

CYPRESS DEVELOPMENT CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED - SEPTEMBER 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 November 15, 2022. Information herein is provided as of November 15, 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 nine months ended September 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

- Announced successful drill results from the sonic drill program completed during May 2022;
- Achieved 99.94% lithium carbonate from lithium-bearing claystone from the Company's Clayton Valley Project;
- Filed an application for extension of its water license; and
- Made significant progress on the Feasibility Study.

Recent Developments and Outlook

The Company's main focus during the third quarter was the continued operation of its Pilot Plant and to progress the Feasibility Study. Very good progress has been made on both fronts.

The Company's Pilot Plant continues to operate in line with expectations and optimization studies and Pilot Plant production is ongoing. This culminated in the production, in co-operation with Canadian based Saltworks Technologies Inc. ("**Saltworks**"), of 99.94% lithium carbonate, extracted from lithium-bearing claystone from the Clayton Valley Project during September 2022. An intermediate concentrated solution is produced at the Pilot Plant and shipped to Saltworks for further processing to produce the lithium carbonate.

The results from this first processed batch exceeded battery grade specification and have achieved industry requirements for enhanced battery grade lithium carbonate for xEV use, as per the table below.

Constituent	Concentration	Battery Grade Spec - Li ₂ CO ₃	Cypress Li ₂ CO ₃
Li ₂ CO ₃	wt%	>99.5%	99.94%
H ₂ O	wt%	<0.5%	0.01%
Na	wt%	<0.05%	0.02%
Ca	wt%	<0.04%	0.02%
Al	Wppm	<10	6
Cu	Wppm	<5	<4
Ni	Wppm	<6	<5
Zn	Wppm	<5	<5
Cl	wt%	<0.01%	0.008%

Notes: wt% (weight percent), wppm (weight parts per million)

The Company has shipped further batches of intermediate concentrated solution to Saltworks and is awaiting the results of the lithium carbonate production.

The current production from the Pilot Plant is from the previously disclosed 500-tonne sample of claystone that 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 sample is expected to be sufficient for the Pilot Plant for the foreseeable future.

As previously disclosed, 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.

The results of the drill program were received during the quarter and it confirmed the resource model built by Global Resource Engineering (“GRE”) as well as the drill data obtained in the acquisition of the Enertopia Corporation land package adjacent to the Clayton Valley Project. Overall, the assay results were in line with the lithium grades predicted by the resource block model developed by GRE. The estimated lithium grade for all eight locations from GRE’s model is 1,060 ppm compared to the compiled average lithium grade from all eight holes drilled of 1,080 ppm, for a variance of +2%.

When viewed in cross-section, the assay results are also consistent with those from previous drilling and support the continuation of a higher-grade northeast trend of lithium-bearing claystone at the Clayton Valley Project as interpreted by GRE in developing the resource model. GRE is in the process of updating the resource model with the new data.

During the first quarter of the year, the Company announced that it officially commenced the Feasibility Study and appointed Wood PLC (“Wood”) and GRE to conduct the work. During the quarter, significant progress was made in advancing the Feasibility Study and Wood and the supporting teams have completed or are near completion of several key items, including resource and reserve estimates, mine plan, processing plant design, and tailings and waste storage facilities. In relation to power supply, the Company is also investigating the use of green energy in the form of solar and geothermal energy.

The Company also had extensive interaction with two globally recognized firms for the design and engineering of the chlor-alkali plant and post quarter-end selected thyssenkrupp nucera AG & Co. (“Nucera”) as the preferred bidder. The chlor-alkali plant is expected to be a major contributor to power usage and operating cost in the Clayton Valley Project once operating, so optimizing the design of this plant and working with international leaders in this field will partly underlie the success of the Clayton Valley Project.

Over the coming months, the focus of the Feasibility Study will be the completion of the remaining engineering and cost analysis and the Nucera work stream. The Feasibility Study is expected to complete during the first half of 2023.

On August 4, 2022 the Company submitted an Application of Time to Prevent Forfeiture of the Permit in relation to its Nevada water Permit 44411 (Certificate 13631) and is awaiting the outcome of the application. The renewal is for a twelve-month period.

THIRD QUARTER FINANCIAL RESULTS

THREE MONTHS ENDED SEPTEMBER 30

	2022	2021
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative, office and miscellaneous	\$ 96,528	\$ 40,851
Consulting fees	90,943	-
Directors' fees	71,190	57,274
Finance costs	33,782	-
Legal	21,848	25,412
Salaries and wages	112,836	79,617
Share-based compensation	337,410	155,407
Shareholder communications	158,112	93,007
Transfer agent and filing fees	1,948	10,298
Travel	17,636	-
	(942,233)	(461,866)
Foreign exchange gain	542,925	339,255
Interest income	174,666	5,436
Unrealized loss on marketable securities	(12,000)	(6,000)
Loss and comprehensive loss for the period	\$ (236,642)	\$ (123,175)
Basic and diluted income (loss) per common share	\$ 0.00	\$ (0.00)

For the quarter ended September 30, 2022, the Company reported a loss of \$236,642 or a \$0.00 loss per share. Comparatively, the Company had a loss of \$123,175 or a \$0.00 loss per share in the same quarter in 2021. The Company's expenses of \$942,233 (2021 - \$461,866) increased by \$480,367 as compared to the same quarter in the previous year, reflecting the increase in the Company's activities. Income in the current quarter is derived from interest income of \$174,666 and foreign exchange gains, driven by the strengthening of the US Dollar compared to the Canadian Dollar and its impact on the value of the Company's US Dollar cash balances expressed in Canadian Dollar. At quarter-end, cash and cash equivalents include \$26,570,591 in US bank accounts and US guaranteed investment certificates.

