

# **TARTISAN NICKEL CORP.**



## **MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

(Expressed in Canadian dollars, unless otherwise stated)

Dated November 29, 2019

THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2019

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**General**

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Tartisan Nickel Corp. (formerly "Tartisan Resources Corp") (the "Company" or "Tartisan") has been prepared as of September 30, 2019. This MD&A constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended September 30, 2019. This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended September 30, 2019. Those unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations, (collectively "IFRS") as issued by the International Accounting Standards Board. The Company's presentation currency is the Canadian dollar. Reference herein of \$ is to Canadian dollars and reference of US\$ is to United States dollars.

The audit committee of the Company, consisting of two independent directors of the Board of Directors of the Company, has reviewed this MD&A pursuant to its charter and the Board of Directors has approved the disclosures contained herein.

**Forward Looking Information**

*Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. Such forward-looking statements are subject to a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays in or failure to obtain governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.*

**Description of Business**

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 Company primarily operates through its wholly owned subsidiaries, Canadian Arrow Mines Limited ("Canadian Arrow") and Minera Tartisan Perú S.A.C. ("Minera Tartisan") which is incorporated in Perú.

The Company was receipted by the Ontario Securities Commission for a Final Prospectus dated November 23, 2011 in connection with an Initial Public Offering. The Company filed an Amended and Restated Prospectus (the "Prospectus") dated February 13, 2012 relating to the Initial Public Offering. The receipted Prospectus achieved the goal of making the Company a reporting issuer in the Provinces of Ontario, Alberta and British Columbia.

The Company is traded on the Canadian National Stock Exchange (now the Canadian Securities Exchange, "CSE") under the stock symbol "TN" as of September 13, 2012.

**Re-Branding of the Company's Business**

On February 20, 2018, the shareholders of the Company approved the proposed change of the Company name to Tartisan Nickel Corp. On February 28, 2018, the Company announced that it had completed the final closing of the acquisition of Canadian Arrow Mines Ltd. for a total purchase price of \$2,006,072. The Company embarked on an initiative to rebrand its corporate vision in the marketplace to better reflect the corporate business focus of the Company to the Kenbridge Nickel-Copper-Cobalt deposit.

The name change was key to a corporate objective of rebranding the Company as a battery metals explorer given the flagship nickel sulphide property. A detailed marketing program was commenced with external consultants skilled in different marketing segments relevant to a battery metals exploration company.

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The Company is now poised and ready to commence exploration and development work on the battery metals property portfolio in Canada and Peru according to a set strategy designed to quantify the potential for discovery on each of the properties. This included a review of the risk profile of each property which led to the decision to sell the Alexo-Kelex project as a non-core asset for further development and to finish the reclamation project so as to receive the environmental bond held in trust by the Ontario Ministry of Energy, Northern Development and Mines.

### **MINING PROJECTS**

As a result of the sale of the La Victoria mineral property and acquisition of new mineral properties of Don Pancho and Ichuna in Peru, and the Kenbridge Nickel project in Northern, Ontario, over the past 18 months, the Company will be refocusing its business efforts on the exploration and development of these new mining properties over the next 3 years.

#### La Victoria Property

The Company, through its subsidiary, Minera Tartisan Per S.A.C. held a 100% interest in its original mining concessions mineral property known as the La Victoria Project for a number of years as its primary mineral property and which, during the three and six months ended September 30, 2017, was sold to Eloro Resources Ltd. effective October 17, 2016. During the period ended December 31, 2017, Tartisan transferred the San Markito concession totaling 100 ha to Eloro as the final \$75,000 payment was made by Eloro on July 2, 2017.

#### 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 100% of the Don Pancho polymetallic zinc-lead-silver-manganese project located in the Province of Huaral, in the Department of Lima Peru, 105 kilometers 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 the Duran Ventures SEDAR profile (2014).

In summary, under the terms of the Definitive Agreement Tartisan has acquired a 100% undivided interest in the property from Duran Ventures Inc. ("Duran") by paying \$50,000 in cash and issuing 500,000 common shares. 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 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 Project is located in a prolific polymetallic mineral belt in central Peru with several operating mines in the area including the world class Iscaycruz and Yauliyacu polymetallic mines operated by GlencoreXtrata Plc located 50 kilometers to the north-northwest. Additionally, Trevali Mining Corporation's Santander silver-lead-zinc mine is located 9 kilometers to the east and Buenaventura's silver-lead-zinc Uchucchacua mine is located 63 kilometers to the north, (10 million ounces of silver produced in 2011). Infrastructure is considered excellent with ready access and a power line crossing the property en route to the Santander mine.

