

**Cypress Development Corp.
Broulan Reef BR09-1G Mother Hole**

**Core Logging Observations on the
Intersected Lithology, Structure, Alteration and Sulfide Mineralization**

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Introduction

This document provides a description of the lithology, structure, alteration and sulfide mineralization intercepted in the ongoing core hole BR09-1G. BR09-1G is collared on McKenzie Island and has been drilled basically due east at an angle of approximately 75 degrees. The hole was planned by Dave Busch and Cypress management as a way to drill directly at the projection of the main ore controlling shear zone seen in the Gold Eagle zone to the north.

This goal was attained on October 13, 2009 when nine boxes of core revealed the presence of an intense zone of shearing, brecciation and massive calcite-biotite-actinolite-ankerite veining commencing at 2728m down hole. The lower contact of this zone has not yet been reached by the drilling. A zone width of at least 60 meters is evident.

This report is a preliminary summary record of observations made during logging of core in the interval from 2350 meters to the current depth of 2786 meters.

Lithology

The dominant lithology observed in drill core in the interval from 2350m to 2784m are mafic and ultramafic volcanic rocks of the Balmer formation. Strong, pervasive alteration of the Balmer has made determination of mafic vs. ultramafic chemistry of the volcanics and position of potential coeval intrusive bodies difficult to impossible overall.

Dikes of variable mafic (to ultramafic?) composition have been intercepted, as normal. No felsic dikes have been found from 2350m to the current depth of 2786m. A hornblende porphyry dike with abundant magnetite was found in the interval from 2687.8 to 2695.1. This type of dike has not been seen by Cypress in the other deep Broulan holes. The lower contact of the dike is sheared, below which, a zone of arsenopyrite and other sulfides was encountered.

A coarsely porphyritic, mafic to ultramafic rock type has been intercepted within the new structural zone at 2775.8 and continues to the current drill depth of 2786m. It is likely that this porphyry is an ultramafic intrusive that has been intruded into the major structure. Ultra mafic bodies are reported to be important for the localizing of gold mineralization in the Bruce Channel Gold Deposit to the north.

Structure

A major zone of shearing, brecciation and calcite vein flooding has been intercepted from 2728m to the current depth of 2786m. The lower contact of the zone as not yet been intercepted in the hole and drilling will continue once the current problems with the drill stem have been corrected. Textures within this new zone indicate both brittle and ductile deformation within the zone. Early, sheared and deformed calcite veins are over printed by late, brittle fracture fill vein and veinlets. Brittle-ductile shear zones are considered ideal for hydrothermal fluid circulation and ore body formation.

Strong zones of brecciation were intercepted well before the major structure was found. Brecciation of strongly altered Balmer volcanic rock commences at 2394.5 meters. These breccia zones contain both angular clast breccias and shear flattened and stretched breccia textures. These zones grade in and out and are surrounded by massive silica replacement zones.

Local zones in the interval from 2353.5m to at least 2371m show clear, cm-scale fold closures in both rock fabric and hairline veinlets. Such fold noses have not been previously seen or logged in Balmer rocks of previously Cypress drill holes at Broulan. The implication of these micro structures is that we have passed through a large-scale fold closure in the Balmer rocks. The fold closures are ragged and show effect of shearing along the axis of the folds. The orientation of the fold axis of these structures appears fairly consistent at 20 to 30 degrees to fold axis.

Initial plotting of the new zone indicates that the structure is very likely the direct southern extension of the main controlling structure of the Bruce Channel Gold Deposit. The new zone is wide open in all directions on the Broulan property.

Alteration

Extensive zones of intensive, pervasive silicification occur in the interval from 2375m to 2488.9m. The silicification occurs both as massive replacement and as silica rich, angular breccia clasts in a chlorite matrix.

A minor zone of strong calcite-chlorite alteration occurs from 2603.0m to 2607.8m..

The silica dominant alteration zone grades into a hydrothermal magnetite alteration zone below 2609.8m. The magnetite occurs as both massive replacements and disseminated magnetite crystals in chlorite matrix. Local zones of cruddy, pale to light pink garnets also occur in this alteration zone.

A second zone of pervasive silica and chlorite alteration was intercepted below 2609.8. As with the silica zone seen between 2375m and 2488.9m, zones of angular clast and

shear deformed breccias occur. This zone ends in an intensely silica replaced and bleached zone from 2723.8m to 2726.5m.

