



The Stateside Report



“A Unique Report Service for the Intelligent Resource Investor”



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Cypress Development Corp.

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The one lithium junior to consider buying now if you haven't yet bought any lithium stocks (or even if you have...)



- CYP-CAD, CYDVF-US, C1Z1-Germany
- Share price - \$.16 CAD
- Market cap: \$8 mil. - 50 million shares out
- Just closed \$1.4 million private placement
- Near-term catalyst for price appreciation
- Drilling now underway in Nevada
- Next door to the only significant US lithium producer but with lithium starting at surface
- Lithium market incredibly strong
- Highest grade lithium samples in Nevada
- PEA expected in 2018

Summary

As long-time readers and listeners of the Stateside Report have come to know, I like to provide my audience with undervalued opportunities in junior exploration companies that have near-term catalysts to dramatically increase shareholder value. Up until now none of these companies have been in the lithium space as I have been waiting for the right opportunity to come along that checks all of the boxes for a perfect speculation. With lithium prices continuing to power higher in 2017 I believe I have now found that company in Cypress Development Corp.



You may have heard of Cypress for their Gunman zinc/silver project in Nevada but the reason I was excited enough to invest in their just closed private placement and have them become a sponsor of my Stateside Report podcast is for their expansive, near surface Dean and Glory lithium projects in Nevada. Since some readers may have avoided the lithium space due to difficulties in understanding the terminology and criteria to look for when investing in this sector I hope to break down those barriers and provide enough down-to-earth reasons why Cypress may be on the verge of a major share price breakout.



Lithium Fundamentals

Not a day goes by without reading or hearing about how companies and even countries have concrete plans to move from good old gasoline engines to electric vehicles. Electric vehicles make up just 1% of the car market today, but by 2040, experts are predicting half of all cars sold will be electric. Volvo has pledged to only manufacture EVs or hybrids from 2019 on; Volkswagen wants to release 30 new EV models by 2030. With this move already underway lithium is already playing a key role in those development plans. Companies in the electric vehicle space need lithium – and a lot of it, to realize those plans. Just in the last month you may have read:

India, the world's fifth-largest automobile market, plans to sell only electric vehicles by 2030 in a bid to slash its oil bill by some \$60 billion and emissions by 37%:

<https://scroll.in/article/853146/tata-and-mahindra-to-lead-indias-push-towards-electric-vehicles>

Automotive Industry Is Racing To Meet Electric Vehicle Demand In China:

<https://www.forbes.com/sites/constancedouris/2017/10/16/automotive-industry-is-racing-to-meet-electric-vehicle-demand-in-china/#24cd508a64ce>

The rise of electric vehicles and the fall of gas engines is a matter of when, not if:

<http://www.chicagotribune.com/classified/automotive/fuelefficient/sc-auto-cover-electric-vehicles-combustion-engines-20171018-story.html>

Electric cars may one day become cheaper than traditional vehicles, top CEO says:

<https://www.cnbc.com/2017/10/12/mitsubishi-electric-ceo-batteries-will-become-cheaper.html>

Soon, drivers will only have the option of using electric cars in Paris as authorities in the French capital have announced plans to remove all gas- and diesel-powered cars by 2030:

<https://futurism.com/paris-officially-says-its-phasing-out-all-non-electric-cars/>

Those are just a few examples of the numerous stories each day about the expected rapid growth in electric cars. And with the expected boom in electric cars, investors are piling into the lithium ETF - Investors betting on electric cars send millions into lithium ETF:

<https://www.cnbc.com/2017/09/21/investors-betting-on-electric-cars-send-millions-into-lithium-etf.html>

So it's clear that lithium is not going away and that the lithium fundamentals will only get stronger.