Previous exploration on the property included an extensive surface mapping and sampling program, geophysics, and a 2021 metre diamond drilling program of 6 holes conducted by a private Peruvian company. Mapping and sampling shows an extensive NNW-SSE trending breccia zone measuring over 800 metres in length and 150 to 200 metres in width. There are numerous old workings and underground drifts located within this zone. The 2014 diamond drilling program shows large intersections of polymetallic mineralization, including 40 metres of 0.88% Zn, 0.40% Pb and 7.7 g/t Ag, 22.65 metres of 1.00% Zn, 0.26% Pb and 6.85 g/t

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Ag and 1.15 metres of 4.38% Zn, 3.25% Pb and 61.1 g/t Ag, (see Duran's Press Release September 2, 2014). Surface sampling from the previous operator has revealed very interesting values, including 13.9 metres of 28.1 g/t Ag, 2.43% Pb, and 2.42% Zn, 2.8 metres of 28.1g/t Ag, 1.06% Pb, and 9.07% Zn and 13 metres of 8.38g/t Ag, 0.39% Pb, and 2.22% Zn. Sampling of underground workings in Yanapallaca area before the previous operators returned 106 g/t Ag, 3.26% Pb and 17.56% Zn over 2.00 metres. (See 43-101 Technical Report on Don Pancho filed on the Duran Ventures Sedar profile on December 30th, 2014).

Note that the true width of the mineralization both on the surface and in the underground workings cannot yet be determined as the controls of the mineralization are yet to be fully understood. The "Stage 1 Plan" for the project includes a complete reassessment of acquired data including block modeling and re-assay of 10% of the historical core which is expected to lead to a further program of geophysics and surface and/oro underground drilling. The Stage 1 plan is budgeted at \$30,000 and is expected to take six months. A "Stage 1 Program" of geophysics, diamond drilling, and potentially underground drifting is envisioned to commence in 2019-2020. Structural analysis on the geology suggests that previous drilling did not properly test the potential of the property. Tartisan has acquired the core and data for the Don Pancho mineral property.

Significant time, effort and resources have been expended on the Peruvian projects to date for several reasons:

1. Property acquisitions to expand the Don Pancho land package; and the time delays associated with approvals;
2. Moratoria on concessions that hold up the approval process and the continued required presence of Tartisan management in Peru;
3. Governmental insecurity leading to excessive wait times for everything based on two presidential governments in six months after the Odebrecht scandal. As a result, permitting has just about come to a halt for Category I and Category II projects.
4. Because of this, the Company is experiencing delays in the DIA until such time as the property position becomes clear.

#### Ichuña Property

On May 24, 2017, Tartisan completed the acquisition of the Ichuña copper-silver property located in the Department of Moquegua in Southern Peru. Tartisan entered into an agreement with Duran Ventures Inc. to acquire a 100 per cent interest in the Ichuña copper-silver property by paying Duran a cash payment CDN \$50,000 and issuing 500,000 shares. 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 the San Gabriel project owned by Peru's largest mining company Minas Buenaventura ("Buenaventura"). The San Gabriel project was a blind discovery in 2008 and now is reported to contain a resource of 13 million tonnes at 5.26 g/t Au for 2.2 million ounces in the measured, indicated and inferred categories (source Buenaventura website 2017 corporate presentation page 15). Buenaventura consolidated its interest in the project by purchasing Goldfield's interest in 2014 and revised the project from a large open pit operation to a more profitable underground operation. The main mineralized zone on the San Gabriel project is located just 3 kilometres from the property boundary with Tartisan.

The previous owner acquired the 1,000-hectare Ichuña Property in 2006 before the discovery at San Gabriel. Extensive high-grade surface Cu-Ag mineralization was initially observed by Duran's geologists and was later followed up by a property wide geophysical survey in 2010. The work identified a large IP geophysical anomaly trending northwest-southeast measuring over 1,500 metres in length. The main mineralized zone on Buenaventura's San Gabriel project called the Canahuire Zone was a blind target with a strong geophysical response. Economic mineralization in the Canahuire zone does not outcrop at surface and follows a recessive area. The geophysical anomaly on Ichuña has similar characteristics to the Canahuire zone whereby the IP anomaly trends along a recessive area with no outcrop.