Below 2726.5m, the hole has entered a major zone of calcite vein flooding within a strong shear zone. This zone continues to the current depth of 2786m. This zone is strongly deformed and complex. Vein and veinlet textures in the zone are locally well banded and contain both cockade calcite textures and mineral banding of actinolite to ankerite veinlet centers which are then banded outward by several cockade texture calcite layers. Red-brown biotite veins and veinlets occur through out the calcite vein zone. The biotite layers are commonly strongly sheared.

See attached photo of core from the new zone at 2743.5m. Note the calcite veinlet stockworking and the green of actinolite alteration of breccia clasts of Balmer volcanic wall rocks. The green color of the clasts is the result of intense actinolite and chlorite alteration. Also note that these clasts are largely replaced by pyrrhotite. All of these characteristics are well documented in the Bruce Channel Gold Deposit.

The observed textures in the major shear and veining zone indicate both open space filling and a complex and changing hydrothermal fluid chemistry over time and are likely the result of repeated fracturing and boiling within the host structure. Banded textures in calcite and quartz are seen in precious metal deposits world wide, including the Bruce Channel Gold Deposit.

This impressive and very wide zone of veining, shearing and brecciation is very different from other vein and veinlet zones seen thus far in deep drilling at Broulan. The width and intensity of the veining alone stands out as unique in the Cypress drilling to date.

Secondly, the vein textures are very different than those previously intercepted. Local, massive calcite and quartz calcite veins and veinlets are commonly seen. These veinlets are commonly deformed, folded and stretched and contain chalcopyrite and other sulfides. This new intense zone of veining contains multi-meter intervals of undeformed veins and veinlets, likely indicating a late timing of the zone relative to regional deformation.

Sulfide Mineralization

Five fairly distinct types of sulfide mineralization occur in the interval from 2350m to the current depth of 2786m.

1. Foliation parallel sulfide seams. Appear early and are not commonly gold bearing based on our assays to date.
2. Deformed quartz-calcite-sulfide veinlets. Are early, can locally be highly anomalous to ore grade in gold, based on Cypress assays at Broulan to date.
3. Massive sulfide zones which replace and overprint foliation. A good example is the zone of abundant, blocky to massive arsenopyrite and other sulfides intercepted between two shears at 2436.1m to 2444.5m. This zone is weakly anomalous in gold.

4. Disseminated, weak sulfide zones, common and wide spread, can be arsenopyrite or pyrite/pyrrhotite dominant. Not generally gold bearing.
5. Dense dissemination of pyrrhotite and pyrite blebs within mafic fragments and in seams in calcite veins. This style of sulfide mineralization is seen throughout the new shear, veining and breccia zone. The sulfides are locally dense enough to constitute near complete replacement of the Balmer breccia fragments. Assays are pending.

Summary

A wide zone of intense shearing, brecciation and calcite-actinolite-ankerite veining has been intersected in the north central portion of the Broulan Reef property in drill hole BR09-1G. The zone exhibits bold evidence of mineralogically and texturally banded, multistage veining as well as brittle ductile nature. Widespread partial to near complete replacement of Balmer wall rock breccia clasts by pyrrhotite has occurred.

Together, these observed characteristics imply a geologic environment largely identical to those seen in lode gold deposits worldwide and in the Bruce Channel Gold Deposit in particular. Descriptions of the Bruce Channel deposit on the Goldcorp website read like they were taken from the Cypress geologic log of the intersected veining zone.

It is the calcite-actinolite-biotite veining within the shear zone that stands out as very prospective for further exploration along this structure. An important distinction should be made between carbonate alteration zones and complex carbonate vein zones. Carbonate alteration zones are common in greenstone terrains and are also commonly spatially associated with gold ore bodies. However, carbonate alteration of mafic and ultramafic volcanic rocks is not itself indicative of a potentially ore bearing environment.

Complex carbonate veining zones, however, are extremely favorable for the existence of gold mineralization as such zones result from the same structural and hydrothermal processes that form lode gold deposits. Again, the Bruce Channel Gold Deposit serves as the best example due to its on strike proximity to the new zone on the Cypress Broulan property. It is hard to imagine that a more prospective structure with essentially no drilling for many 100's of meters along strike could be found in the Red Lake gold camp.

