



TARTISAN NICKEL CORP
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2019 AND 2018
(EXPRESSED IN CANADIAN DOLLARS)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tartisan Nickel Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tartisan Nickel Corp. (the Company), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of \$5,385,924 during the year ended March 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

SDVC LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
July 29, 2019

Tartisan Nickel Corp
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2019	As at March 31, 2018
ASSETS		
Current assets		
Cash	\$ -	\$ 81,681
Accounts receivable	25,466	94,993
Due from related parties (note 11)	232,223	284,470
Subscriptions receivable	35,300	-
Prepaid expenses	13,456	301,713
Total current assets	306,445	762,857
Non-current assets		
Property and equipment (note 5)	4,108	4,442
Mineral properties (note 4)	2,191,919	2,409,984
Reclamation deposit (note 4)	277,608	277,608
Investments (note 6)	1,853,939	6,508,933
Total assets	\$ 4,634,019	\$ 9,963,824
EQUITY AND LIABILITIES		
Current liabilities		
Bank overdraft	8,972	-
Accounts payable and accrued liabilities	\$ 327,544	\$ 182,016
Site restoration liability (note 4)	-	276,381
Total current liabilities	336,516	458,397
Total liabilities	336,516	458,397
Shareholders' equity		
Share capital (note 8)	8,071,829	7,858,050
Units and shares to be issued	8,750	8,750
Reserve	491,728	1,104,177
Contributed surplus	1,287,434	710,764
Foreign subsidiary translation reserve	54,068	66,284
Deficit	(5,616,306)	(242,598)
Total shareholders' equity	4,297,503	9,505,427
Total shareholders' equity and liabilities	\$ 4,634,019	\$ 9,963,824

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Subsequent events (note 17)

Commitments and contingencies (note 15)

Approved on behalf of the Board:

D. Mark Appleby Director

Douglas Flett Director

Tartisan Nickel Corp

Consolidated Statements of Loss (Income) and Comprehensive Loss (Income) (Expressed in Canadian Dollars)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Operating expenses		
Management and consulting fees (note 11)	\$ 251,279	\$ 301,280
Depreciation	925	963
Director fees (note 11)	9,000	21,000
Exploration costs	13,384	15,333
Foreign exchange loss	5,097	4,767
Interest and bank charges	1,251	3,825
Interest on notes payable	-	1,814
Marketing and promotion	243,913	739,743
Office, general and administration	162,263	237,279
Professional fees	136,058	50,959
	823,170	1,376,963
Other gains and losses		
Gain on settlement of debt	(71,454)	(21,172)
Gain on sale of mineral property (note 4)	(378,620)	-
Unrealized revaluation loss (gain) on investment (note 6)	4,996,433	(2,375,668)
Loss on sale of investments	4,179	-
Net loss (income) for the year	\$ 5,373,708	\$ (1,019,877)
Other comprehensive loss (income)		
Translation difference on foreign operations	\$ 12,216	\$ (18,702)
Total comprehensive loss (income) for the year	\$ 5,385,924	\$ (1,038,579)
Basic and diluted net loss (income) per share (note 11)	\$ 0.05	\$ (0.01)
Weighted average number of common shares outstanding	99,109,240	76,789,084

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Tartisan Nickel Corp
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Operating activities		
Net income (loss) for the year	\$ (5,373,708)	\$ 1,019,877
Adjustments for:		
Depreciation	925	963
Loss on sale of investments	4,179	-
Gain on sale of mineral property	(378,620)	-
Unrealized revaluation loss (gain) on investment	4,996,433	(2,375,668)
Gain on debt settlement	(71,454)	(21,172)
Accounts payable settled for non-cash consideration	106,615	-
Foreign exchange	-	17,972
Shares issued for services	-	40,000
Changes in non-cash working capital items:		
Amounts receivable	69,527	5,790
Prepaid expenses	288,257	(231,070)
Amounts payable and other liabilities	145,528	(204,165)
Net cash used in operating activities	(212,318)	\$(1,747,473)
Investing activities		
Proceeds from sale of Alexo Property	150,000	-
Addition of mineral properties	(150,196)	(112,500)
Property, plant and equipment purchases	(591)	-
Proceeds from sale of investments	11,301	-
Repayments of notes payable	-	(40,972)
Net cash provided by (used in) investing activities	10,514	(153,472)
Financing activities		
Net advances from (to) related parties	26,451	(126,604)
Cash proceeds on warrants exercised	84,700	-
Proceeds from issuance of units in private placement	-	1,166,500
Proceeds from exercise of warrants	-	936,800
Net cash provided by financing activities	111,151	1,976,696
Net change in cash	(90,653)	75,751
Cash, beginning of year	81,681	5,930
Cash (bank overdraft), end of year	\$ (8,972)	\$ 81,681

