

Tartisan Nickel Corp.
(CSE: TN / OTC: TTSRF / FSE: 8TA)

Trading at a Substantial Discount – Resuming Coverage

BUY

Current Price: C\$0.16

Fair Value: C\$0.47

Risk: 5

Sector: Junior Resource

[Click here for more research on the company and to share your views](#)

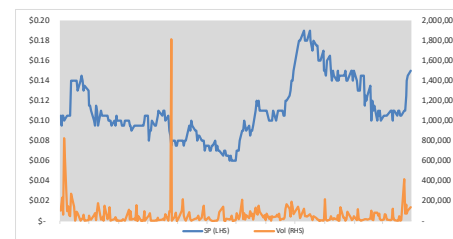
Highlights

- We are resuming coverage on Tartisan Nickel. The company's **flagship Kenbridge nickel project** is located in the Kenora mining district in Ontario.
- Kenbridge hosts high-grade open-pit/underground resources totaling 146 Mlbs Ni, and 78 Mlbs copper. The property hosts **class 1 nickel**, essential for lithium-ion batteries in electric vehicles/EVs.
- A 2022 Preliminary Economic Assessment (PEA) **returned attractive economics**, with an After Tax-NPV5% of \$109M, and a high AT-IRR of 20%, using US\$10/lb nickel. **TN is trading at just 16% of the NPV.** For comparison, shares of Talon Metals (TSX: TLO/MCAP: \$159M), a comparable advanced-stage nickel junior, are trading at 25% of AT-NPV.
- TN is trading at \$0.10/lb NiEq vs the sector average of \$0.27/lb, a **62% discount.** TLO is trading at \$0.41/lb.
- Several major producers have suspended production at some of their nickel mines in Australia due to a 19% YoY decline in prices, driven by slower global GDP growth, and rising supply. LME inventories are up 95% YoY. We foresee these production **shutdowns exerting upward pressure on prices.**
- We maintain a **positive outlook on juniors focused on EV metals.** Battery/EV manufacturers/miners are actively seeking stable/long-term supply sources. Early this year, Sumitomo Metal Mining (TSE: 5713) acquired a 10% interest in nickel junior FPX Nickel Corp. (TSXV: FPX).
- **Upcoming catalysts** include resource upgrade/expansion drilling (8,000 m), and positive sentiment towards juniors focused on EV metals.

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Price Performance (1-year)



	YTD	12M
TN	-16%	45%
CSE	32%	30%

Company Data

52 Week Range	C\$0.06 –C\$0.19
Shares O/S	122M
Market Cap.	C\$20M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	1.5x

Key Financial Data (FYE - March 31)

(C\$)	2023 (9M)
Cash	\$96,750
Working Capital	\$4,001,689
Mineral Assets	\$9,389,234
Total Assets	\$13,993,640
Net Income (Loss)-Adj.	-\$942,821
EPS	-\$0.02

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

Portfolio Summary

Project	Kenbridge
Ownership	100%
Location	NW, Ontario
Target Commodities	Nickel and Copper
Key Features	4,108 ha; located 80 km north of New Gold's (TSX: NGD) Rainy River gold mine

Hosts high-grade nickel resources; A PEA returned an **After Tax-NPV5% of \$109M, and a high AT-IRR of 20%**, using US\$10/lb nickel.

100% interest in three polymetallic projects in Ontario, and one in Peru

Project	Don Pancho	Sill Lake	Turtle Pond
Ownership	100%	100%	100%
Location	Central Peru	Sault Ste. Marie, Ontario	NW, Ontario
Target Commodities	Manganese, Silver, Zinc, and Lead	Silver and Lead	Nickel, Copper, and Cobalt
Key Features	1,200 ha; 9 km west of a historic underground mine	1,155 ha; 2021 resource: M&I - 0.5 Moz Ag and 1.5 Mlbs Zn	2,200 ha; located 70 km from Kenbridge
	Along the same trend as Glencore's Iscaycruz and Yauliyacu mines / Previous drilling has returned - 4.4% Zn & 3.3% Pb over 1.2 m	Historic production totaling 7,000 tonnes of ore containing lead and silver	Mineralization identified in 12 trenches along a 700 m trend; 2009 diamond drilling intersected 4.53% Ni over 0.7 m

Source: Company / FRC

Kenbridge Nickel Project

This advanced-stage project, covering 4,108 hectares, is located in the Kenora mining district in northwest Ontario.

