

Tartisan Nickel Corp. (CSE: TN / OTCQX: TTSTRF)

Expecting a Robust PEA Before the Year-End

BUY

Current Price: C\$0.44

Fair Value: C\$0.77

Risk: 5

Sector / Industry: Junior Mining

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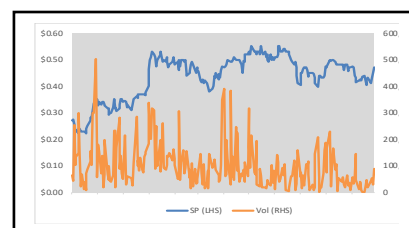
Highlights

- TN's shares are up 83% since we initiated coverage in October 2020.
- Assay results from the ongoing 10,000 m drill program (9,000 m completed) **returned high nickel grades**, and medium copper grades from two zones of the Kenbridge deposit. One hole intersected **25.6 m of 1.03% Ni** and 0.41% Cu in one zone, and **6.3 m of 0.95% Ni** and 0.38% Cu in another zone. These grades are significantly higher than the average grade of 0.6% Ni in the 2020 resource estimate.
- We believe the current program has confirmed mineralization at depth. **We believe the project has room for resource expansion, especially higher-grade mineralization at depth.**
- The current drill program is also testing the targets, identified by a geophysical survey, at Kenbridge North (located 2.5 km from the Kenbridge deposit).
- Strong balance sheet with **\$19M in working capital** at the end of June 2021.
- Nickel prices are up 26% YoY to US\$9/lb, amid rising demand for Electric Vehicles, a temporary supply crunch from the energy crisis, and lower inventory levels (down 41% YoY). **We believe inflation, supply chain disruptions, and slow rate hikes will provide near-term support to base metal prices.**
- A preliminary economic assessment (PEA) study is expected to be released before the year-end, which we believe will be the next major catalyst for TN's shares.

Sid Rajeev, B.Tech, MBA, CFA
Head of Research

Nina Rose Coderis, B.Sc (Geology)
Equity Analyst

Price Performance (1-year)



	YTD	12M
Ret.	19%	91%
TSXV	7%	41%

Company Data

52 Week Range	C\$0.22 –C\$0.56
Shares O/S	111M
Market Cap.	C\$49M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	2.3x

Key Financial Data (FYE - March 31)

(C\$)	FY2020	FY2021 (3M)
Cash	\$21,197	\$3,580,955
Working Capital	\$14,151,271	\$18,594,930
Mineral Assets	\$2,776,961	\$2,992,280
Total Assets	\$17,649,973	\$22,201,184
Net Income (Loss)-Adj.	-\$1,952,323	-\$260,219
EPS	-\$0.02	-\$0.00

*See last page for important disclosures, rating and risk definitions. All figures in C\$ unless otherwise specified.

Key Developments

A surface Time Domain Electromagnetic (TDEM) and borehole geophysical survey identified two conductive features, including the KBN1 EM and KBN2 EM targets (Kenbridge North). Subsequently, the company initiated a drill program (totaling 10,000 m) to potentially expand the resource at Kenbridge along strike and depth, and complete a maiden resource at Kenbridge North.

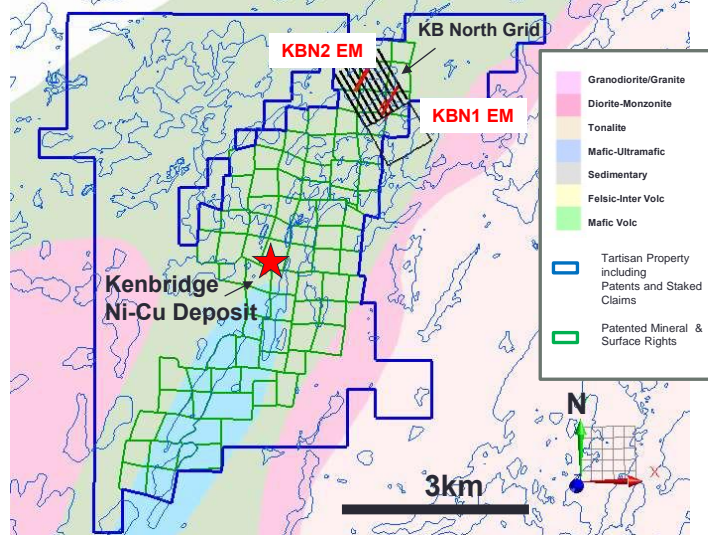
Increased land position by 69% to 3,633 ha