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Tartisan Nickel Corp
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Units to be issued	Share based payments	Warrants	Cumulative currency translation	Contributed surplus	Deficit	Total
Balance, March 31, 2017	65,064,345	\$ 4,375,236	\$ 8,750	\$ 193,066	\$ 311,884	\$ 47,582	\$ 710,764	\$ (1,262,475)	\$ 4,384,807
Shares issued	8,126,668	1,206,500	-	-	-	-	-	-	1,206,500
Shares issued for services	151,430	26,000	-	-	-	-	-	-	26,000
Shares issued for debt	744,340	125,400	-	-	-	-	-	-	125,400
Shares issued in connection with business acquisition	11,915,608	1,787,341	-	-	-	-	-	-	1,787,341
Warrants exercised	11,440,000	1,137,366	-	-	(200,566)	-	-	-	936,800
Fair value of warrants	-	(799,793)	-	-	799,793	-	-	-	-
Exchange difference on foreign operations	-	-	-	-	-	18,702	-	-	18,702
Net income for the year	-	-	-	-	-	-	-	1,019,877	1,019,877
Balance, March 31, 2018	97,442,391	7,858,050	8,750	193,066	911,111	66,284	710,764	(242,598)	9,505,427
Shares issued for debt	120,000	8,000	-	-	-	-	-	-	8,000
Warrants exercised	2,000,000	170,000	-	-	-	-	-	-	170,000
Fair value of warrants exercised	-	35,779	-	-	(35,779)	-	-	-	-
Fair value of warrants expired	-	-	-	-	(517,265)	-	517,265	-	-
Exchange difference on foreign operations	-	-	-	-	-	(12,216)	-	-	(12,216)
Fair value of options forfeited	-	-	-	(59,405)	-	-	59,405	-	-
Net income for the year	-	-	-	-	-	-	-	(5,373,708)	(5,373,708)
Balance, March 31, 2019	99,562,391	8,071,829	8,750	133,661	358,067	54,068	1,287,434	(5,616,306)	4,297,503

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Nature of business

Tartisan Nickel Corp. (formerly Tartisan Resources Corp.) ("Tartisan" or the "Company") was incorporated on March 18, 2008 under the Business Corporations Act. The Company's registered office is at 44 Victoria Street, Suite 1060, Toronto, Ontario, M5C 1Y2. The Company is listed on the Canadian Securities Exchange ("CSE"), trading under the symbol "TN" and is currently a member of the CSE Composite Index. On February 20, 2018, the shareholders of Tartisan approved the change of the Company's name to Tartisan Nickel Corp.

The Company is in the business of acquiring, exploring for and developing mineral properties in Canada and in Peru. Substantially all of the efforts of the Company are devoted to these business activities. The ability of the Company to carry out its business plan rests with its ability to achieve profitable business operations, to secure equity and other financing.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

Going concern uncertainty

At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the year ended March 31, 2019, the Company incurred a net loss of \$5,373,708 (March 31, 2018 - \$ (1,019,877)) and had negative operating cash flows of \$212,318 (March 31, 2018 - \$1,747,473). The Company has an accumulated deficit of \$5,616,306 since inception (March 31, 2018 - \$242,598) and does not have sufficient cash and receivables as at March 31, 2019 to meet its expected obligations over the next twelve months. These conditions raise material uncertainties which may cast significant doubt as to the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to generate cash flows from operations and to complete negotiations to obtain and successfully close additional funding from debt financing, equity financing's or through other arrangements. While the Company has been successful in arranging financing in the past, there can be no assurance the debt financing or any equity offering will be successful.

While the Company has been successful in securing financing's in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

1. Nature of operations and going concern (continued)

There are numerous risks involved in the mineral exploration industry. The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether. The success of the operations and activities are dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of outside contractors, experts and other advisors.

2. Basis of preparation

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of July 29, 2019, the date the Board of Directors approved the statements.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its Canadian subsidiary. All financial information is expressed in Canadian dollars unless otherwise stated and has been rounded to the nearest dollar. These financial statements have been prepared on a historical cost basis, with the exception of certain financial assets which are measured at fair-value, as explained in the accounting policies below.

Critical accounting judgements, estimates and assumption

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statement are discussed below:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company title. Such properties may be subject to prior agreement or transfers and titles may be affected by undetected defects.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

2. Basis of preparation (continued)

Non-current asset impairments

The application of the Company's accounting policy for impairment on exploration and evaluation ("E&E") assets requires judgement in determining if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation expenditures

The application of the Company's accounting policy for E&E expenditures capitalized requires judgement in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, an entity considers the degree to which the expenditure can be associated with finding specific mineral resources.

Due from related party's impairment

The Company applied judgement when estimating the future cash flows from its due from related parties balance. In making this assessment, the Company considered the credit risk of the counterparty, the quality of the underlying security and other relevant factors.

Valuation allowance for deferred income tax assets

Each year, the Company evaluates the likelihood of whether some portion of deferred tax assets, if any, will not be realized. This evaluation is based on historic and future expected levels of taxable income, the timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, tax planning initiative, and deferred tax rates.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its exploration projects and working capital requirements.

Classification of financial assets

Judgment is required in classifying non-strategic equity investments as either FVTPL or FVTOCI.

Legal provisions

Judgment is required in making a determination for recognition and disclosure requirements as it related to lawsuits faced by the Company

Use of estimates

The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. Significant estimates include the valuation of the due from related parties balance, recoverability of reclamation deposit, valuation of warrants held using the BlackScholes pricing model and the measurement of common shares issued for non-cash consideration.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Canadian Arrow Mines Limited ("Canadian Arrow"), and Minera Tartisan Perú S.A.C. ("Minera"), which is incorporated in Peru. All significant inter-company transactions have been eliminated upon consolidation.

