provides services.

Included in due from related party at December 31, 2021, is a prepaid balance of $Nil (December 31, 2020 - $18,374) with this private company.

As at December 31, 2021, $132,370 is owing from certain directors in relation to income taxes due on stock options exercised during the year. Subsequent to December 31, 2021, these amounts were received in full.

As at December 31, 2021, $38,706 (December 31, 2020 - $43,334) is included in accounts payable and accrued liabilities owing to Directors and/or companies under their control.

Summary of Quarterly Results

The following selected financial information is a summary of quarterly results taken from the Company's unaudited quarterly financial statements (March to September) and audited financial statements (December).

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total assets	$ 37,274,018	$ 28,416,654	$ 25,740,084	$ 25,918,317
Working capital	$ 22,953,963	$ 19,639,277	$ 19,271,028	$ 20,462,381
Revenue	$ -	$ -	$ -	$ -
Loss for the period	$ 1,600,390	$ 123,175	$ 254,159	$ 710,648
Net loss per share: Basic and fully diluted	$ 0.013	$ 0.009	$ 0.002	$ 0.007

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total assets	$ 6,864,765	$ 5,994,705	$ 5,201,423	$ 5,087,063
Working capital	$ 2,051,088	$ 1,419,515	$ 738,882	$ 1,059,176
Revenue	$ -	$ -	$ -	$ -
Loss for the period	$ 230,961	$ 267,534	$ 125,096	$ 239,350
Net loss per share: Basic and fully diluted	$ 0.002	$ 0.003	$ 0.001	$ 0.003

The Company is in the exploration and development stage and does not generate any revenue.

For the quarter ended December 31, 2021, the Company reported a loss of $1,600,390 or a $0.013 loss per share. Comparatively, the Company had a loss of $230,961 or a $0.002 loss per share in the same quarter in 2020. The Company's expenses of $1,598,877 (2020 - $193,931) increased by $1,404,946 as compared to the same quarter in the previous year, reflecting the increase in the Company's activities.

The most material increases were:

- Accounting and audit fees increased from $33,544 in 2020 to $101,809 in 2021, mainly due to tax consultation, and an increase in operational activities at the Project;

- Directors' fees increased from $31,350 in 2020 to $76,518 in 2021, as the Company appointed additional directors.

- Salaries and wages increased from $Nil in 2020 to $97,759 in 2021 due to the appointment of the CFO in May 2021 and the Vice President, Investor Relations, in August 2021. The Company had no employees in 2020.

- Shareholder communications increased from $11,746 in 2020 to $151,934 in 2021 due to increased marketing activities following the appointment for the Vice President, Investor Relations.

- Share-based compensation expense (2021 - $1,014,739; 2020 - $Nil), a non-cash item, is directly attributable to the number of stock options vested during the quarter (2021 – 671,667; 2020 – Nil).

Total assets were $37,274,018 at quarter-end Q4 2021 compared to $28,416,654 at quarter-end Q3 2021 principally due to the receipt of $7,398,236 on the issuance of 5,645,189 shares from the exercise of 4,966,189 share purchase warrants and 679,000 stock options. The Company issued 49,000 shares valued at $75,950 for the Nevada Goat Claims and 546,909 shares valued at $973,498 pursuant to the Water Rights Agreement. The loss for the quarter was $1,600,390.

Working capital increased $3,314,686 from $19,639,277 at September 30, 2021 to $22,953,963 at December 31, 2021 mainly reflecting the equity receipts less the quarterly operating expenses and expenditures on evaluation and exploration, property, plant and equipment.

Total assets increased $870,060 during the quarter ended December 31, 2020, mainly due to $1,084,477 proceeds from the exercise of 125,000 stock options and 3,479,270 warrants, and a loss of $171,873. Working capital increased $631,573 during this quarter due to the equity issues, loss for the quarter and the expenditure of $227,071 on exploration and evaluation assets.

