

Ahead of the Herd - 2018 Letter Fifteen
Saturday April 7th



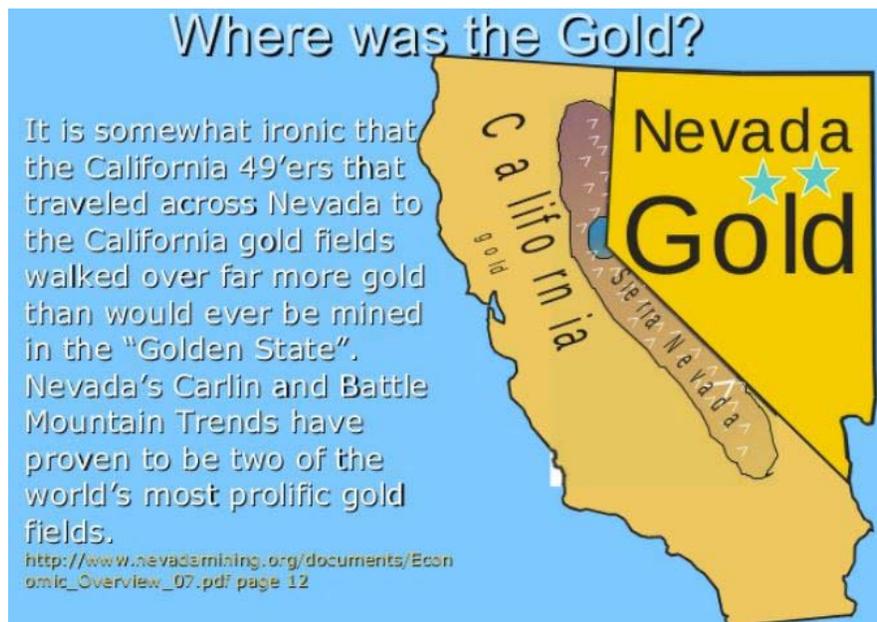
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Telling you things everyone else doesn't already know.

Cypress and a significant Nevada lithium moment

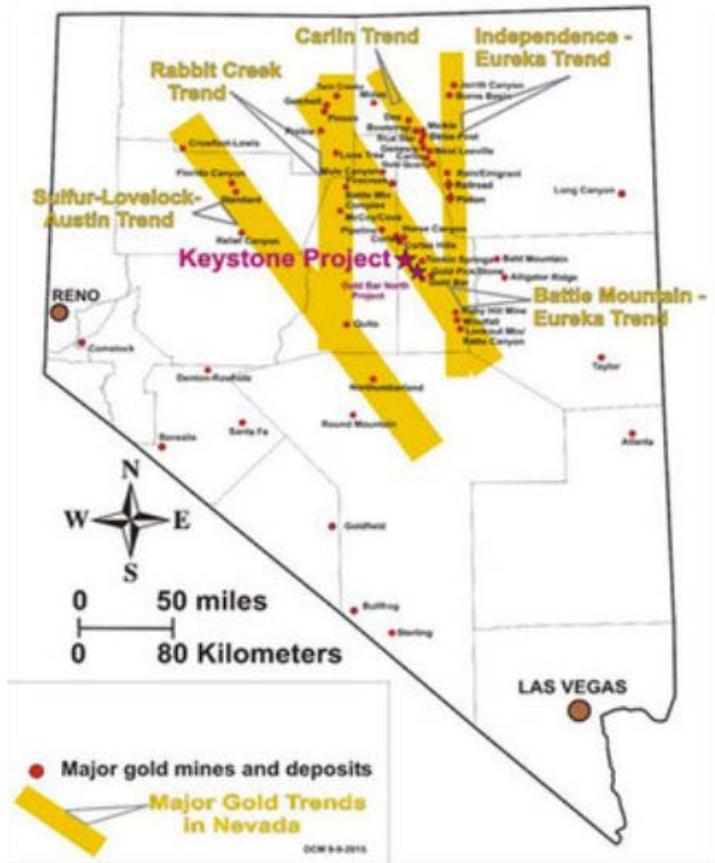
As a general rule, the most successful man in life is the man who has the best information

Almost 200,000 people heading to the California gold fields crossed through what is now [Nevada](#) via the California Trail aka Nevada's Emigrant Trail. While many of them camped close to the confluence of the Humboldt River and Maggie Creek in northeastern Nevada none had any idea they were just a very short distance away from one of the most prolific gold deposits in the world.