The most material increases in expenses were:

- administration, office and miscellaneous increased from \$40,851 in 2021 to \$96,528 in 2022, mainly due to the increase in the Company's activities;
- consulting fees increased from \$Nil in 2021 to \$90,943 in 2022 as the Company engaged Alliance Global Partners Corp. to provide financial services for a one-year period;
- shareholder communications increased from \$93,007 in 2021 to \$158,112 in 2022 due to increased marketing activities following the appointment of the Vice President, Investor Relations; and
- share-based compensation increased from \$155,407 in 2021 to \$337,410 in 2022. The 2022 expense relates to the vesting of stock options granted to officers and directors in Q4 2021 and Q1 2022.

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.

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Total assets	\$ 59,136,485	\$ 59,333,213	\$ 54,069,322	\$ 37,274,018
Working capital	\$ 31,372,555	\$ 33,876,538	\$ 38,545,166	\$ 22,953,963
Revenue	\$ -	\$ -	\$ -	\$ -
Loss for the period	\$ (236,642)	\$ (1,369,598)	\$ (1,337,942)	\$ (1,600,390)
Net loss per share: Basic and fully diluted	\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.01)

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2022
Total assets	\$ 28,416,654	\$ 25,740,084	\$ 25,918,317	\$ 6,864,765
Working capital	\$ 19,639,277	\$ 19,271,028	\$ 20,462,381	\$ 2,051,088
Revenue	\$ -	\$ -	\$ -	\$ -
Loss for the period	\$ (123,175)	\$ (254,159)	\$ (710,648)	\$ (230,961)
Net loss per share: Basic and fully diluted	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 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.

Total assets were \$59,136,485 at quarter-end Q3 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 \$1,252,153 on the issuance of 1,609,642 Common Shares from the exercise of 639,642 share purchase warrants and 970,000 stock options during this nine-month period.

Working capital increased \$8,418,592 from \$22,953,963 at December 31, 2021, to \$31,372,555 at September 30, 2022, mainly reflecting the equity proceeds less the operating expenses and expenditures on evaluation and exploration assets and the increase in the Canadian dollar value of its US dollar cash balances during this nine-month period. Cash spent on exploration and evaluation assets during the nine-month period ending September 30, 2022, was \$8,653,980.

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 September 30, 2022, the Company had cash of \$26,570,591 compared to \$23,137,155 at December 31, 2021.

During this nine-month period, the Company received \$18,138,720 in gross proceeds from the Bought Deal and proceeds of \$1,252,153 from the exercise of 970,000 options and 639,642 warrants. This was offset by cash expenditures incurred for general business expenses, expenditures in exploration and evaluation assets of \$8,653,980, in equipment of \$7,587, in short-term investments of \$5,000,000, and an increase in receivables and prepaid expenses of \$298,402, in accounts payable and accrued liabilities of \$457,868, and a decrease in due from related party of \$119,961, resulting in a closing cash position at September 30, 2022, of \$26,570,591.

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 and progressing 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 \$31,372,555 at September 30, 2022, consisting of cash and cash equivalents of \$26,570,591 and short-term investments, receivables, prepaids and marketable securities totalling \$5,551,942, less accounts payable and accrued liabilities of \$519,379 and the current portion of a lease liability of \$230,599, 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 nine-month period ended September 30th, was as follows:

	September 30, 2022	September 30, 2021
<i>Charged to operations:</i>		
Amanda Chow – Director - resigned during 2021	\$ -	\$ 21,500
Bryan Disher – Director	43,497	-
Don Huston – Director, Chairman - resigned during 2021	-	85,625
Abraham Jonker – CFO	145,867	183,000
Cassandra Joseph – Director, Chairman	48,717	9,444
Don Myers – Director	36,000	76,625
Ken Owen – Director	36,000	-
Jim Pettit – Director	36,000	63,875
Sentinel Market Services Ltd. - a company owned by Jim Pettit	279,878	-
Willoughby & Associates, PLLC - a company owned by William		
Willoughby, President, CEO and a Director of the Company		128,862
Share-based compensation	1,080,699	155,407
Sub-total	1,706,658	724,338

Capitalized to exploration and evaluation assets:

Willoughby & Associates, PLLC	940,972	72,531
Total	\$ 2,647,630	\$ 796,869

As at September 30, 2022, \$98,015 (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. 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. The fixed price was subsequently revised to \$27,500 per month.

Included in receivables and prepaid expenses at September 30, 2022, is a prepaid balance of \$12,409 (December 31, 2021 - \$Nil) with this company.

BALANCE SHEET ARRANGEMENTS

At September 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 EVENTS

There were no subsequent events as at September 30, 2022.

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 September 30, 2022, the Company had cash and cash equivalents of \$26,570,591 (December 31, 2021 - \$23,137,155) to settle current liabilities of \$749,978 (December 31, 2021 - \$562,693) and had working capital of \$31,372,555 (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 \$8,907,598 in interest-bearing savings accounts with banks as at September 30, 2022 (December 31, 2021 - \$22,437,155) and \$17,652,512 (December 31, 2021 - \$700,000) in interest-bearing investment-grade guaranteed investment certificates with accrued interest of \$10,481 (December 31, 2021 - \$42). A 1% change in interest rates would have an effect of \$265,601 (2021 - \$224,372) 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 \$4,518,375 (December 31, 2021 - \$10,407,963) and \$10,952,512 (December 31, 2021 - \$Nil) in US interest-bearing investment-grade guaranteed investment certificates as of September 30, 2022, the Company has \$500,912 (December 31, 2021 - \$58,269) in liabilities to US payees. A 1% change in foreign exchange rates would result in a gain of \$149,700 (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 November 15, 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