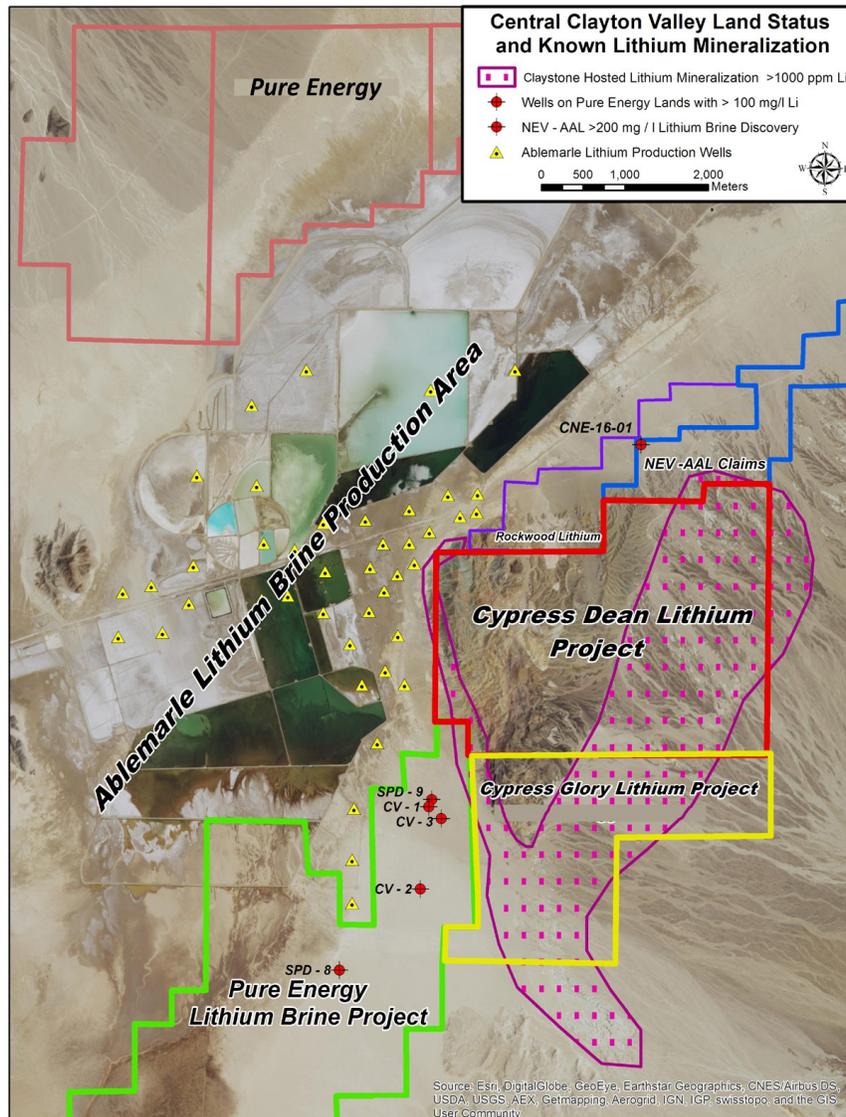


Cypress Development Corp – The Fundamentals

Out of all the lithium juniors with market caps under \$50 million, I believe Cypress with its tiny \$8 million market cap and tight share structure (50 million shares outstanding) represents a strong risk-reward scenario at this stage of the lithium cycle to both new and experienced lithium investors. In the following few pages I hope to provide a clear, simple bullet point analysis to help support my thesis.

- *Location*

The Cypress Dean and Glory projects, as shown on the map below, are adjacent to the only significant lithium producer in the United States – Ablemarle. Infrastructure is excellent. Exploration can be conducted year round and Nevada is ranked as one of the best jurisdictions for mining in the world.