A significant Nevada gold moment

The area, known as the Carlin Trend, is a belt of gold deposits roughly eight kilometers (km) wide by sixty km long extending in a north-northwest direction through the town of Carlin, Nevada.



The rich and large gold deposits of Nevada were overlooked by the 49ers in the late 1800s when rushing along the Emigrant Trail to the gold fields of California.

In 1961 John Livermore was a Newmont geologist looking for gold in the windows of the Carlin Trend; windows occur where obscuring layers of rock, displaced by an uplift, have eroded to expose the rock below. Livermore found gold and staked the claims that became the Carlin Mine.

Newmont Mining Corp. started mining gold at Carlin in 1965. By the end of the year the Carlin mine was the largest gold producer in Nevada and

the second largest gold producer in the nation. The discovery of the Carlin deposit is one of the most significant events in worldwide mining and in the history of Nevada.

A significant Nevada lithium moment

Albermarle, at its Silver Peak Mine, has been mining Clayton Valley Nevada lithium brines for decades. As early as 2010 Rodinia Minerals had lithium claims in the valley. RM was taken over by Stan Bharti's Forbes Manhattan group of companies which concentrated on South American brines. Pure Energy had a joint venture with Cypress on their lithium claims. PE dropped the JV to concentrate on their brine project. Lithium X, which just got bought for \$2.61 a share for Rodinia's South American brine deposit, invested \$2 million into PE. Numerous other lithium companies have been active in the area. All walked by the valley's extensive mudstones.

Deja vu all over again.

Three years ago Cypress Development Corp (TSX.V:CYP) began prospecting in the valley.

VP Exploration Bob Marvin initially looked at lithium brine ground, but he was also keenly aware that none of the stakes containing basement-scale gravity lows in the valley, known to contain lithium carbonate, had ever produced any brines.

Marvin noticed that some of claims on the south flank of an outcropping known as Angel Island had not been staked, and those that had been, had elapsed.

“There was almost no staking done in this land area around Angel Island,” Marvin told Ahead of the Herd in an exclusive interview.

Cypress wasted no time in acquiring two land packages: the 1,520-acre Glory Project totaling 76 placer/lode claims located in Esmeralda County, and the 2,700-acre (35 association placer claims) Dean Project.

With geological data in hand and two prospective properties acquired, Cypress started taking surface samples in September 2016. The samples returned results ranging from 340 parts per million (ppm) to 2,940 ppm, with an average grade of 925 ppm lithium carbonate equivalent (LCE).

Drilling was conducted in 2017-18. The drill results are in the following table.

Full Table of Cypress Clayton Valley, Nevada Drill Results
(April 2018)

Drill Hole	Interval meters	Weighted Average (ppm Li)
DCH-01	32	1146
DCH-02	112	852
DCH-03	77	860
DCH-04	71	1051
DCH-05	80	1063
DCH-06	38	903
DCH-07	77	777
DCH-08	75	714
DCH-09	98	963
DCH-10	64	1014
DCH-11	103	1029
DCH-12	66	678
DCH-13	107	1135
DCH-14	79	724
DCH-15	126	1068
DCH-16	121	1146
DCH-17	122	977
GCH-1	33	606
GCH-2	39	702
GCH-3	59	659
GCH-4	48	927
GCH-5	130	767
GCH-6	97	1144

Cypress Development Corp (TSX.V:CYP) is currently waiting on its maiden 43-101 compliant resource report expected near the end of April.

All eyes are on that maiden resource because it is expected to be BIG.

Back of the napkin

Recently Lithium X Energy (TSX.V:LIX) put out a news release updating investors on the takeover announced by the lithium explorer in December. On December 18 Vancouver-based LIX was taken out by Chinese company Nextview New Energy Lion Hong Kong Ltd., in a deal valued at \$265 million or \$2.61 a share. The details of the transaction can be found on SEDAR.

The main driver of the takeout was Lithium

X's flagship project in Argentina, located in the so-called Lithium Triangle, from which Nextview plans to acquire the lithium needed to make electric vehicle batteries. The Chinese investment firm also recently took a stake in Bacanora Minerals, another lithium player, via a \$35 million private placement, in return for a 7,000- tonne annual lithium offtake agreement from its Sonora project in Mexico.