Mineral Property

Costs related to the acquisition and exploration of mineral properties are capitalized until a decision is made as to whether or not the assets contain sufficient economic reserves for mine development.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the carrying value of E&E assets, net of any impairment loss, is transferred to property and equipment.

The direct cost of E&E assets consists of:

- Acquisition of exploration properties including the cost of acquiring licenses and claims
- Gathering exploration data through topographical and geological studies
- Exploratory drilling, trenching and sampling
- Determine the volume and grade of the resource
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies

In Peru, the Company applies for early recovery of Impuesto General A Las Ventas ("IGV") on certain exploration expenditures it incurs in Perú. IGV is a value added tax charged on all goods and services. The IGV expenditures are partially refundable if recovery is applied for early. Based on management's best estimate the portion refundable is included in accounts receivable and the amount not refundable to the Company is expensed to exploration or capitalized to mineral properties if the Company has established mineral reserves in accordance with the Company's accounting policy. No amount has been accrued as at March 31, 2019. In addition, any amount not refunded to the Company can be used to offset amounts due to the Peruvian Revenue Service by the Company resulting from IGV charged to clients on future sales. Moreover, if the Company recovers amounts that have been deferred, the amount received will be applied to reduce mineral properties or taken as a credit against current exploration expenses depending on the prior treatment.

The aggregate recoverable against IGV collected on potential future revenues earned by the Peruvian subsidiary is \$102,578 accumulated as at March 31, 2019 (March 31, 2018 - \$102,578).

The Company reviews its mineral properties to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that change in future conditions in the near-term could require a change in the determination of the need for, and amount of, any write down.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Provisions and contingencies

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of longterm assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the year incurred. Discount rates using a pretax riskfree rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, and effects of inflation.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the consolidated statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; any differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Machinery and Equipment

Machinery and equipment are carried at cost less accumulated depreciation and impairment losses. Initially, an item of machinery and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Where an item of machinery and equipment comprises significant components with different useful lives, the components are accounted for as separate items of machinery and equipment and depreciated separately.

Expenditures incurred to replace a component of an item of machinery and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized and day-to-day maintenance costs are expensed. Expenses which are directly attributable to major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Depreciation is recognized in the statement of profit and loss and is provided on a declining balance basis using the following rates:

Machinery and equipment.....20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of Long-Lived Assets (excluding exploration expenditures)

The carrying amounts of the Company's long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In addition, capitalized mineral properties costs are assessed for impairment upon demonstrating the technical feasibility and commercial viability of the project.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU") for impairment purposes.

Impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of comprehensive loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Reclamation Obligations

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The present value of management's best estimate of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at March 31, 2019, the Company has not incurred any reclamation obligations for its Peru mineral properties (March 31, 2018 – \$nil).

Translation of foreign currencies

(a) Functional currency:

The consolidated financial statements are presented in Canadian dollars. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transaction and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the foreign exchange gain or loss in the consolidated statement of comprehensive loss under foreign exchange gain (loss).

(c) Translation of foreign operations

The results and financial position of Minera, Tartisan's wholly-owned subsidiary which has a different functional currency from the functional currency of the Company, are therefore translated into the functional currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Share capital is translated using the exchange rate at the date of the transaction;
- Revenue and expenses for each statement of comprehensive loss are translated at average exchange rates during the period; and
- All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive loss.

The Company treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment in foreign operations which is recorded as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive loss (income). When a foreign entity is sold, such exchange differences are recognized in the consolidated statement of comprehensive income (loss) as part of the gain or loss on sale.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to the residual value method. The fair value of the warrants is determined using the Black Scholes option pricing model with the residual value being allocated to the shares. For agent and finders' warrants issued in the year, in the absence of a reliable measurement of the services received, the warrants have been measured at the fair value of agent and finders' warrants issued. On the expiry of warrants, the fair value previously allocated to warrants is reclassified to contributed surplus.

Financial instruments

Effective April 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: recognition and measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis without restating comparatives, however, this adoption had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

Classification	IAS 39	IFRS 9
Cash and bank overdraft	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Reclamation deposit	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Investments	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's marketable securities are classified as financial assets measured at FVTPL.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's cash, amounts receivable, and advances are classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, debentures payable, and other liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Share-based payments

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire mineral properties or shares and warrants issued against services received are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. The fair value of agents' and finders' warrants is measured at the date that the Company receives the services.

The Company offers a share option plan for its directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing reserve for share-based payments based on the number of awards expected to vest. Any consideration paid on exercise of share options is credited to share capital. The reserve for share-based payments resulting from share-based compensation is transferred to share capital when the options are exercised.

Earnings (loss) per common share

Basic earnings (loss) per share are computed by dividing the net earnings (loss) applicable by the weighted average number of common shares outstanding during the reporting year. Diluted earnings (loss) per share is computed by dividing the net earnings (loss) by the sum of the weighted average number of common shares issued and outstanding during the reporting year and all additional common shares for the assumed exercise of options and warrants outstanding for the reporting year, if dilutive.

The treasury stock method is used to arrive at the diluted earnings (loss) per share, which is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. Diluted loss per share do not include the effect of share options and warrants as they are antidilutive.

Related party transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board (“IASB”) or the IFRS Interpretations Committee (“IFRIC”) that are mandatory for accounting periods on or after April 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16, Leases (“IFRS 16”) was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will affect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments (“IFRIC 23”) was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the interpretation in its financial statements for the annual period beginning on April 1, 2019.

