
POWER NICKEL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS -
QUARTERLY HIGHLIGHTS
THREE MONTHS ENDED MARCH 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS - QUARTERLY HIGHLIGHTS

The following Interim Management's Discussion and Analysis ("Interim MD&A") of Power Nickel Inc. (Formerly Chilean Metals Inc.) (the "Company") for the three months ended March 31, 2023 is dated as of May 30, 2023 and has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2022. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2023 in addition to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS. Information contained herein is presented as of May 30, 2023, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and Santiago Stock Exchange, Venture Market. Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com and the Company's website www.powernickel.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of any precious and base metals discovered	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Price volatility of precious and base metals; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits
<p>The Company has no source of revenue and it will require additional cash resources to meet its administrative overhead and maintain its mineral investments for the next twelve months, starting from March 31, 2023</p> <p>The Company expects to incur further losses in the development of its business and will need to raise additional financing to meet its financial requirements</p>	The operating and exploration activities of the Company for the next twelve months and beyond, starting from March 31, 2023, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated exploration and maintenance on its property interests and its anticipated use of cash	The exploration and maintenance activities of the Company for the year ended December 31, 2023, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in the operations currently planned; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits
Sensitivity analysis of financial instruments	Foreign exchange rates will not be subject to change in excess of plus or minus 1%	Changes in exchange rate fluctuations

Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of precious and base metals will be favourable to the Company; no title disputes exist with respect to the Company's properties	Price volatility of any mineral discovered, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition
Management's outlook regarding future trends, including the future price of any precious and base metals discovered and availability of future financing	Financing will be available for the Company's exploration and operating activities; the price of applicable minerals will be favourable to the Company	Price volatility of any precious and base metals discovered; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing
Prices and price volatility for precious and base metals	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable	Changes in debt and equity markets and the spot price of precious and base metals, if available; interest rate and exchange rate fluctuations; changes in economic and political conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please, in addition, also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the unaudited condensed interim consolidated financial statements and notes thereto. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's Management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the financial statements and the Interim MD&A. Responsibility for the review and approval of the Company's financial statements and Interim MD&A is delegated by the Directors to the Audit Committee, which is composed of three directors. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

DESCRIPTION OF BUSINESS

Power Nickel Inc. (formerly Chilean Metals Inc.) is a resource exploration company involved in exploring for Nickel Copper, Cobalt, PEG group metals, gold, and silver on its various properties located in Chile, and Canada (Quebec & British Columbia). Exploring in Chile is done through its wholly owned subsidiaries in Chile, being Minera IPBX Limitada ("IPBX"), Minera Tierra de Oro Limitada, Minera Palo Negro Limitada and Minera Sierra Pintada Limitada ("Power Nickel Subsidiaries").

OVERALL PERFORMANCE

As at March 31, 2023, the Company had assets of \$2,342,770 and a net deficiency position of \$1,418,700. This compares with assets of \$1,960,445 and a net deficiency position of \$812,477 at December 31, 2022. At March 31, 2023, the Company had \$3,761,470 of liabilities (December 31, 2022 – \$2,772,922).

At March 31, 2023, the Company had a working capital deficit of \$1,371,579, compared to working capital deficit of \$766,032 at December 31, 2022, a change of \$605,547 (see "Liquidity Section" for more details). The Company had cash of \$1,476,144 at March 31, 2023, compared to cash of \$1,275,104 at December 31, 2022, an increase of \$201,040. The Company needs to secure additional financing to carry on business activities for the twelve months ending March 31, 2024 (See below).

QUALIFIED PERSON

Qualified Person Luke van der Meer, P.Geo. (Licence # 37848), Independent Geological Consultant, and Qualified Person under NI 43-101, has reviewed and approved the technical content of this Interim MD&A.

EXPLORATION

Nisk Property

On December 22, 2020 (the "Effective Date") the Company entered into an option agreement with Critical Elements Limited ("Critical") to acquire a 50% interest in the Nisk property (the "First Option"). Upon completion of the terms of the First Option the Company also has a Second Option to increase its interest from 50% to 80% by incurring or funding additional work in the amount of \$2,200,000 including a Resource Estimate for a period of four years from the effective date of completion of the First Option. On February 24, 2021 ("Closing Date") the Company closed the transaction.

Under the terms of the agreement, the requirements to exercise the First Option are:

- (a) Make cash payments totaling \$500,000 to Critical on or before the dates set out below:
 - (i) A non-refundable amount of \$25,000 on the date of execution of the agreement; (paid)
 - (ii) An amount of \$225,000 within a delay of five (5) Business Days following the Effective Date; and (paid)
 - (iii) An amount \$250,000 within a delay of six (6) months from the Effective Date; (paid)
- (b) issue 12,051,770 Shares within a delay of five (5) Business Days following the Effective Date. (issued)
- (c) incur an aggregate of \$2,800,000 of Work Expenditures on the Property on or before the dates set out below:
 - (i) \$500,000 in Work Expenditures on or before the date that is one (1) year from Closing Date; (completed)
 - (ii) \$800,000 in Work Expenditures on or before the date that is two (2) years from Closing Date; (completed in Q1 2023) and
 - (iii) \$1,500,000 in Work Expenditures on or before the date that is three (3) years from Closing Date;

In connection with closing of the Nisk property agreement, the Company issued to Paradox Equity Partners Ltd a finders fee of 668,377 shares on February 24, 2021.