- ***Exploration Potential***

Dean's uplifted, large, flat-lying and well mineralized lake bed sediments that outcrop at Dean **DO NOT** occur at surface anywhere else in the Clayton Valley basin – even at Ablemarle! Cypress controls the heart (Claystone hosted lithium mineralization in purple on the map) of this new, exciting discovery. Sampling done at Dean in early 2017 recorded some of the highest-grade lithium samples ever obtained in the Clayton Valley. Donald Huston, president of Cypress Development, stated at the time:.... *"The recent assay result from the sampling program on the Dean project has returned some of the highest-grade lithium numbers in claystone that has ever been reported in Clayton Valley, Nevada. It is evident, from the surface mapping and sampling completed, that the lithium-rich claystone extends over a large area of the property known as the Frontera Verde zone. Cypress management are very encouraged with the progress seen to date and will continue with work on potential lithium extraction methods for the claystones."*

Initial Phase 1 drilling (first drilling ever on the project) was performed in the Spring of this year after the sampling program with the following highlights:

- All mineralized intercepts at Dean start at near surface.
- Average mineralized thickness is greater than 220 feet.
- The thick, tabular zone of pervasive lithium mineralization is considered to be open in all directions.
- Lithium mineralization appears to thicken and increase in grade toward the east.
- Potential exists for a water leach followed by diluted acid wash to mobilize lithium into solution.
- Laboratory studies continue to explore the highly reactive and soluble nature of the large volume of lithium-enriched rock seen at Dean.
- Drill data to date outline a mineralized zone of roughly 4,000 feet by 12,000 feet.
- Dean drill hole DCH-9 was a nearly two-mile step-out located in the northeast eastern portion of the project area. Assays averaged 1,014 parts per million lithium over 281 feet from a depth of 27 feet to 308 feet.
- Cypress was extremely pleased with the results received from its 2017 phase 1 drilling program and is now advancing, with its data, into the scientific and engineering stage of the project.
- After completion of the 9 hole program, Don Huston summarized the program....
“Cypress has discovered an extensive 60- to 100-metre-thick blanket of lithium mineralization underlying a large portion of its 2,700-acre Dean property. The mineralization covers an area of approximately two kilometres by four kilometres. The consistent mineralized volume evident on the explored portion of the Dean property averages in excess of 1,000 parts per million Li. The discovered mineralization at Dean sits within a basin that hosts the only significant lithium production in the United States. Cypress's Clayton Valley, Nevada, lithium project is well located in close proximity to essential mining infrastructure. Cypress Development believes this discovery has the scale to significantly impact the future production of lithium in the Clayton Valley. Cypress also believes this developing zone could very well represent a long-term, reliable supply of lithium given the known size, chemistry and geometry of the discovery.”
- A Phase 2 drill program is just now starting with the mobilization of a drill crew into the Clayton Valley. The phase 2 program will consist of 12 diamond drill holes totaling approximately 4,000 feet. See the announcement at:
http://www.cypressdevelopmentcorp.com/s/NewsReleases.asp?ReportID=805479&_Type=News-Release&_Title=Cypress-Commences-Drilling-at-Clayton-Valley-Lithium-Project-Nevada

- ***Share Structure***

There are currently a very tight 50 million shares outstanding after the recent private placement closed on October 18, 2017. The closing will provide Cypress with an additional \$1.4 million to carry out its 2017/2018 plans. A smaller \$430,000 private placement that closed in late 2016 was also done at \$.10 share.

- *Extraction Method*

Admittedly this is one of the more difficult areas to assess when performing due diligence on a lithium company. The hiring of Dr. Willoughby was done to strengthen this area. Don Huston, president of Cypress Development, stated: *"Bill Willoughby is an excellent addition to the advisory board of Cypress. He brings a wealth of mineral knowledge and professionalism to the Cypress exploration team. Dr. Willoughby's experience with metallurgy and surface mining operations will be a great asset to the company moving forward with its new discovery of lithium on our Clayton Valley, Nevada, project."*

For a technical deep dive into the work already performed on this project which offers strongly favorable comparisons to both neighbors Albemarle and Pure Energy please read the attached paper from earlier in 2017 - <http://www.cypressdevelopmentcorp.com/i/pdf/CYP-Synthetic-Lithium-Brine-Discussed-by-Geoscientist-B.pdf>

The conclusions of this study indicated:

The ratio data compares in an effective way the chemistries of a synthetic brine made from surface outcropping claystones on the Cypress Dean property with basin brines of the Clayton Valley. The ratios suggest that the synthetic brine is chemically very similar to the two selected basin brines. This is particularly true in the critical magnesium/lithium (Mg/Li) ratio where the total range of values for the three solutions falls within a narrow range.