KBN1 EM and KBN2 EM (Kenbridge North targets) are located approximately 2.5 km north of the Kenbridge nickel-copper deposit

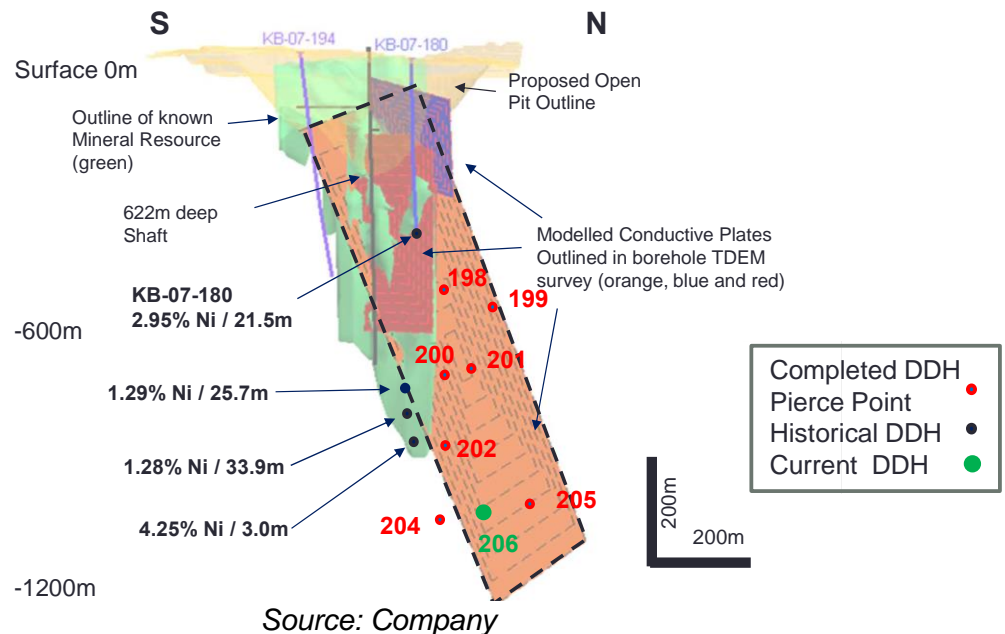
Kenbridge North targets will be drilled as part of the 10,000 m drill program