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 December 31, 2021, the Company had cash of $23,137,155 compared to $2,101,554 at December 31, 2020.

During the year, the Company received $19,550,000 in gross proceeds from the bought deal financing in March 2021 and proceeds of $10,614,898 from the exercise of 2,569,000 options and 14,283,115 warrants. This was offset by cash expenditures incurred during the current year for general business expenses; expenditures in exploration and evaluation assets of $5,707,551, and increases in receivables and prepaid expenses of $182,775, in due from related parties of $113,996 and in accounts payable and accrued liabilities of $271,687, resulting in a closing cash position at December 31, 2021 of $23,137,155.

During the quarter, the Company continued its preparatory work to further progress the Project towards the feasibility stage. The main activities focused around securing the Water Rights Permit, assembly and commissioning of the Pilot Plant and securing the appropriate staffing and support for the Pilot Plant.

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 $22,953,963 at December 31, 2021, consisting of cash and cash equivalents of $23,137,155 and receivables, prepaids and marketable securities of $379,501, less accounts payable and accrued liabilities of $356,487, as compared to working capital of $2,051,088 at December 31, 2020.

On February 4, 2022, the Company closed a bought deal offering whereby the Company issued a total of 9,058,000 units of the Company at a price of $2.00 per unit and 142,000 warrants at a price of $0.16 per warrant, raising aggregate gross proceeds of $18,138,720.

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.

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, was as follows:

	2021	2020
Charged to profit and loss:		
Amanda Chow – Director - resigned during 2021	$ 24,500	$ 12,000
Bryan Disher – Director	4,833	-
Don Huston – Director, Chairman - resigned during 2021	108,125	60,000
Abraham Jonker – CFO	226,800	-
Cassandra Joseph – Director, Chairman	24,220	-
Don Myers – Director	100,625	48,000
Ken Owen – Director	4,000	-
Jim Pettit – Director	70,375	6,000
Sentinel Market Services Ltd. - a company owned by Jim Pettit	-	919
Willoughby & Associates, PLLC - a company owned by William Willoughby, President, CEO and a Director of the Company	95,494	112,308
Sub-total	658,972	239,227
Capitalized to exploration and evaluation assets		
Willoughby & Associates, PLLC - a company owned by William Willoughby, President, CEO and a Director of the Company	139,907	149,523
Share-based compensation	753,973	-
Total expense	$ 1,552,852	$ 388,750

As at December 31, 2021, $132,370 is owing from key management in relation to income taxes due on stock options exercised during the year. Subsequent to December 31, 2021, the amounts were received in full.

As at December 31, 2021, $38,706 (December 31, 2020 - $43,334) is included in accounts payable and accrued liabilities owing to Directors and/or companies under their control.

Administrative agreement

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

Included in due from related party at December 31, 2021, is a prepaid balance of $Nil (December 31, 2020 - $18,374) with this private company.

<u>Balance Sheet Arrangements</u>

At December 31, 2021, 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.

<u>Subsequent Events</u>

The following events occurred subsequent to December 31, 2021:

Bought Deal Offering

On February 4, 2022, the Company closed an upsized bought deal offering with PI Financial Corp. as the sole underwriter and bookrunner.

Pursuant to the offering, the Company issued a total of 9,058,000 units of the Company at a price of $2.00 per unit and 142,000 warrants at a price of $0.1598 per warrant, for aggregate gross proceeds of $18,138,720, which includes 1,058,000 units and 142,000 warrants issued by the Company upon partial exercise of the overallotment option granted to the underwriter. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $2.65 with a warrant expiry date of February 4, 2024.

In consideration for the underwriter's services, the underwriter received a cash commission equal to 6.0% of the gross proceeds of the offering, including any proceeds realized from the exercise of the overallotment option granted to them, and was issued a total of 543,480 compensation warrants, with each such compensation warrant entitling the underwriter to acquire one common share of the Company at a price of $2.00 with an expiry date of February 4, 2024.