Located 80 km north of New Gold's (TSX: NGD) Rainy River gold mine which has been in production since 2017

Favorable location and infrastructure

Power can be accessed from a major powerline 40 km from the project

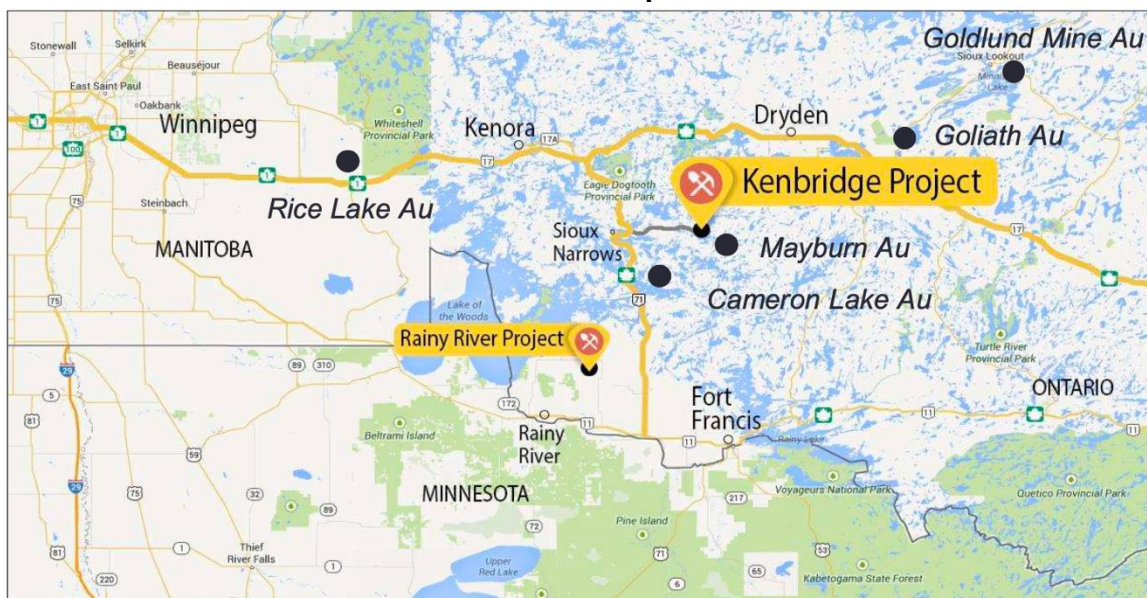
Topography in the area is relatively gentle

Open-pit and underground resources totaling 146 Mlbs Ni, and 78 Mlbs copper

The deposit measures 250 m long x 60 m wide x 900 m deep

Underground resources have an average nickel grade of 1.08%; we view grades of 1%+ as high

Location Map



Source: Company

The company has an exploration agreement in place with First Nations groups in the area.

Mineralization, Resources, and PEA

The project hosts a high-grade nickel sulphide deposit. Mineralization has been tested to a depth of 900 m below surface, with a shaft descending 622 m, featuring two levels at 107 m and 152 m. Since 1937, 667 drill holes (99,741 m) have been completed on the project.

Consolidated Resource Estimate

Class	Cut-off NSR	Tonnes (K)	Ni (%)	Ni (Mlb)	Cu(%)	Cu (Mlb)	Co(%)	Co (Mlb)
2022 UG Resources								
Measured	100	1,867	0.99	41	0.50	21	0.017	0.7
Indicated	100	1,578	0.95	33	0.53	19	0.009	0.3
M&I	100	3,445	0.97	74	0.52	39	0.013	1.0
Inferred	100	1,014	1.47	33	0.67	15	0.011	0.2
Total		4,459		107		54		1.2
2020 Open Pit Resource, net of tonnage moved to UG								
M&I	100	4,236	0.42	39	0.26	24	0.008	0.8
Total		8,695		146		78		2.0
M&I + 50% Inferred		8,188		129		71		1.9

Source: Company/ FRC

In 2022, a Preliminary Economic Assessment (PEA) was completed. The study was based on **underground operations (1,500 tpd) spanning nine years**, involving conventional crushing/grinding/floatation processes, producing nickel/copper concentrates.