4. Mineral properties

	Alexo	Kenbridge	Ichuna	Don Pancho	Total
March 31, 2017	\$ -	\$ -	\$ -	\$ 120,000	\$ 120,000
Additions and acquisition	334,208	1,843,276	112,500	-	2,289,984
March 31, 2018	\$ 334,208	\$ 1,843,276	\$ 112,500	\$ 120,000	\$ 2,409,984
Additions and acquisition	34,053	116,143	-	-	150,196
Sale	(368,261)	-	-	-	(368,261)
March 31, 2019	\$ -	\$ 1,959,419	\$ 112,500	\$ 120,000	\$ 2,191,919

Don Pancho Property

On March 30, 2017, Tartisan announced the closing of the acquisition of the Don Pancho polymetallic zinc-lead-silver manganese project in Peru.

Tartisan acquired a 100% undivided interest in the Don Pancho property by paying \$50,000 and issuing 500,000 common shares valued at \$0.14 per share totaling \$70,000. Upon completion of 5,000 metres of drilling and/or underground development a further 150,000 shares are payable, and if a NI 43-101 compliant resource is published, a further 150,000 shares are payable, and if the Company loses control of the Don Pancho project either by sale or joint-venture, a further 200,000 shares are payable. Duran Ventures will retain a 2% net smelter return royalty, of which half (1%) can be purchased by Tartisan for US\$500,000.

The Don Pancho polymetallic project is located in the Province of Huaral, in the Department of Lima Peru, 105 kilometres north-northeast of Lima, comprising one concession of 600 hectares and located approximately between 3,660 meters and 4,487 meters above sea level. A Technical Report on the Don Pancho Polymetallic Project (Zn, Pb, Ag, Mn) NI 43-101 has been filed on Duran Ventures SEDAR profile (2014).

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

4. Mineral properties (continued)

Ichuna Property

On May 24, 2017, Tartisan completed the acquisition of the Ichuña Copper-Silver property in located in the Department of Moquegua in Southern Peru. Tartisan entered into an agreement with Duran Ventures Inc. (“Duran”) to acquire 100 per cent interest in the Ichuña copper-silver property by paying Duran a cash payment \$50,000 and issuing 500,000 shares valued at \$0.125 per share totaling \$62,500. Upon completion of 5,000 metres of drilling and/or underground development a further 150,000 shares are payable, and if a NI 43-101 compliant resource is published, a further 150,000 shares are payable, and if the Company loses control of the Don Pancho project either by sale or joint-venture, a further 200,000 shares are payable. Duran retains a 2% NSR of which Tartisan may purchase half (1%) of the NSR for US\$500,000. The Ichuña property is contiguous to San Gabriel project owned by Peru’s largest mining company Minas Buenaventura (“Buenaventura”).

Canadian Arrow Mines Limited (Kenbridge and Alexo Properties)

Effective on February 28, 2018, Tartisan closed the acquisition of Canadian Arrow Mines Limited (“Canadian Arrow”) announced on October 20, 2017. Tartisan acquired all of the issued and outstanding common shares of Canadian Arrow by issuing common shares in the capital of Tartisan. Pursuant to the terms of the Agreement, Tartisan issued to each Canadian Arrow Mines Limited shareholder one common share of Tartisan for every 17.5 common shares of Canadian Arrow, resulting in the issuance of 7,858,841 common shares at a price of \$0.15 per share of Tartisan. Additionally, Tartisan would issue up to 4,056,767 common shares of Tartisan at \$0.15 per share to settle certain Canadian Arrow debt of \$608,515 pursuant to debt conversion agreements with various Canadian Arrow creditors. Transaction costs of \$130,646 have been included in the consideration paid to acquire Canadian Arrow. In addition, Canadian Arrow granted a 1% Net Smelter Return Royalty relating to its Kenbridge project as part of the debt settlement as it related to a previous loan.

This transaction did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of mineral property interests with the Company acquiring the outstanding shares of Canadian Arrow effective February 28, 2018 upon the final closing of the agreement. The consideration for the acquisition of Canadian Arrow has been allocated at the fair market value of the assets acquired and liabilities assumed, based on managements’ best estimates and taking into account of the information available at the time of the acquisition.

The fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed is summarized in the following table:

Purchase consideration

Common shares	\$ 1,178,826
Debt settlements	\$ 696,600
Transaction costs	\$ 130,646
Total purchase price	\$ 2,006,072

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

4. Mineral properties (continued)

Net assets acquired

Cash	\$ 21,757
Accounts receivable	\$ 15,916
Reclamation deposit	\$ 277,608
Kenbridge exploration asset	\$ 1,843,274
Alexo-Kalex exploration asset	\$ 334,208
Total assets acquired	\$ 2,492,763
Less:	
Accounts payable	\$ (210,310)
Site restoration liability	\$ (276,381)
Total net assets acquired	\$ 2,006,072

The Company's subsidiary, Canadian Arrow, had originally recorded a site restoration liability of \$246,881 (March 31, 2018 - \$276,381) for the cost of restoring the Alexo project relating to bulk samples and mining in prior years. These costs are estimated by management and approved by the Ontario Ministry of Northern Development and Mines ("MNDM"). As part of the sale of the Alexo property, this restoration liability has been transferred to the buyer with no remaining obligation to the Company.