Historic work on the property by Duran included seven diamond drill holes totaling 2,754 metres. Drilling did not test the geophysical anomaly. Tartisan intends to test this anomaly with diamond drilling.

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The Stage 1 Plan for Ichuna includes a Category 1 DIA and initial data analysis including drill hole modeling. The budget for the Stage 1 Plan was approximately \$25,000 in this fiscal year and is expected to take six months. It is anticipated that these works will lead to a Stage 2 Plan including geophysical surveys and diamond drilling. To date the stage 1 plan remains in the planning and preparation stage.

Currently, the Company has no mineral production revenue with either the Don Pancho or Ichuna mineral properties. Commercial development of any kind will only occur in the event that sufficient quantities of deposits containing economic concentrations of mineral resources are discovered. If in the future a discovery is made, substantial financial resources will be required to establish mineral reserves. Additional substantial financial resources will be required to develop mining and processing for any mineral reserves that may be discovered.

Kenbridge Nickel-Copper-Cobalt Project

The Kenbridge property is located in the north-central part of the Atikwa Lake area and the south-central part of the Fisher Lake area, Kenora Mining Division, approximately 70 kilometres east-south east of the town of Kenora, Ontario, Canada.

The Kenbridge deposit occurs within a vertically dipping, lenticular gabbro and gabbro breccia with surface dimensions of greater than 250 metres strike length by 60 metres. The host volcanic rocks on the western side of the deposit are mostly composed of medium green, strongly foliated and sheared, tuffaceous units with fragments defined by a lensoid banding of matrix carbonate. Very fine-grained massive green rock, possibly a flow or well-indurated tuff, is given the field name of greenstone and occurs throughout the volcanic sequence. Volcanic rocks on the eastern side of the deposit are characterized by larger fragments and less foliation. Contacts between the mineralized gabbro and the enveloping volcanic rocks are marked by a variable thickness of talc schist (1-30 m). The talc may or may not be mineralized.

Underground development of the Kenbridge deposit extends from surface to a depth of 623 metres in a 3 compartment shaft, with 244 metres of drifts and 168 metres of crosscuts at the 110 and 150 metre levels. The minimum drill spacing is at 15.2 metres on all levels. The deepest hole extends to 838.4 metre depth and intersected mineralization grading 4.25% nickel and 1.38% copper over 10.7 metres, indicating that the deposit remains open at depth. Historical surface drilling was completed at 30.5 metre spacing.

The mineralized zone has a strike length of about 250 metres as indicated by drill data. This mineralization has been investigated in detail on two underground levels and with drilling to a depth of 823 metres. Mineralization (pyrrhotite, pentlandite, chalcopyrite  $\pm$  pyrite) is found as massive to net-textured and disseminated sulphide zones, primarily in gabbro with lesser amounts in gabbro and talc schist. Nickel grades within the deposit are proportional to the total amount of sulphide with massive sulphide zones locally grading in excess of 6% Ni. Mineralization undergoes rapid changes in thickness and grades. At least three sub-parallel mineralized zones were intersected in the current drilling.

The Stage 1 Plan is to geophysically survey the Kenbridge property in two phases. First, an orientation induced polarization survey on 100m lines over the known mineralization of the Kenbridge deposit. The IP values thus obtained will form the basis for the geophysical study of the rest of the property starting with discrete surveys over two other geophysical anomalies known from works of the former owner, but which were never followed up.

Budgeted expenditures total approximately \$100,000 for 2019 for the geophysical survey, the line cutting required, the opening of the access road to vehicular and/or ATV traffic, and the QP site visits required, as well as surface evaluation of other areas highlighted by the geophysical surveys of the previous owner.

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Tartisan management and geological staff have visited the Kenbridge site. In addition, Minemap Pty Ltd of Perth, Australia and P and E Mining Consultants Inc. have been contracted to review the drill data, deposit modeling and historic P.E.A. in the context of potentially updating corporate information and disclosure. As at the date of this Note, the line-cutting and access road clearing/upgrading for the geophysical survey has been completed.

Sill Lake Property

During the three and six months ended September 30, 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).

**MARKETING AND PROMOTION**

The Company has moved to a base-metal focus from a gold-silver focus, with the acquisition of Canadian Arrow Mines Limited. Tartisan Nickel Corp. will continue to expose the Historic Kenbridge Asset to the marketplace.