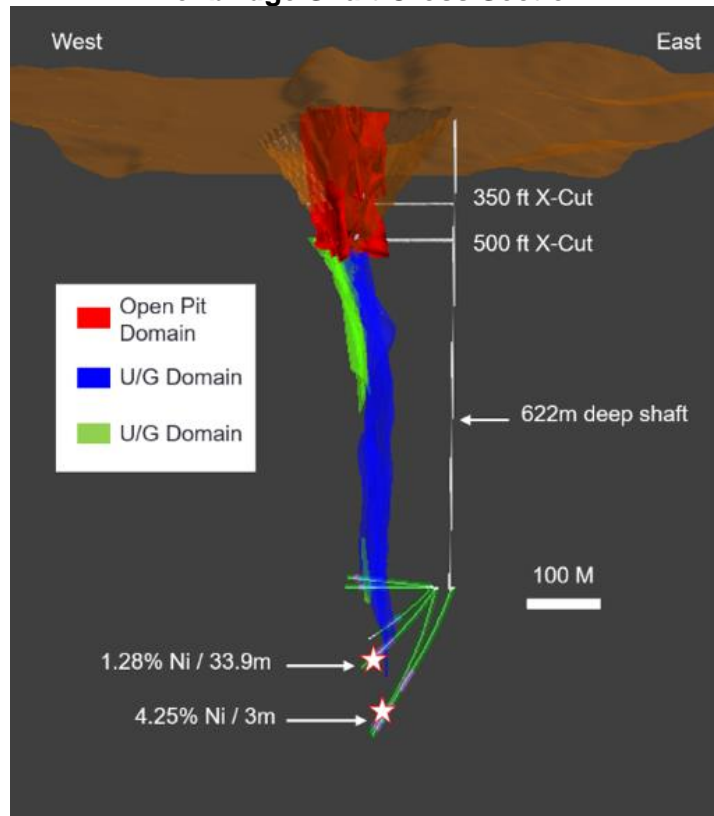
The PEA targeted deeper/higher-grade resources

Higher-grade ore will be accessed in the initial years, implying potential for relatively high cash flows in the early stages

The project's initial CAPEX of US\$134M is relatively low, given the existing infrastructure

AT-NPV5% of \$109M, and a high AT-IRR of 20%, using US\$10/lb nickel, and US\$3.8/lb in cash costs

Kenbridge Shaft Cross Section



2022 PEA Highlights

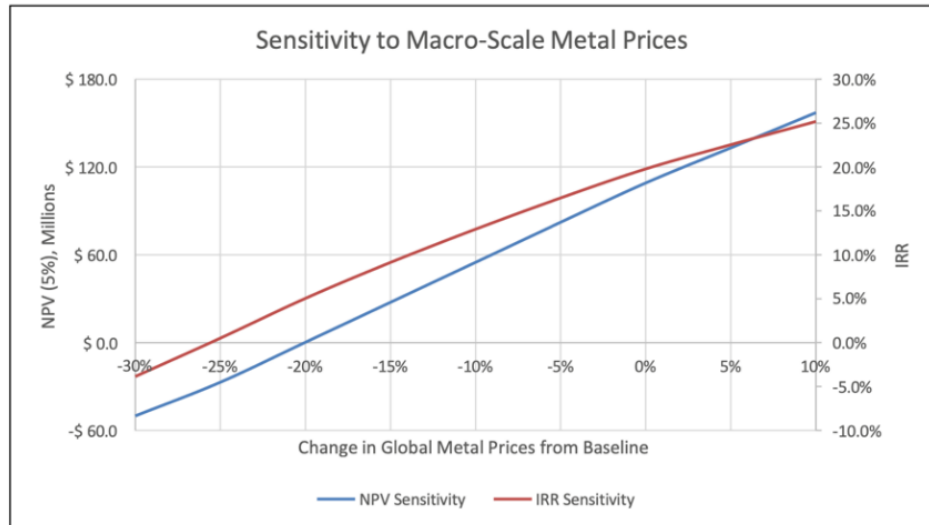
Highlights	2022 PEA
AT-NPV5%	\$109M
AT-IRR	20.0%
Payback period (after-tax)	3.5 years
Cash Costs	US\$3.8/lb NiEq
Processing Throughput	1,500 tonnes per day
Mine life	9 years
Life-of-mine nickel production	52.6 Mlbs
Life-of-mine copper production	30.7 Mlbs
Nickel price	US\$10/lb
Copper price	US\$4/lb
Initial CAPEX	US\$134M
Exchange rate	0.78 US\$/C\$