The following points are apparent and supported by the mineral solubility data:

1. It appears that a lithium bearing mineral solution that is chemically similar to the production and resource brines of the Clayton valley can be produced by the leaching of surface exposed evaporate stratigraphy in water.
2. Comparison of ratios with other important elements also shows the Dean "Synthetic Brine" to compare favorably with basin production brines.
3. The data provides further strong support for the idea that the production brines of the basin are being continuously recharged by leaching of lithium and other elements from the uplifted and exposed former lake basin sediments that outcrop in a wide belt along the east margin of the Clayton Valley.
4. This recharge mechanism strongly supports the importance of the outcropping and buried claystones as a very significant lithium source rock. Our chemistry work-up as presented here shows how rain water would extract lithium and sodium from the uplifted, mineralized basin sediments at much higher rates than the extraction of magnesium and calcium. This process would neatly account for the chemistry of basin production brines versus the chemistry of source rock claystones.
5. The potential for the existence of ground water mineral brines under and immediately adjacent to the exposed belt of lithium rich rocks is high as the water flow pathways for the recharge system are likely to be vertical as well as horizontal.

- *Upcoming Share Price Catalysts*

- **The upcoming drill program will provide significant news flow over the next several months that will lead to a maiden resource and possible PEA in 2018. Additional work includes:**
 - **Cypress is proceeding with additional leach studies with the Dean and Gory core to determine the amount of lithium extraction possible from the Dean and Glory claystone.**
 - **The goal of this work is to substantiate the potential to produce lithium directly from the highly mineralized claystone with a low cost and environmentally friendly approach without the need for roasting or other costly mining and complex treatments.**
 - **Additional drilling should allow Cypress to contemplate a sizable maiden lithium resource at the Company's Clayton Valley Projects.**

- *Management*

In September, 2017 Dr. Bill Willoughby, PhD, PE, joined Cypress Development Corp.'s board of directors and will serve as chief executive officer for the company. Dr. Willoughby is a mining engineer with 38 years of experience in all aspects of natural resources development. Since 2014, he has been principal and owner of consulting firm Willoughby & Associates PLLC. Prior to that, he was president and chief operating officer of International Enxco Ltd., which was acquired by Denison Mines in 2014. He previously held various positions with Teck (Cominco). Dr. Willoughby has been a professional engineer since 1985 and received his doctorate in mining engineering and metallurgy from the University of Idaho in 1989.

Chairman and President Don Huston. Mr. Huston has been associated with the mineral exploration industry for over 30 years and has extensive experience as a financier and in-field manager of numerous mineral exploration projects in North America. He was born and raised in Red Lake, Ontario and spent 15 years as a geophysical contractor with C.D. Huston & Sons Ltd. as mineral exploration consultants in northern Ontario, Manitoba and Saskatchewan. Mr. Huston serves as a director of four Canadian public resource companies.

Director, V.P. of Exploration Robert Marvin B.Sc., PGeo. Bob serves as a Director and Vice President of Exploration and Community Relations for Cypress Development Corp. and is a Qualified Person. Mr. Marvin has been involved in mineral exploration and evaluation of lithium, gold, copper, zinc and uranium deposits throughout the Americas as an employee and as an independent consultant. He graduated from the University of New Mexico with a Bachelor of Science degree in geology in 1984.