Lithium X's Sal de Los Angeles project has an NI 43-101 resource of 1.04 million tonnes lithium carbonate equivalent (LCE) in the indicated category and 1.01MT inferred, for a total LCE resource of 2.05 million I&I tonnes.

This news from Lithium X is extremely interesting, because we now know how much a larger company will pay for a lithium brine exploration property in Argentina with a battery-grade lithium resource. That number is fairly easy to calculate: take the buyout value of \$265 million and divide it by the NI 43-101 Indicated and Inferred resource of 2 million tonnes lithium carbonate equivalent or LCE, and you get Cdn\$132.50 a tonne. In other words, a tonne of LCE, in the 'ground' in today's hot lithium market is worth 132.5 loonies.

Cypress is coming out with a 43-101 compliant resource report which will also have metallurgical tests and lithium recovery results. Let's look at some of my numbers.

CYP's Clayton Valley Lithium Project in Nevada is, well there's no other way to describe it other than eye-poppingly massive. My personal (and please remember these are my personal calculations, they are not from Cypress, are not 43-101 compliant and are not to be relied on for an investment decision), back of the napkin resource calculation is 3,500 meters length X 2,000 meters width X 70 meters thick X 1.75 specific gravity (density) = 857,500,000 tonnes of lithium enriched claystone (approx. 4,500,000 tonnes of LCE).

I have to tell you I think that this number is eventually going to be proved to be very conservative. But, since I'm not a resource geologist or one of the engineers involved in writing CYP's report, and frankly have no way of knowing what the first, maiden resource numbers will be in the upcoming 43-101, I want to step back and be ultra conservative. I'm not giving up on numbers I previously published, I just want to be more conservative and then ultra conservative. I'll explain in a minute, and still show why Cypress is the only lithium story I think Ahead of the Herd (AOTH) needs to cover.

More conservative: Lithium X's insitu (in ground) value of \$132 a tonne x 3,400,000 tonnes LCE = \$448,800,000 divided by CYP outstanding shares fully diluted (osfd) of 79,000,000 = Cdn\$5.68 per share.

Ultra conservative: Lithium X's insitu (in ground) value of \$132 a tonne x Lithium X's 2,000,000 tonnes I&I LCE = \$264,000,000 divided by CYP outstanding shares fully diluted (osfd) of 79,000,000 = Cdn\$3.34 per share.

Now granted, I know you won't believe, and you shouldn't, the size/recovery numbers until you see them in a technical report, but the enormity of this lithium deposit is tough to get your head around.

Let's slow it down even more and get REALLY conservative. It's likely that Cypress will need to do another financing to pay for a preliminary economic assessment, a PEA, so let's suppose the share float grows to 100,000,000 osfd.

3.4mt LCE insitu value = \$448,800,000 divided by 100,000,000 = \$4.48 per share.

2.0mt LCE insitu value = \$264,000,000 divided by 100,000,000 = \$2.64 per share.

Let's return to that \$132 a tonne buyout value ascribed to Lithium X.

Nextview paid that for a brine-based lithium deposit in Argentina. Cypress has a non-hectorite claystone starting at surface deposit in Nevada, USA. No tariffs, no trade war worries, next to the only producing lithium mine in the US and in the home state of Tesla's gigafactory.

Conclusion

As lithium juniors go, the package of land that Cypress has identified and begun exploring is one of the best, if not the best, going in the market right now. The sheer size of the anticipated resource means that a lot of attention will be focused on the company as it continues to expand the property, particularly beneficiation methods. An intriguing possibility exists for Cypress to partner with Albermarle to improve the latter's lithium recoveries, or join with neighboring exploration firms to do joint ventures that could grow the land package. With a million dollars in the kitty, Cypress is well-financed to fund its new exploration phase.

Here's two important points to consider when doing your own due diligence. Firstly it's not like this mudstone thing Cypress has gotten hold of is long-

known-about, low grade leftovers. No, that's not the case at all - this is a brand new twist on an old district. Secondly, investors still have time to get into the company while it is currently only valued around \$13 million, or \$0.22 a share, with a number of upcoming catalysts possibly offering ample stock price upside.

With its high grade lithium content, a superior location in regard to permitting and all the existing infrastructure in place, the uniqueness of the new deposit model, and with no competition in the basin I cannot wait to see what the next little while brings.

The possibilities of what 'the next little while brings' is why Cypress Development Corp TSX.V:CYP is on my radar screen. Is it on yours?

If not, maybe it should be.

Richard (Rick) Mills

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