Source: Company/FRC

The break-even nickel price is US\$8/lb

AT-NPV5% increases to \$160M at US\$11/lb nickel

We believe the PEA was conservative as it excluded open-pittable resources

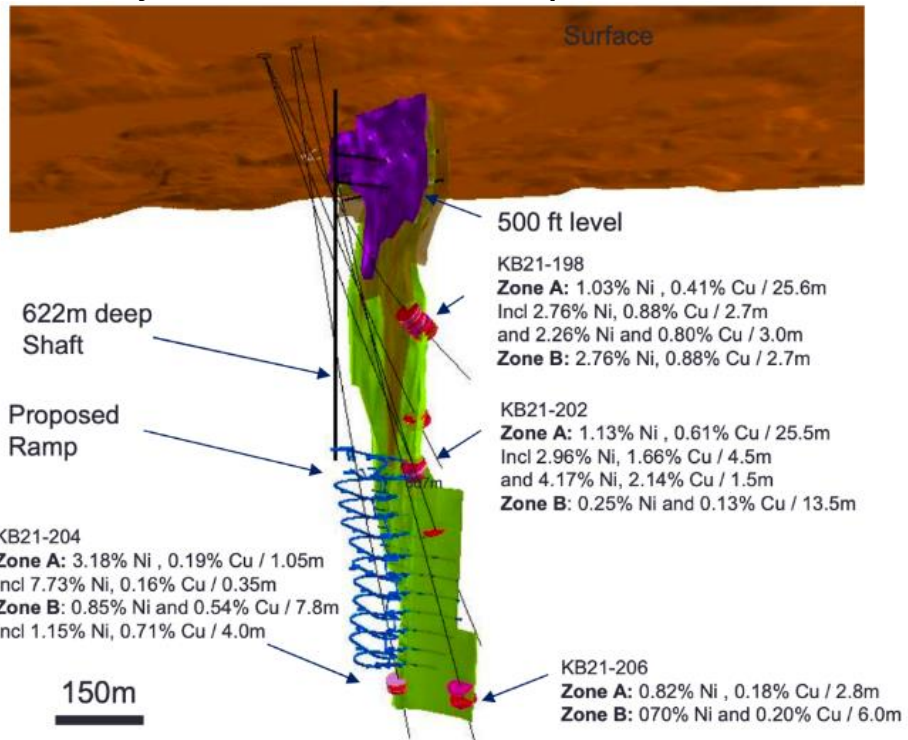


Source: Company

Exploration/Resource Expansion Plans

TN is planning an aggressive resource expansion program, potentially evaluating mineralization along the strike and down dip, and upgrading inferred resources to the indicated category.

Key Drill Results & Resource Expansion Potential



*The Central zone is represented by the highlighted area in green

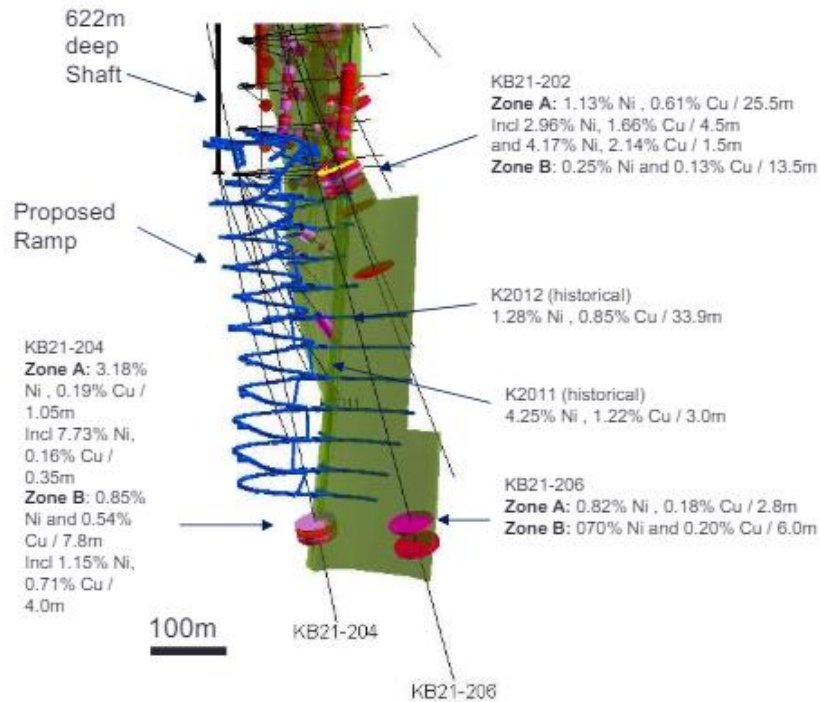
Source: Company

We believe there is resource expansion potential, as the deposit remains open laterally, and at depth