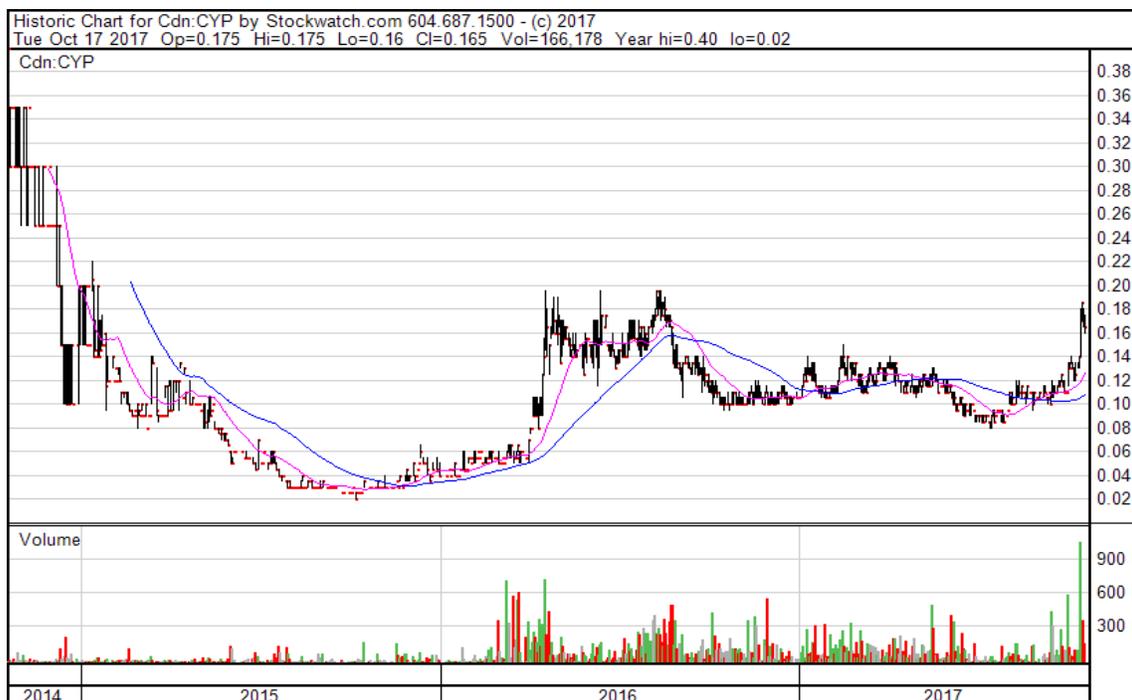
CFO James Pettit. Mr. Pettit is currently serving on the board of directors of five publicly traded companies and offers over 25 years of experience within the industry specializing in finance, corporate governance, executive management and compliance. Jim was previously Chairman and C.E.O. of Bayfield Ventures Corp. which was bought by New Gold Inc. in January 2015.

Director of Investment Relations Donald Myers. Mr. Myers serves on the board of directors and manages the investor relations and corporate communications of publicly traded mineral exploration and development companies. He has 30 plus years of experience in public company management and investor relations having helped raise over \$350 million in venture capital for resource and technology companies listed on the TSX Venture, NASDAQ and Toronto Stock Exchanges.

Don Mosher serves as Corporate Development for Cypress Development Corp. Mr. Mosher has worked in the capital markets for 30 years, specializing in Venture Companies. He started his career as a financial adviser at Union Securities in Vancouver where he was introduced to the public markets, trading stocks listed on the Vancouver Stock Exchange. In 1998, Mr. Mosher went to work for a company called Napier Environmental Technologies, remaining with the company until 2004. In 2004, Mr. Mosher started a business called B & D Capital Partners. The business funded Venture Companies in all sectors of business including mining, pharmaceutical, oil and gas, etc. Mr. Mosher previously held the position of CEO and President of Rodinia Minerals which was focused on exploring for lithium in Clayton Valley, Nevada.

- *Share Price*

The share price has begun to move higher to reflect the upcoming catalysts but still remains well positioned to allow early investors to get into the stock at favorable prices.



**Vince Marciano
October 2017**

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