CYPRESS HILLS RESOURCE CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

INTRODUCTION

This management discussion and analysis ("MD&A") of financial position and results of operations of Cypress Hills Resource Corp. (the "Company") is prepared as at February 6, 2025 and should be read in conjunction with the Company's audited financial statements and related notes as at and for the years ended December 31, 2024 and 2023, which were prepared in accordance with IFRS Accounting Standards ("IFRS").

All information presented in this MD&A is expressed in Canadian dollars unless otherwise indicated. Additional information relating to the Company's activities can be found on SEDAR+ at www.sedarplus.ca.

COMPANY OVERVIEW

Cypress Hills Resource Corp. (the "Company" or "Cypress") is on the NEX tier of the TSX Venture Exchange ("TSXV"). Until June 14, 2024, the Company held mineral claims to an exploration-stage graphite property in British Columbia (the "Amar Property"), but these have been forfeited. As a result, the Company currently has no commercial operations and seeks new business assets or an operating entity for a reverse take-over or other such transaction.

The Company is incorporated in the Province of British Columbia and the address of its registered office is 12 Waterfront Centre, 200 Burrard St., Vancouver, BC V6C 3L6.

EXPLORATION AND EVALUATION ASSETS

Amar Property

In October 2022, the Company staked 20 mineral cells covering 418 hectares known as the Amar Property, an exploration-stage graphite property in British Columbia. Following the transfer of the Company's TSXV listing to the NEX tier and because of limited working capital, the Company elected not to maintain its claims in British Columbia, effectively forfeiting its rights to the Amar Property on June 14, 2024.

Prior to forfeiting its rights to the Amar Property, the Company incurred $15,000 in the year ended December 31, 2024 (2023 - $18,646) in exploration expenses for the Amar Property.

Other Properties

During the year ended December 31, 2024, the Company incurred $nil (2023 - $12,500) in preliminary evaluations of various properties for which it holds no claims or option rights.

FINANCIAL CONDITION AND CAPITAL RESOURCES

As at December 31, 2024, the Company had a working capital deficiency of $18,025 compared with a working capital of $31,332 as at December 31, 2023. The decrease in working capital is owing to expenditures and accruals for corporate and administrative services, audit and legal fees, transfer agent and exchange filing fees, sundry office costs and exploration expenses incurred on the Amar Property and other prospective properties.

The Company's working capital as at December 31, 2024 is sufficient to maintain a minimal operating level as a publicly-traded entity for the next 12 months, but additional capital is required for additional mineral exploration and evaluation, and to maintain operations beyond 12 months.

SELECTED ANNUAL FINANCIAL INFORMATION

As at December 31,	**2024**	2023	2022
	$	$	$
Current and total assets	**20,231**	68,340	174,030
Current liabilities	**38,256**	37,008	41,577
Total liabilities	**38,256**	37,008	41,577
Shareholders' equity (deficiency)	**(18,025)**	31,332	132,453

For the Year Ended December 31,	**2023**	2023	2022
	$	$	$
Operating and administrative expenses	**(52,044)**	(69,975)	(71,916)
Exploration and evaluation expenses	**(15,000)**	(31,146)	(1,638)
Other	**17,687**	-	-
Net loss and comprehensive loss	**(49,357)**	(101,121)	(73,554)
Basic and diluted loss per share	**(0.00)**	(0.01)	(0.00)
Dividends per share	-	-	-

General Trends

Following the forfeiture of its mineral claims and as a result of limited working capital, the Company has reduced its operating and administrative expenses to a minimal level required as a publicly-traded company. Such expenses include those for corporate and administrative services, legal and accounting fees, and transfer agent, listing, filing and shareholder communications services. These expenses are incurred at consistent amounts throughout the year, but additional charges in some quarters are incurred in connection with the Company's annual audit and annual general meeting.

In addition to operating and administrative expenses, the Company also incurred expenses for the exploration and evaluation of the Amar property and other properties. However, with no mineral claims, such expenses were reduced in early 2024 and no such expenses are currently anticipated in future reporting periods.

Results of Operations

Year ended December 31, 2024

The Company reported a $49,357 net loss for the year ended December 31, 2024 compared to a $101,121 net loss for the comparative year ended December 31, 2023.

During the year ended December 31, 2024 the Company incurred exploration and evaluation expenses of $15,000 (2023 - $18,646) on the Amar Property, forfeited in June 2024, and $Nil (2023 - $12,500) on other project evaluation. Of the exploration and evaluation expenses incurred in the year ended December 31, 2024, $15,000 (2023 - $30,000) was for services provided by a related party.

Additionally, the Company recognized the following operating and administrative expenses incurred as a publicly-traded entity:

- $14,548 (2023 - $20,879) in transfer agent, listing, filing and shareholder communication fees;
- $9,150 (2023 - $25,000) in corporate and administrative fees provided by a related party; and
- $28,211 (2023 - $23,859) in professional fees for audit and legal services.

The reductions in operating and administrative expenses in the year ended December 31, 2024 is owing to a demotion of the Company's stock listing from the main TSXV tier to its NEX tier, which resulted in reductions to transfer agent and listing, filing and shareholder communication fees. Additionally, the Company realized a reduction in administrative fees charged by a related party owing to the Company's limited working capital.

Partly offsetting the Company's expenses for the year ended December 31, 2024 was a $17,687 (2023 - $nil) gain on the write-off of certain accounts payable that were disputed by the Company and became statute-barred.