Drill intercepts below the existing shaft returned high grades of up to 1.15% Ni, and 0.71% Cu

We note that nickel sulphide deposits often have extensive vertical depths, with offset or parallel zones

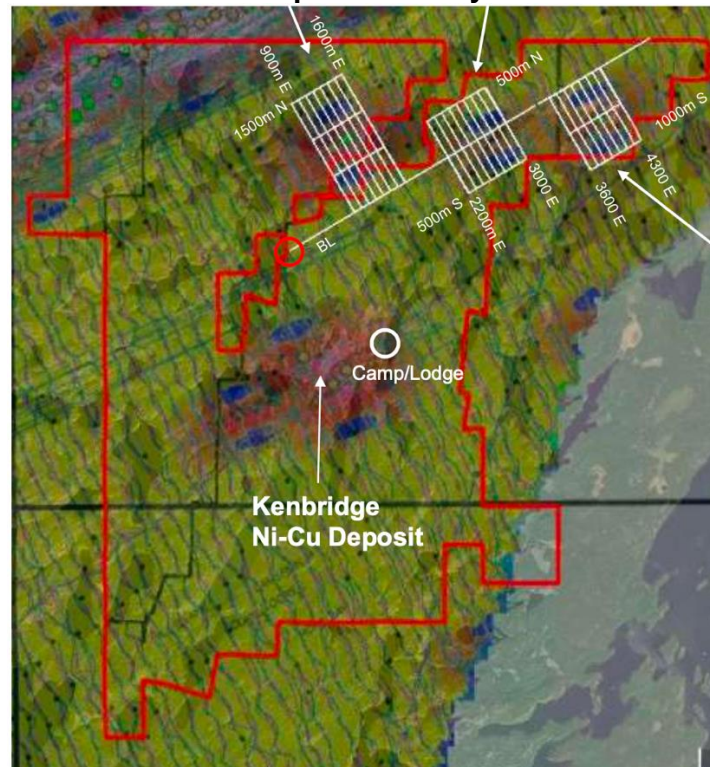
Key Drill Results & Resource Expansion Potential



**The Central zone is represented by the highlighted area in green*

TN is planning borehole geophysics, and a deep penetrating airborne survey, over the entire property to test for hidden conductivity features

Proposed Survey



Source: Company

Management intends to raise \$6-\$8M this year

Management’s proposed **budget for 2024/2025** is \$15M, allocated as follows:

- \$3M for **dewatering** the existing shaft, and \$5M for establishing temporary facilities for underground access
- \$3.5M for an **8,000-meter drill program**
- \$1.5M for **environmental baseline studies** for project permitting, and working capital
- <\$1 million for completing an **all-season access road**, which should dramatically reduce on-going exploration costs.

Financials

Maintains a reasonably healthy balance sheet

(in C\$) (FYE- March 31)	2023 (9M)
Cash	\$96,750
Working Capital	\$4,001,689
Current Ratio	7.64
Monthly Burn Rate (G&A)	-\$104,758
Cash Spent on Properties	-\$800,437
Cash from Financing Activities	\$765,511

As of April 2024, TN had cash, and marketable investments, totaling \$2.2M

Options	#	Exercise Price	Amount
Total	5,700,000	\$0.44	\$2,495,000
In-the-Money	-	-	-

Warrants	#	Exercise Price	Value
Total	3,071,898	\$0.38	\$1,167,321
In-the-Money	-	-	-

Source: FRC / Company

FRC Valuation and Rating

The following table compares TN to other high-grade nickel juniors.