Definitive Purchase and Sale Agreement

On February 23, 2022, the Company entered into a Definitive Purchase and Sale Agreement with Enertopia Corporation ("Enertopia") to acquire Enertopia's Clayton Valley Lithium Claystone Project located immediately adjacent to the Project.

If successful, Cypress will pay US$1.1 million in cash and issue 3,000,000 common shares to Enertopia to purchase 100% ownership interest in Enertopia's Project. Closing is expected to be completed in April 2022 and is subject to customary approvals and closing conditions for a transaction of this nature, including approval of the Share Consideration by the TSX Venture Exchange.

Enertopia's Project is 100% owned by Enertopia and comprises 17 unpatented mining claims totaling 160 contiguous acres.

Feasibility Study

The Company announced on February 28, 2022, that Wood PLC and Global Resource Engineering will be conducting the work required to complete a Feasibility Study in accordance with Canadian Securities National Instrument 43-101 ("NI 43-101") on the Company's Project.

Water Rights Petition

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.

Grant of stock options

The Company granted an aggregate of 750,000 incentive stock options to an Executive Director and an Officer of the Company. The stock options vest over a three-year period and are exercisable at $1.84 per share for a five-year period, expiring on April 4, 2027.

Exercise of stock options and warrants

Subsequent to the year ended December 31, 2021:

The Company issued 639,642 common shares pursuant to the exercise of warrants and received proceeds of $1,082,353.

The Company issued 740,000 common shares pursuant to the exercise of options and received proceeds of $142,000.

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.

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 equivalents are held with the Bank of Montreal, a Canadian bank, which has an AA credit rating.

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 December 31, 2021, the Company had cash and cash equivalents of $23,137,155 to settle current liabilities of $562,693 and had working capital of $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 $22,437,155 in interest-bearing savings accounts with banks as at December 31, 2021 (December 31, 2020 - $401,245) and $700,000 (December 31, 2020 - $1,700,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of $42 (December 31, 2020 - $309). A 1% change in interest rates would have an effect of $224,372 (2020 - $21,012) 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 currency of $10,407,963 (December 31, 2020 - $4,093) as of December 31, 2021, the Company has $58,269 (December 31, 2020 - $93,879) in liabilities to US payees. A 1% change in foreign exchange rates would have an effect of $103,497 (2020 - $898) 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 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.

Dependence on management information systems and cyber security risks

The Company depends on its management information systems in all key aspects of its business. In addition, its management information systems form the basis of its financial reporting. If irreparable damage were to be caused to the Company's information systems and databases (including to its archives and back-up systems), information contained in its management information systems were lost or could not be accessed in a timely manner or at all or such management information systems were not implemented properly or effectively or were not upgraded as required from time to time, there could be a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Although the Company has instituted certain protective measures, unauthorized third parties may be able to penetrate the Company's network security and compromise, misappropriate, destroy or exfiltrate its confidential information or create system disruptions. This may include deployment of viruses, trojans, worms, ransomware and other malware or successful social engineering attempts against the Company's employees that would exploit any security vulnerabilities in the Company's management information systems. The costs to eliminate or alleviate cyber or other security vulnerabilities, could be significant, and management's efforts to address these problems may not be successful and could result in interruptions, loss of proprietary data, and negative impact on the Company's operations.

Breaches of the Company's security measures or the exfiltration, accidental loss, destruction, inadvertent disclosure or unapproved dissemination of proprietary, sensitive or confidential data could expose the Company to risk of loss or misuse of this information, result in litigation and potential liability, damage the Company's reputation or otherwise harm its business. The occurrence of any such events could result in material costs for remedial measures and could materially and adversely affect the Company's business relationships, its ability to operate and result in significant liabilities.

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.
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 May 2, 2022 the following were outstanding:

Share capital - issued and outstanding	143,298,136
Options	7,065,000
Warrants	21,141,091
Shares held in escrow	Nil