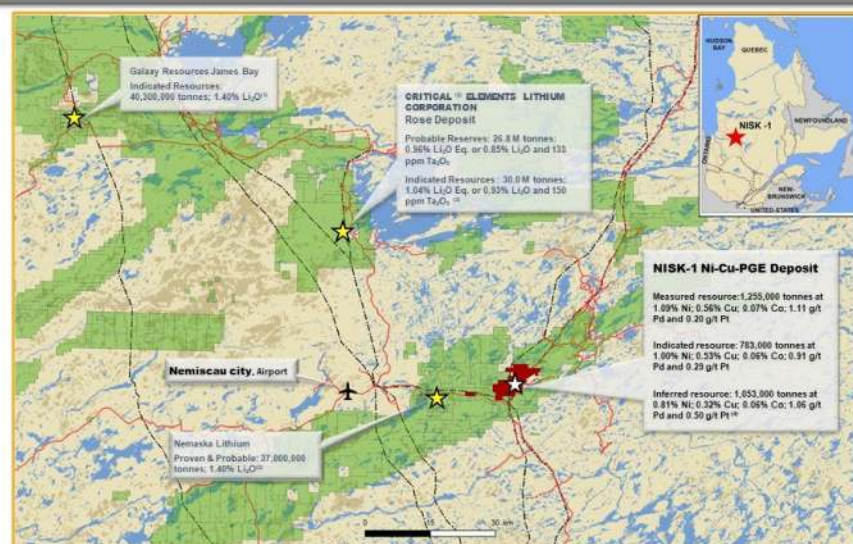
The 12,720,147 common shares issued during the year ended December 31, 2021 in connection with this property option agreement were valued at \$3,943,246 based on the trading price of the Company's shares on the date of issuance.

Following the exercise of the First Option, Critical will receive a 2% net smelter return from the extraction and production of lithium products, the amount of which Power Nickel may, following the payment of \$2 million in cash, reduce to 1%

The NISK property comprises a large land position (20 kilometres of strike length) with numerous high-grade intercepts. Power Nickel, formerly Chilean Metals is focused on confirming and expanding its current high-grade, nickel-copper PGE mineralization historical resource by preparing a new Mineral Resource Estimate in accordance with NI 43-101, identifying additional high-grade mineralization, and developing a process to potentially produce nickel sulphates responsibly for batteries to be used in the electric vehicles industry.

The Company has used a new 3D geological model to generate the targets for this exploration program. The 3D geological model developed by 3DGeo-Solution Inc. ("3DGS") identified a prospective set of targets which the Company feels will give the best potential to expand the Nisk historical deposit.

Nisk – Located in a Mining Active Region



Sources:
(1) Galaxy Resources Ltd - Preliminary Economic Assessment, NI 43-101 Technical Report, James Bay/Lithium Project dated March 2021
(2) Nemaska Lithium Inc. - NI 43-101 Technical Report on the Estimate to Complete for the Whabouchan Lithium Mine and Shavungen Electrochemical Plant dated August 2019
(3) Critical Elements Lithium Corporation - NI 43-101 Technical Report on Rose Lithium-Tantalum project feasibility study dated November 29, 2017
(4) Critical Elements Lithium Corporation - Historical results

TSXV:PNPN

powernickel.com

11

The resource estimates at the Nisk project are of historic nature and the Company's geology team has not completed sufficient work to confirm a NI 43-101 compliant mineral resource. Therefore, caution is appropriate since these historic estimates cannot, and should not be relied on. For merely informational purposes see Table 1.

Table 1: Historical Resource Estimate figures for respective confidence categories at the NISK-1 deposit, After RSW Inc 2009: Resource Estimate for the NISK-1 Deposit, Lac Levac Property, Nemiscau, Québec.