Drilling to potentially expand mineralization along strike and depth

Kenbridge North TDEM Survey Map

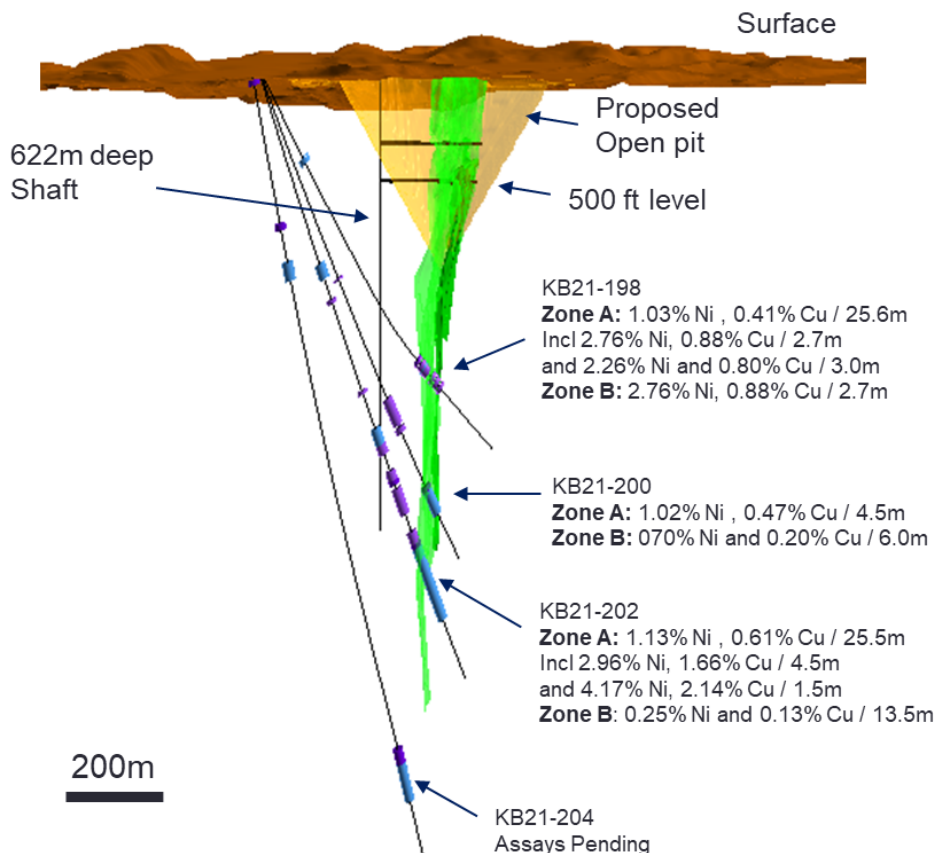


Mineralization Extension Model of Kenbridge Deposit



Results from the ongoing drill program **returned high nickel, and medium copper grades** from Zone A and Zone B.

Kenbridge Deposit Drill Section



25.6 m of 1.03% Ni,
0.41% Cu in Zone A

25.5 m of 1.13% Ni,
and 0.61% Cu in
Zone A

We note that high Ni
grades, over such
long intervals, are
very promising

We believe the
project has room for
resource expansion,
especially higher-
grade mineralization
at depth

The average grade
of Kenbridge's
existing resource is
0.6% Ni

62% of the resource
is open-pittable

We note that
Kenbridge's tonnage
is on the lower-end
of comparable nickel
sulphide deposits,
but grades are
significantly higher

2020 Resource Estimate

Scenario	Classifi- cation	Cut-off NSR C\$/t	Tonnes (M)	Ni (%)	Ni (M lb)	Cu (%)	Cu (M lb)	Co (%)	Co (M lb)
Pit Constrained	Measured	15	2.966	0.5	30.8	0.26	17.3	0.007	0.5
	Indicated	15	2.270	0.4	21.5	0.26	13.2	0.010	0.5
	M + I	15	5.236	0.5	52.3	0.26	30.5	0.009	1.0
Out-of-pit	Indicated	60	2.232	0.9	42.5	0.45	22.4	0.006	0.3
	Inferred	60	0.99	1.00	21.8	0.62	13.5	0.003	0.1
Total	Measured	15	2.966	0.5	30.8	0.26	17.3	0.007	0.5
	Indicated	15+60	4.502	0.7	64.1	0.36	35.6	0.008	0.8
	M+ I	15+60	7.468	0.6	94.9	0.32	52.9	0.008	1.3
	Inferred	60	0.99	1.0	21.8	0.62	13.5	0.003	0.1

Source: Technical Report

Upon completing the current drill program, TN expects to complete an updated resource estimate on Kenbridge, and a maiden estimate on Kenbridge North.