Sale of Alexo-Kalex Nickel Deposit Project

In October, 2018, the Company signed a Definitive Purchase Agreement with VaniCom Resources Limited ("VaniCom") of Perth, Western Australia for the sale of a 100% interest in the Company's Alexo-Kelex Nickel Deposit Project ("Alexo") located near Iroquois Falls, Ontario (the "Property"). The purchase terms included Cdn. \$150,000 to the Company in cash on closing of the Definitive Purchase Agreement. In addition, VaniCom will issue the Company 1,750,000 common shares in the capital of VaniCom with a deemed value of Cdn. \$350,000 and subject to a six-month hold period. The Company will receive a 0.5% Net Smelter Return Royalty on any future production from Alexo.

The Company was required to issue reclamation bonds to cover the estimated restoration costs. As at March 31, 2019, a reclamation deposit of \$277,608 was held by the MNDM and will be released to the Company upon the MNDM being satisfied with the site restoration. The Definitive Purchase Agreement resulted in all risks and rewards from Alexo being transferred to VaniCom with the exception of the reclamation deposit of \$277,608 for which the rights remain with the Company.

The Definitive Purchase Agreement also includes a requirement that VaniCom incur expenditures of at least Cdn. \$750,000 on exploration and development on the Property over a 36-month period.

Sale consideration

Vanicom shares - 1,750,000	\$ 350,000
Cash	\$ 150,000
Site restoration liability	\$ 246,881
Total sale price	\$ 746,881
Carrying cost of Alexo mineral property	\$ (368,261)
Gain on sale of Alexo mineral property	\$ 378,620

The Company recorded a gain on the sale of the Alexo-Kalex Nickel Deposit Project of \$378,620. The shares of VaniCom owned by the Company represent 3% of the total issued and outstanding shares of VaniCom.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

5. Property and equipment

	March 31, 2019			March 31, 2018		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Machinery and equipment	\$ 15,504	\$ 11,396	\$ 4,108	\$ 14,671	\$ 10,229	\$ 4,442
	\$ 15,504	\$ 11,396	\$ 4,108	\$ 14,671	\$ 10,229	\$ 4,442

6 Investments

Investment in Eoro Resources Ltd

	As at March 31, 2019	As at March 31, 2018
Common shares - 5,964,000 shares (2018 - 6,000,000)	\$ 1,491,000	\$ 5,075,000
Warrants - 3,000,000 warrants (2018 - 3,000,000)	<u>12,500</u>	<u>1,433,933</u>
	\$ 1,503,500	\$ 6,508,933

The Common shares and Warrants of Eoro Resources Ltd. ("Eoro") were acquired by Tartisan for investment purposes and depending on the restrictions imposed by the Lock-Up Agreement, market and other conditions, it may from time to time in the future increase or decrease its ownership, control or direction over securities of Eoro through market transactions, private agreements, or otherwise.

As at the March 31, 2019 year-end, the Company had 16.4% (March 31, 2018 – 17.6%) of the outstanding common shares of Eoro, Tartisan does not exert significant influence on Eoro since it does not have representation on the Board of Directors, does not participate in management or decision-making processes, does not share in any management personnel and there are no material business dealings or transactions between the Tartisan and Eoro going forward. Therefore, the Company is accounting for the Common Shares and Warrants of Eoro as an investment.

As of March 31, 2019, the Eoro common shares were valued at \$1,491,000 (March 31 2018 - \$5,075,000) based on the market price of \$0.25 (March 31, 2018 - \$0.87) less a 0% (March 31, 2018 - 3%) discount for the remaining hold period placed on the common shares. The discount was based on discount for securities with similar hold periods from restricted stock studies. The 3,000,000 Eoro warrants were valued at \$12,500 (March 31, 2018 - \$1,433,933) using the Black Scholes option pricing model with the following assumptions: (i) dividend yield of 0% (March 31, 2018 – 0%); (ii) expected volatility of 45.75% (March 31, 2018 - 60%) (iii) risk free rate of 1.60% (March 31, 2018 - 1.75%); and (iv) with an expected life of 0.55 years (March 31, 2018 - 1.5 years). The investments in common shares are considered a Level 1 and the warrants are Level 2 in the fair value hierarchy. As a result of changes in the fair market value of the shares held in Eoro, an unrealized loss of \$4,996,433 (2018 - gain of \$2,375,668) has been recorded in the statement of comprehensive gain and loss.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

6. Investments (continued)

Investment in VaniCom Resources Ltd.

During the year ended March 31, 2019 the Company acquired 1,750,000 shares of VaniCom, a private arms-length corporation existing under the laws of Australia (note 4). The shares were acquired in consideration for property sold by the Company to Vanicom at a price of \$0.20 per share. The total shares owned by the Company represents 3% of the total issued and outstanding shares of Vanicom. The shares held in VaniCon are classified as FVTPL and are a level 2 investment.

Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2019.

	Level 1	Level 2	Level 3	Total
Investments	\$ 1,491,000	\$ 362,500	\$ 0	\$ 1,853,500
	\$ 1,491,000	\$ 362,500	\$ -	\$ 1,853,500

7. Financial Instruments

The Company's risk exposure and the impact on the Company's financial instruments are described below.