**HIGHLIGHTS**

**Results of Operations for the three and six months ended September 30, 2019**

For the three and six months ended September 30, 2019, the Company incurred a comprehensive loss of \$61,555 and \$183,313 respectively (three and six months ended September 30, 2018 - \$1,968,990 and \$3,952,874). The large comprehensive loss recorded in the current year is almost entirely associated with an unrealized market write-down of the investment held in Eloro Resources in the prior year.

During the three and six months ended September 30, 2019, Tartisan recorded a revaluation gain on its Eloro investment of common shares and warrants of \$nil and \$60,457 (three and six months ended September 30, 2018 – loss of \$1,713,276 and \$3,435,686).

Discussion and analysis of the total expenses recorded for the three and six months ended September 30, 2019 and September 30, 2018 are as follows:

- Office, general and administration expenses decreased by \$29,784 and \$73,378 respectively compared to the prior period three and six months ended September 30, 2018 as a result of decreased corporate activity in the current period.
- Professional fees increased by \$37,124 and \$1,636 respectively compared to the prior period three and six months ended September 30, 2018 due to reduced fees related to year-end legal, audit and accounting activities.

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**Financial Condition**

Liquidity

The Company's mineral exploration activities have been funded to date primarily through the issuance of common shares and advances from related parties, and the Company expects that it will continue to be able to utilize these sources of financing until it develops cash flow from mining operations. However, there can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and to eventually forfeit or sell its interests in its properties.

Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs as well as its continued ability to raise capital.

For the three and six months ended September 30, 2019, the Company incurred a net loss of \$183,313 (three and six months ended September 30, 2018 - \$3,943,352) and had negative operating cash flows of \$256,970 (September 30, 2019 - \$51,177). The Company has an accumulated deficit of \$5,799,619 since inception (March 31, 2019 - \$5,616,306) and does not have sufficient cash and receivables as at September 30, 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. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

At present, the Company's business operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits as well as the success of the La Victoria project. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity financings. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. If the Company is unable to raise sufficient financing it may need to scale-back its intended exploration program and its other expenses.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

**Related Party Transactions**

	Three months ended		Six months ended	
	September 2019	September 2018	September 2019	September 2018
<b>Financial Results</b>				
Chief Financial Officer services	\$ 11,598	\$ -	\$ 17,015	\$ -
Consulting and management fees	25,000	35,000	50,000	60,000
Director fees	4,500	4,500	9,000	9,000

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As of September 30, 2019, the accounts payable and accrued liabilities balances include a total of \$23,355 (March 31, 2019 - \$49,873) due to certain of these related parties.

**Recent Accounting Pronouncements**

IFRS 16, Leases. In January 2016, the IASB issued the final publication of the IFRS 16 standard, which will supersede the current IAS 17, Leases (IAS 17) standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17.

The standard is effective for annual periods beginning on or after January 1, 2019. The Company has adopted this policy in the three and six months ended September 30, 2019 and there was no material impact.

**Legal Claims**

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.

**Investments and Opportunities**

The Company is continually reviewing potential investments and opportunities in Canada and in Peru and elsewhere that could enhance shareholder value of the Company.

Other than already disclosed in the consolidated financial statements or the MD&A herein, at present time there are no transactions being contemplated by management or the board that would affect the financial condition, results of operations and cash flows of any asset of the Company other than what has been previously discussed in this MD&A.

**Subsequent Events**

On October 9, 2019 the Company announced that it has engaged Aster Funds Ltd. To conduct a satellite-based long wave infrared thermal mineral scan and a synthetic aperture radar survey of the Sill Lake Pb-Ag property.

**Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal Three and six months ended September 30, 2018, available on SEDAR at [www.sedar.com](http://www.sedar.com).

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**Officers and Directors**

As of the date hereof the current Officers and Directors of the Company are:

D. Mark Appleby	- Director, President and CEO and Secretary
Aamer Siddiqui, CPA, CA	- Chief Financial Officer
Douglas Flett, J.D.	- Director
Yves Clement	- Director

Luc Pigeon B.Sc., M.Sc., P. Geo is the Qualified Person for Tartisan Nickel Corp. under NI 43-101.

James Steel, MBA, P. Geo is a Qualified Person for Tartisan Nickel Corp. under NI 43-101.

**Additional Information**

Additional information about the Company, including financial statements, press releases and other filings, are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company's website is [www.tartisannickel.com](http://www.tartisannickel.com).