High-Grade Ni Projects

Project	Ferguson Lake	Shakespeare+Crean Hill	Lockerby East	Tamarack	Selebi
Location	Nunavut	Ontario	Ontario	Minnesota	Botswana
Company	Canadian North Resources	Magna Mining	SPC Nickel	Talon Metals (60% interest)	Premium Nickel
Enterprise Value (\$M)	\$144	\$125	\$8	\$136	\$124
Stage	Resource	FS	Resource	PEA	Resource
Resource % NiEq	Ind: 643 Mlbs (1.2%) + Inf: 1,145 Mlbs (1.1%)	Ind: 1,309 Mlbs (1.15%) + Inf: 74 Mlbs (0.85%)	Indicated: 319 Mlbs NiEq (0.70%) Inferred: 124 Mlbs NiEq (0.89%)	Ind: 444 Mlbs (2.3%) + Inf: 223 Mlbs (1.2%)	M&I: 271 Mlbs at (0.96% Ni) + Inf: 661 Mlbs (0.79% Ni)
Ni Equiv. (100% M&I +50% Inf.) - Mlbs	1,216	1,346	381	333	602
EV/Resource	\$0.118	\$0.093	\$0.020	\$0.408	\$0.206

TN is trading at \$0.10/lb NiEq vs the sector average of \$0.27/lb, a 62% discount

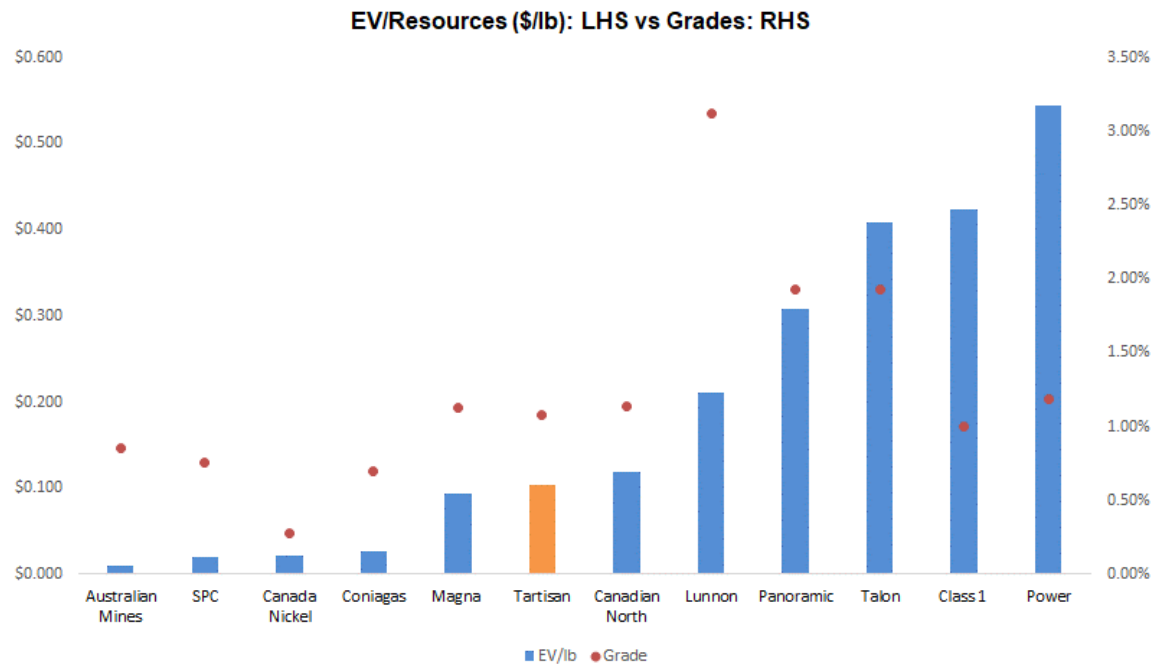
Applying \$0.27/lb to TN's resources, we arrived at a fair value estimate of \$0.38/share

Project	Kambalda	Sconi	Savannah	Cassini
Location	Australia	Australia	Australia	Australia
Company	Lunnon Metals	Australian Mines	Panoramic Resources	Mincor Resources (acquired by Wyloo Metals)
Enterprise Value (\$M)	\$35	\$12	\$161	\$626
Stage	Resource	BFS	Producer	Producer
Resource % NiEq	Ind: 139 Mlbs (3.4%) + Inf: 55 Mlbs (2.4%)	M&I: 1,140 Mlbs (0.90%) Inf: 260 Mlbs (0.66%)	M&I: 426 Mlbs (1.9%) + Inf: 194 Mlbs (2.0%)	M&I: 424 Mlbs (3.8%) + Inf: 71 Mlbs (3.9%)
Ni Equiv. (100% M&I +50% Inf.) - Mlbs	167	1,270	523	460
EV/Resource	\$0.210	\$0.009	\$0.308	\$1.362