Fair value

Financial instruments recognized at fair value in the consolidated statements of financial position have been prioritised into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. All financial instruments measured at fair value, at March 31, 2019, are as described in note 3.

Credit risk

Credit risk to the Company is the risk that a counter party will be unable to pay amounts owed to the Company. The Company's exposure to credit risk is summarized below:

Cash and cash equivalents

Credit risk is mitigated by ensuring the majority of the financial assets are placed with a major Canadian financial institution with strong investment-grade ratings by a primary ratings agency. The credit risk of cash and cash equivalents has been assessed as low.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

7. Financial instruments (continued)

Receivables

Credit risk has been assessed as low by management as the Company closely monitors its receivable balances and maintains its significant receivables with organizations with strong credit ratings. Amounts due from related parties are pursuant to a general security agreement.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at March 31, 2019, the Company had bank overdraft of \$(8,972) (March 31, 2018 - cash and cash equivalents of \$81,681) to settle current liabilities of \$336,516 (March 31, 2018 - \$458,397).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk.

Foreign currency risk

The Company is primarily exposed to currency fluctuations related to cash balances, receivables, payables, and amounts due to related parties held in Peruvian nuevo soles. As of March 31, 2019 the Company does not have any significant balances denominated in Peruvian peso.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to the nickel industry to determine the appropriate course of action to be taken by the Company.

8. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

Year ended March 31, 2018

On April 24, 2017, a total of 5,000,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$350,000.

Tartisan Nickel Corp

Notes to Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share capital (continued)

On May 11, 2017, the Company completed a private placement and issued 2,226,668 units at \$0.15 per unit for aggregate gross proceeds of \$334,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.20. Each full warrant is exercisable into one common share at an exercise price of \$0.20 expiring through November 12, 2018. The fair value of the warrants granted was \$258,886 and was calculated using the Black Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 210.81%; (iii) risk free rate of 1.09%; and (iv) with an expected life of 1.5 years; (v) share price of \$0.15.

On May 17, 2017, the Company issued 500,000 common shares to Duran Ventures Inc. at \$0.125 per share for a total value of \$62,500 in connection with the purchase of the Ichuna property in Peru (See Note 4). In accordance with the agreement, a total of 500,000 additional common shares may be issued by the Company to Duran Ventures Inc. depending on further actions or circumstances undertaken by Tartisan in connection with this property.

On October 27, 2017, 600,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$42,000.

On November 15, 2017, 1,000,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$70,000.

On November 21, 2017, the Company completed a private placement for 2,000,000 units at \$0.15 per unit for aggregate gross proceeds of \$300,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.25. Each full warrant is exercisable into one common share at an exercise price of \$0.25 expiring on May 21, 2019. The fair value of the warrants granted was \$210,623 and calculated using the Black Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 214.24%; (iii) risk free rate of 1.462%; and (iv) with an expected life of 1.0 years; (v) share price of \$0.14.

On November 27, 2017, the Company completed a private placement for 1,400,000 units at \$0.15 per unit for gross proceeds of \$210,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.25. Each warrant is exercisable into one common share at an exercise price of \$0.25 expiring on May 27, 2019. The fair value of the warrants was \$147,443 and calculated using the Black Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 214.25%; (iii) risk free rate of 1.462%; and (iv) with an expected life of 1.0 years; (v) share price of \$0.15.

On December 27, 2017, 1,650,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$56,000.

In January, 2018, a total of 1,650,000 previously issued warrants were exercised at between \$0.07 and \$0.20 per unit for aggregate gross proceeds of \$247,000.

On March 15, 2018, the Company completed a private placement and issued 2,000,000 units at \$0.15 per unit for gross proceeds of \$300,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.25. Each full warrant is exercisable into one common share at an exercise price of \$0.25 expiring through March 15, 2019. The fair value of the warrants granted was \$182,841 and was calculated using the Black Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 187.24%; (iii) risk free rate of 1.60%; and (iv) with an expected life of 1.0 year; (v) share price of \$0.16.

In March, 2018, a total of 2,000,000 previously issued warrants were exercised at \$0.07 and per unit for aggregate gross proceeds of \$140,000.

During the year ended March 31, 2018 common shares were issued for settlement of amounts due to related parties and debt, and share cancellation and the Canadian Arrow acquisition as follows:

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

8. Share capital (continued)

On January 29, 2018, the Company issued a total of 469,340 common shares were issued at a price of \$0.15 per share totaling \$70,400 for the settlement of certain debts owing to certain consultants and to directors of the Company.

Effective January 29, 2018, pursuant to the Canadian Arrow acquisition (Note 4), the Company issued a total of 4,056,667 shares to creditors of Canadian Arrow in settlement of debt of \$608,500 at a deemed price of \$0.15 per share.

Effective February 2, 2018, pursuant to the Canadian Arrow acquisition (Note 4), the Company issued a total of 7,858,841 shares to the shareholders of Canadian Arrow representing a total amount of \$1,178,826 at a deemed price of \$0.15 per share.

During the year ended March 31, 2018 commons shares were issued for services as follows:

On May 3, 2017, the Company completed issued 71,430 common shares at \$0.14 per common share for aggregate gross proceeds of \$10,000. The common shares were exchanged for online advertising, marketing and branding services to increase the brand awareness. The difference between the service value as the value per common shares was recorded as 'gain on debt settlement' in operations.