Other Projects

Project	Don Pancho	SIII Lake	Turtle Pond
Ownership	100%	100%	100%
Location	Central Peru	Sault Ste. Marie, Ontario	NW, Ontario
Target Commodities	Silver, Zinc, Lead, and Manganese	Silver and Lead	Nickel, Copper and Cobalt
Key Features	1,200 ha Don Pancho property is 9 km west of Trevali Mining's Santander Zn-Pb-Ag underground mine Same trend as Glencore's Iscaycruz and Yauliyacu mines. Previous drilling has returned - 4.4% Zn, 3.3% Pb, and 61 gpt Ag over 1.15 meters 800 meter by 200 meter exposed breccia zone on the property	Historic production of 7,000 tonnes of ore containing lead and silver 2010 historic resource: M&I - 0.1 Mt at 134 g/t silver; 0.62% lead, and 0.21% zinc	400 ha property located 70 km from Kenbridge Exploration identified nickel-copper sulfide mineralization in 12 trenches along a 700 m trend 2009 diamond drilling intersected 4.53% Ni over 0.7 m
Proposed Work	Planning to initiate a block sampling program in high grade areas	No immediate plans/Evaluating a spin-off or JV	Property visit and data compilation underway

Source: FRC / Company

Financials

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Source: FRC / Company

Stock Options and Warrants: 5.70M options (weighted average exercise price of \$0.44 per share), and 5.60M warrants (\$0.77 per share) outstanding. 3.70M options and 0.16M warrants are in the money, implying a potential to raise up to \$1.37M.

Three early-stage assets; minor work planned on two

Strong balance sheet, with \$19M in working capital

Valuation and Rating

Recent drilling has prompted us to extend Kenbridge's mine life from eight to nine years

We are also no longer applying a discount to our NPV estimate; in our previous report, we had applied a 25% discount for conservatism

Our fair value increased from \$0.57 to \$0.77 per share

We are continuing to not use a comparables valuation model as there are very few low-tonnage/high-grade Ni deposits in North America

Maintaining a risk rating of 5

DCF Valuation

Mine Life (years)	9		
Throughput (tpd)	2,800		
Total Tonnage (Mt)	9.20		
	Grade	Recovery	Price (US\$/lb)
Ni	0.60%	86%	\$8.00
Cu	0.32%	90%	\$3.00
Initial Capital Cost (\$, M)	\$130		
Average Cash Cost (US\$/lb Ni)	\$3.72		
Exchange rate (C\$:US\$)	1.23		
Discount Rate	11.6%		
After-Tax Net Asset Value (C\$)	\$68,173,498		
Working Capital - Debt	\$17,291,341		
Fair Value of TN (C\$)	\$85,464,839		
No. of Shares (treasury stock method)	111,574,121		
Fair Value per Share (C\$)	\$0.77		

C\$:US\$ - 1.23		Nickel Price (US\$/lb)				
		\$7.0	\$7.5	\$8.0	\$9.0	\$10.0
	7.5%	\$0.71	\$0.93	\$1.16	\$1.62	\$2.07
	10.0%	\$0.52	\$0.71	\$0.90	\$1.29	\$1.67
Discount Rate	11.6%	\$0.42	\$0.59	\$0.77	\$1.11	\$1.46
	12.5%	\$0.38	\$0.54	\$0.70	\$1.03	\$1.35
	15.0%	\$0.26	\$0.40	\$0.54	\$0.82	\$1.10

Source: FRC

We are reiterating our BUY rating, and raising our fair value estimate from \$0.57 to \$0.77 per share. The upcoming resource update and PEA are likely to be catalysts for TN's shares.

Risks

We believe the company is exposed to the following key risks (not exhaustive):

- The Kenbridge project is highly sensitive to commodity prices.
- Exploration and development.
- Project financing may take longer than expected.
- EIA and permitting risks.
- There is no guarantee that the company will be able to simultaneously advance its non-core assets.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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