SUMMARY OF QUARTERLY RESULTS

Quarterly Financial Information:	Exploration and Evaluation Expenses	Operating and Administrative Expenses	Net Loss	Basic & Diluted Loss per Share
	$	$	$	$
Q4 – December 31, 2024	-	21,383	(21,383)	(0.00)
Q3 – September 30, 2024	-	15,147	(15,147)	(0.00)
Q2 – June 30, 2024	-	3,702	(3,702)	(0.00)
Q1 – March 31, 2024	15,000	11,812	(9,125)	(0.00)
Q4 – December 31, 2023	15,000	18,057	(33,057)	(0.00)
Q3 – September 30, 2023	15,500	9,363	(24,863)	(0.00)
Q2 – June 30, 2023	646	16,659	(17,305)	(0.00)
Q1 – March 31, 2023	-	25,896	(25,896)	(0.00)

Operating and administrative expenses include charges for audit and legal fees, stock exchange listing and filings, transfer agent services and management services. These expenses are typically incurred evenly throughout the year except for audit costs, which are recorded in the fourth quarter and fees incurred in connection with the Company's annual general meeting, which are typically incurred in the second or third quarters.

FOURTH QUARTER 2024 RESULTS

The Company reported a $21,382 net loss for the three months ended December 31, 2024 compared to a $33,057 net loss for the three months ended December 31, 2023. The operating and administrative costs are as follows:

- $2,783 (2023 - $1,401) in transfer agent, listing, filing and shareholder communication fees;
- $1,575 (2023 - $4,500) in corporate and administrative fees provided by a related party; and
- $17,000 (2023 - $12,120) in professional fees mainly for yearend audit accrual.

The higher professional fees in the three months ended December 31, 2024 was due to additional accrual for the yearend audit. Offsetting this increase, the monthly amount charged by a related party for corporate and administrative fees was reduced owing to the Company's limited working capital. Additionally, the Company incurred no expenses in the three months ended December 31, 2024 for mineral property exploration and evaluation following the forfeiture of mineral claims, compared to a $15,000 charge in the three months ended December 31, 2023.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company is party to a corporate service agreement with Earlston Management Corp. ("Earlston"), a company related by virtue of providing management services to the Company and having certain officers and directors in common. Effective August 1, 2023, Earlston reduced its monthly service charge from $2,500 per month to $1,500 per month, and a second reduction to $500 per month was effective April 1, 2024. During the year ended December 31, 2024, Earlston charged $9,150 (2023 - $25,000) for corporate and administrative services of which $3,696 was owing to Earlston and is included in accounts payable and accrued liabilities as at December 31, 2024 (December 31, 2023 - $1,575).

On July 1, 2023, the Company entered into a consulting agreement (the "Agreement") with Graham's Geological Data Ltd. ("GGDL"), a company controlled by the Company's former Chief Executive Officer who resigned on June 1, 2024. Pursuant to the Agreement, the Company paid GGDL $5,000 per month starting July 1, 2023 for general project management and geological services, and reimbursed GGDL for out-of-pocket expenses. GGDL ceased to charge for services on April 1, 2024, and the Agreement was terminated effective June 1, 2024. Exploration and evaluation expenses for the year ended December 31, 2024, includes $15,000 (2023 - $30,000) charged by GGDL prior to the termination of the Agreement, of which $15,750 was owing to GGDL and is included in accounts payable and accrued liabilities as at December 31, 2024 (December 31, 2023 - $5,250).

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date of the MD&A, there are 19,986,965 common shares outstanding. The Company has no stock options, warrants or other instruments convertible into common shares at this date.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2024, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

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 arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at December 31, 2024, the Company had a cash balance of $20,231 which is insufficient to pay current liabilities of $38,256. However, additional capital will be required to explore the Amar Property and for next 12-month operations.

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 equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. The Company's material accounting policy information is included in Note 3 of its audited financial statements for the year ended December 31, 2024.

Significant estimates made by management as at December 31, 2024 includes the following:

Taxation

Estimates

Deferred tax assets and liabilities are determined using the tax rates expected to be in effect at the time the assets are realized and liabilities settled. The actual tax rate in effect at that time may vary from the expected tax rates.

Judgments

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters. However, the outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recovered.

RISKS AND UNCERTAINTIES

The Company has sufficient cash to maintain a minimal level operations for the next 12 months, but with no current sources of revenue, additional financing will be required for further mineral exploration and evaluation and to maintain operations in the longer-term. While the Company has been successful in previous financings, there is no assurance that future financing attempts will be successful. Additionally, it is not expected that the Company will generate any positive cash flows from the Amar Property in this time frame because the Amar Property is an early-stage exploration site and any future economic mineral production is uncertain owing to geotechnical, metallurgical and economic risks.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A, and other reports and filings made with the securities regulatory authorities constitute forward-looking statements.

All forward-looking statements are based on the Company's beliefs and assumptions, which are based on information available at the time the assumptions were made. Forward-looking statements relate to, among other things, anticipated financial performance, business prospects, strategies, regulatory developments, new services, market forces, commitments and technological developments. In particular, this MD&A contains forward-looking statements pertaining to: the Company's intention to pursue the Amar Property; it's ability to identify and enter into other commercial activities should it not pursue the Amar Property; to remain a going concern for the next 12 months; and its ability to raise additional financing in the longer-term. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors, which include, but are not limited to the following and others that may be set forth elsewhere in this MD&A: the geological and economic potential of the Amar Property; and the functioning of capital markets that would allow the Company to raise additional financing as required.

The forward-looking statements contained herein are subject to change after the date of the MD&A. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on the forward-looking statements.