On October 3, 2017, the Company completed issued 40,000 common shares at \$0.20 per common share for aggregate gross proceeds of \$8,000. The common shares were exchanged for online advertising, marketing and branding services to increase the brand awareness.

On January 3, 2018, the Company completed issued 40,000 common shares at \$0.20 per common share for aggregate gross proceeds of \$8,000. The common shares were exchanged for online advertising, marketing and branding services to increase the brand awareness.

On February 21, 2018, a total of 275,000 common shares were issued at a price of \$0.20 per share totaling \$55,000 for the settlement of debts owing to three consultants to the Company.

Year ended March 31, 2019

On April 30, 2018, a total of 1,000,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$70,000

On August 1, 2018 a total of 1,000,000 previously issued warrants were exercised at \$0.10 per unit for aggregate gross proceeds of \$100,000

During the year ended March 31, 2019 commons shares were issued for services as follows:

On April 3, 2018, the Company issued 40,000 common shares at \$0.10 per common share for aggregate gross an aggregate gross service value of \$8,000. The common shares were exchanged for online advertising, marketing and branding services to increase the brand awareness.

On July 3, 2018, the Company issued 40,000 common shares at \$0.06 per common share for aggregate gross an aggregate gross service value of \$8,000. The common shares were exchanged for online advertising, marketing and branding services to increase the brand awareness.

On October 3, 2018, the Company issued 40,000 common shares at \$0.04 per common share for aggregate gross an aggregate gross service value of \$8,000. The common shares were exchanged for online advertising, marketing and branding services to increase the brand awareness.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

8. Share capital (continued)

Units to be issued

As of April 1, 2013, 195,000 units at \$0.10-\$0.15 per unit were issuable for cash proceeds received of \$24,250. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.20-\$0.25 expiring through to April 9, 2014. During 2014, 145,000 of the foregoing units were issued. Therefore, as of March 31, 2018 and March 31, 2017, there were 50,000 units remaining to be issued for cash proceeds received of \$5,000.

9. Stock options

On December 21, 2010, the Company's stock option plan (the "Option Plan") was approved by the Board of Directors. Pursuant to the terms of the Option Plan, the Board may designate directors, officers, employees and consultants of the Company eligible to receive options to acquire such numbers of common shares as the Board may determine, each option so granted being for a term specified by the Board up to a maximum of five years from the date of grant. The maximum number of common shares reserved for issuance for options granted under the Option Plan at any time is 10% of the issued and outstanding common shares of the Company.

	Number of stock options	Weighted average exercise price
Balance, March 31, 2017 and March 31, 2018	3,900,000	\$ 0.07
Forfeited	(1,200,000)	0.07
Balance, March 31, 2019	2,700,000	\$ 0.07

The following table reflects the actual stock options issued and outstanding as of March 31, 2019:

Expiry date	Exercise price (\$)	Weighted average Remaining contractual life (years)	Number of options outstanding
June 7, 2021	0.07	2.19	2,700,000

10. Warrants

Year ended March 31, 2018

On April 24, 2017, a total of 5,000,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$350,000.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

10. Warrants (continued)

On May 11, 2017, the Company completed a private placement for aggregate proceeds of \$334,000 at \$0.15 per unit and issued 2,226,668 common share purchase warrant exercisable at \$0.20 per share for a period of 1.5 years expiring through November 22, 2018. The value of the warrants calculated was \$258,886 using the Black Scholes pricing model.

On May 24, 2017, 150,000 previously issued warrants were exercised at \$0.10 per unit for aggregate gross proceeds of \$15,000.

On October 27, 2017, 600,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$42,000.

On November 15, 2017, 1,000,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$70,000.

On November 21, 2017, the Company completed a private placement for aggregate proceeds of \$300,000 at \$0.15 per unit and issued 2,000,000 common share purchase warrant exercisable at \$0.25 per share for a period of 1.5 years expiring through May 21, 2019. The value of the warrants calculated was \$210,623 using the Black Scholes pricing model.

On November 27, 2017, the Company completed a private placement for aggregate proceeds of \$210,000 at \$0.15 per unit and issued 1,400,000 common share purchase warrant exercisable at \$0.25 per share for a period of 1.5 years expiring through May 27, 2019. The value of the warrants calculated was \$147,443 using the Black Scholes pricing model.

On December 27, 2017, 800,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$56,000.

In January, 2018, a total of 1,650,000 previously issued warrants were exercised at between \$0.07 and \$0.20 per unit for aggregate gross proceeds of \$247,000.

On March 15, 2018, the Company completed a private placement and issued 2,000,000 units at \$0.15 per unit for gross proceeds of \$300,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.25. Each full warrant is exercisable into one common share at an exercise price of \$0.25 expiring through March 15, 2019. The fair value of the warrants granted was \$182,841 and was calculated using the Black Scholes option pricing model.

In March, 2018, a total of 2,000,000 previously issued warrants were exercised at \$0.07 and per unit for aggregate gross proceeds of \$140,000.

Year ended March 31, 2019

On April 3, 2018, 1,000,000 previously issued warrants were exercised at \$0.07 per unit for aggregate gross proceeds of \$70,000.

On October 5, 2018, a total of 1,000,000 previously issued warrants were exercised at \$0.10 per unit for aggregate gross proceeds of \$100,000.