Project	Crawford	Kenbridge	NISK	Alexo-Dundonald
Location	Ontario	Ontario	Quebec	Ontario
Company	Canada Nickel	Tartisan Nickel	Power Nickel (80%)	Class 1 Nickel
Enterprise Value (\$M)	\$236	\$17	\$66	\$21
Stage	PEA	PEA	Resource	Resource
Resource % NiEq	M&I - 8.8 Blbs (0.28%) + Inf. - 4.0 Blbs (0.27%)	M&I: 145 Mlbs (0.9%) + Inf: 40 Mlbs (1.8%)	Ind: 125 Mlbs (1.1%) + Inf: 53 Mlbs (1.4%)	Ind: 27 Mlbs (1.0%) + Inf: 45 Mlbs (1.0%)
Ni Equiv. (100% M&I +50% Inf.) - Mlbs	10,800	165	121	50
EV/Resource	\$0.022	\$0.103	\$0.545	\$0.424
Average (global)	\$0.268			

Source: FRC / S&P Capital IQ / Various Companies

Juniors with higher grades generally exhibit a higher EV/lb



Source: FRC / S&P Capital IQ / Various Companies

DCF Valuation

Our DCF valuation is \$0.55/share

Unlike the PEA, we are using both underground and open-pit resources in our models

However, we are using a conservative discount rate, and relatively low metals prices

DCF Valuation			
Mine Life (years)	15		
Throughput (tpd)	1,500		
Total Tonnage (Mt)	7.74		
	UG Grade	Recovery	Price (US\$/lb)
Ni	1.09%	75%	\$8.50
Cu	0.55%	77%	\$3.50
Initial Capital Cost (\$, M)	\$134		
Average Cash Cost (US\$/lb NiEq)	\$3.97		
Exchange rate (C\$:US\$)	1.35		
Discount Rate	11.6%		
After-Tax Net Asset Value (C\$)	\$65,101,935		
Working Capital - Debt	\$2,200,000		
Fair Value of TN (C\$)	\$67,301,935		
No. of Shares (treasury stock method)	121,969,004		
Fair Value per Share (C\$)	\$0.55		

Source: FRC

C\$:US\$ - 1.35		Nickel Price (US\$/lb)				
		\$8.0	\$8.3	\$8.5	\$9.5	\$10.5
Discount Rate	7.5%	\$0.86	\$0.94	\$1.02	\$1.34	\$1.65
	10.0%	\$0.58	\$0.64	\$0.71	\$0.97	\$1.23
	11.6%	\$0.44	\$0.49	\$0.55	\$0.78	\$1.01
	12.5%	\$0.37	\$0.43	\$0.48	\$0.69	\$0.91
	15.0%	\$0.22	\$0.26	\$0.30	\$0.48	\$0.66

Cu Price (US\$/lb)		Nickel Price (US\$/lb)				
		\$8.0	\$8.3	\$8.5	\$9.5	\$10.5
Cu Price (US\$/lb)	\$3.00	\$0.38	\$0.43	\$0.49	\$0.72	\$0.95
	\$3.25	\$0.41	\$0.46	\$0.52	\$0.75	\$0.98
	\$3.50	\$0.44	\$0.49	\$0.55	\$0.78	\$1.01
	\$3.75	\$0.47	\$0.53	\$0.58	\$0.81	\$1.04
	\$4.00	\$0.50	\$0.56	\$0.61	\$0.84	\$1.07

Source: FRC

We are resuming coverage with a BUY rating, and a fair value estimate of \$0.47/share (the average of our DCF and comparables valuations). Upcoming catalysts include drilling, and positive sentiment towards juniors focused on EV metals. With larger players actively pursuing M&A opportunities in the EV space, we believe TN could become an attractive acquisition target if its upcoming resource expansion drill program yields promising results.

Risks

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

- **Volatility in nickel and copper prices**
- Exploration and development
- **Project financing** may take longer than expected
- EIA and permitting
- No guarantee that the company will be able to simultaneously advance all of its projects
- Ongoing support from First Nation communities near the project is crucial

We are assigning a risk rating of 5 (Highly Speculative)

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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The distribution of FRC's ratings are as follows: BUY (67%), HOLD (3%), SELL / SUSPEND (30%).

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