Subsequent to year-end all warrants have expired and as such there are no outstanding warrants.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

10. Warrants (continued)

	Number of warrants	Weighted average exercise price
Balance, March 31, 2017	16,116,716	\$ 0.08
Issued (note 8)	7,626,668	0.24
Exercised	(11,440,000)	0.08
Balance, March 31, 2018	12,303,384	\$ 0.18
Exercised	(1,000,000)	0.07
Exercised	(1,000,000)	0.10
Expired	(6,903,384)	0.17
Balance, March 31, 2019	3,400,000	\$ 0.25

The following table reflects the actual share purchase warrants issued and outstanding as of March 31, 2019:

Expiry date	Remaining contractual life (years)	Number of warrants outstanding	Exercise price (\$)
May 21, 2019	0.14	2,000,000	0.25
May 27, 2019	0.16	1,400,000	0.25
		3,400,000	

11. Related party transactions

The Company paid or accrued the following amounts to related parties of the Company as defined as directors, management, and companies controlled by directors and management or companies having common directors during the year ended March 31, 2019 and March 31, 2018:

	2019	2018
Chief Financial Officer services	\$ 69,730	\$ 48,000
Consulting and management fees	161,000	236,000
Director fees	9,000	21,000
	\$ 239,730	\$ 305,000

As of March 31, 2019, accounts payable and accrued liabilities include \$49,873 (March 31, 2018 - \$7,670) due to these related parties.

Amounts due from related parties are due from a senior advisor of the Company and bears interest at 2.5% per annum, due on demand and secured by a General Security Agreement comprising various assets including specific investment holdings held by the borrower.

12. Loss per share

For the period ended March 31, 2019, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$5,373,708 (year ended March 31, 2018 - \$(1,019,877)) and the weighted average number of common shares outstanding of 99,109,240 (year ended March 31, 2018 - 76,789,084). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

13. Capital management

The Company considers its capital to include components of shareholders' equity, which is comprised of share capital, units and shares to be issued, reserve for warrants, reserve for share-based payments, contributed surplus, foreign currency translation reserve, and deficit totaling as at March 31, 2019 of \$4,297,503 (March 31, 2018 – \$9,505,427).

The Company's objectives in managing capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue investments and new projects of merit; and to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended March 31, 2019 and March 31, 2018. Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

14. Income taxes

(a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2018 - 26.5%) were as follows:

	Year ended March 31,	
	2019	2018
Income (loss) before income taxes	\$ (5,373,708)	\$ 1,019,877
Expected income tax expense (recovery) based on the statutory rate: Adjustments to expected income tax benefit:	\$ (1,424,033)	\$ 270,267
Other deductible and non-deductible items	(25,160)	(631,099)
Non-taxable investment revaluation	1,325,162	-
Prior year adjustment	(432,813)	-
Benefit of deferred tax assets not recognized	556,844	360,832
Deferred income tax recovery	\$ -	\$ -

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

14. Income taxes (continued)

(b) Deferred income tax

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2019	March 31, 2018
Deductible temporary differences		
Non-capital loss carry-forwards	\$ 2,294,139	\$ 2,072,888
Non-current assets	67,980	90,550
Share issue costs	1,502	2,255
Investments	358,916	-
Deductible temporary differences not recognized	\$ 2,722,537	\$ 2,165,693

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company can use the benefits. The Company has non-capital losses of approximately \$8,369,834 in Canada which expire through 2039 and \$253,775 in Peru which potentially expire through 2023.

15. Commitments and contingencies

On June 22, 2017, Tartisan was served with court documents in Peru relating to a legal claim for labour rights filed by a former general manager of the Company. In January 2017, Tartisan had previously reached a settlement agreement with the claimant and had paid the settlement amount satisfactory to the claimant and with no further amounts or obligations due. On April 16, 2018, the Company through a court proceeding successfully entered into a settlement agreement with the claimant for an amount substantially lower than the original amount sought by the claimant. The proceeding has now terminated.

On June 14, 2018, Tartisan was served with court documents in Canada relating to a legal claim by a supplier under contract with the Company. The Company intends to vigorously defend this case in court and has filed a defense and counterclaim against the supplier. No amount has been accrued in the financial statements.

16. Segmented disclosure

As at March 31, 2019	Peru	Canada	Total
Current assets	\$ 3,969	\$ 302,476	\$ 306,445
Non current assets	71,020	4,256,554	4,327,574
Net income (loss)	(34,301)	(5,339,407)	(5,373,708)

As at March 31, 2018	Canada	Peru	Total
Current assets	\$ 748,056	\$ 14,801	\$ 762,857
Non current assets	9,128,431	72,536	9,200,967
Net income (loss)	1,065,385	(45,508)	1,019,877

Tartisan Nickel Corp
Notes to Consolidated Financial Statements
Years Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

17. Subsequent event

Subsequent to March 31, 2019 the Company completed the acquisition agreement with Klondike Bay Resources Limited to purchase a 100% interest in certain claims in the Sault Ste. Marie Mining District of Ontario.

The claims are located in Vankoughnet Township, Sault Ste. Marie Mining District, Ontario and the purchase terms call for total cash payments of \$15,000; the issuance of 700,000 common shares in the capital of Tartisan Nickel Corp. and a 2% net smelter return royalty (subject to a 1% buy-back provision for \$250,000).