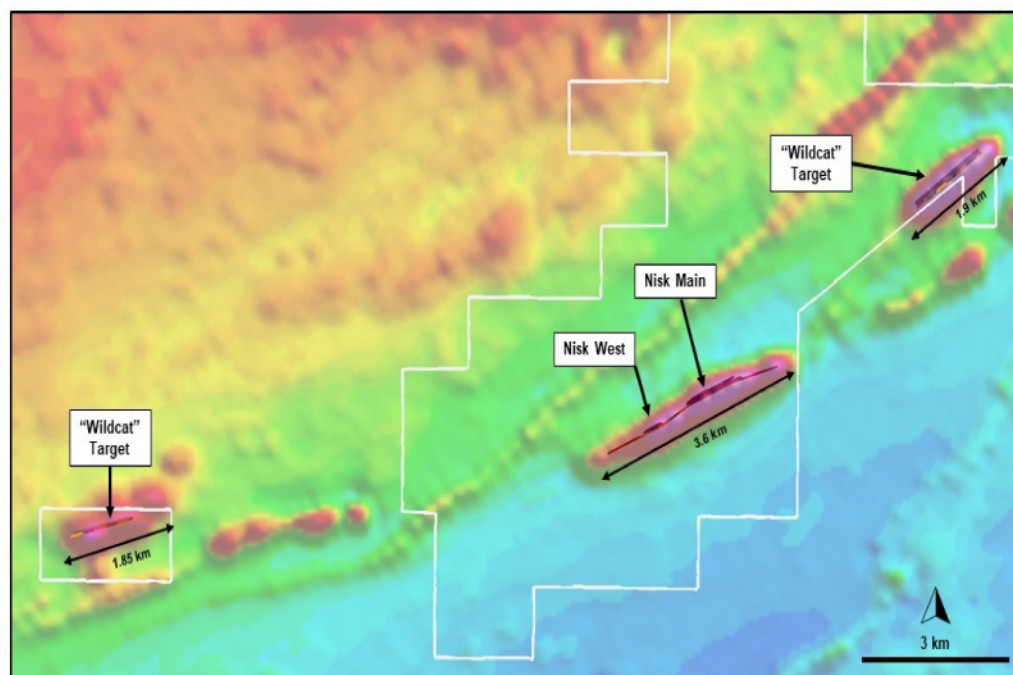
Resource Category	Tonnage (t)	Ni (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)
Measured	1,255,000	1.09	0.56	0.07	1.11	0.20
Indicated	783,000	1.00	0.53	0.06	0.91	0.29
Inferred	1,053,000	0.81	0.32	0.06	1.06	0.50

The information regarding the NISK-1 deposit was derived from the technical report titled "Resource Estimate for the NISK-1 Deposit, Lac Levac Property, Nemiscau, Québec" dated December 2009. The key assumptions, parameters and methods used to prepare the mineral resource estimates described above are set out in the technical report.

3DGS recommended an initial drill program of around 4000 metres covering approximately 15 holes ranging in depth from 80 metres to 500 metres. Approximately 2500 metres was drilled and reported on in 2022. The balance of the drill program was deferred until late Q2 and continue into Q3 when an additional 3-5,000 metres will be drilled. The first drill program commenced in November and completed in mid December with drill cores sent into assay labs once a week. Following the drill program, 3DGS will be responsible to prepare the new NI 43-101 compliant Mineral Resource Estimate and Technical Report.

Nisk has four distinct target areas covering over 7 Kilometres of strike length.

NISK – Regional Magnetics



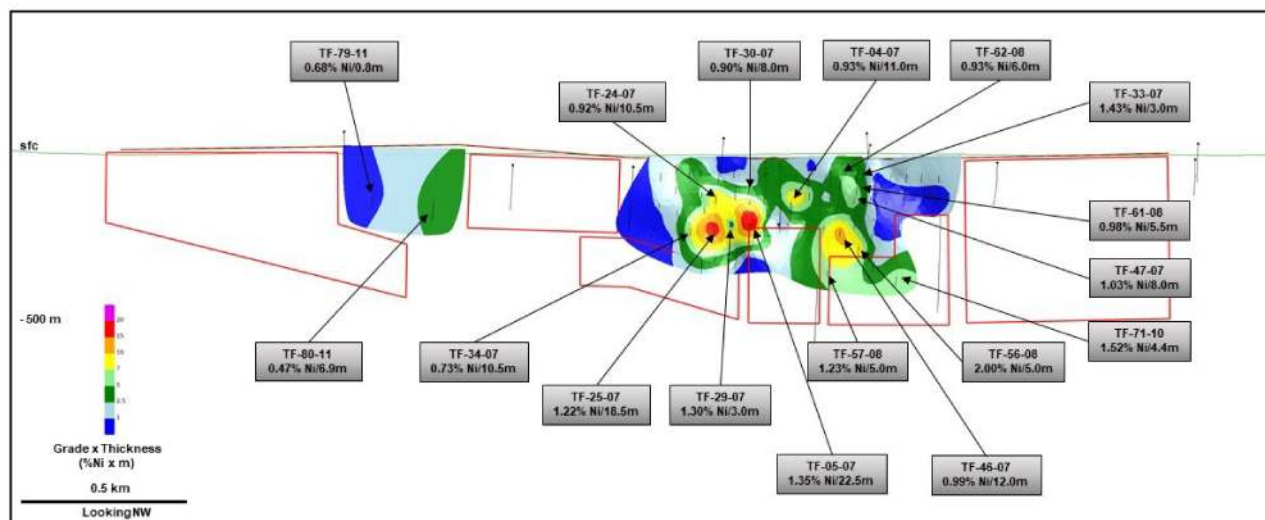
TSXV:PNPN

powernickel.com

5

While Nickel Sulphate discoveries globally tend to come in clusters, the focus of the initial Power Nickel campaign will be drilling on the Nisk Main target and the Nisk West target where previous exploration had identified mineralized high grade nickel zones. In the future, it is anticipated that Power Nickel will test the east and west “Wildcat Targets”. In the picture below we highlight some of the high-grade intercepts identified from the historical drilling on the project.

NISK – Historic Highlight Drillholes



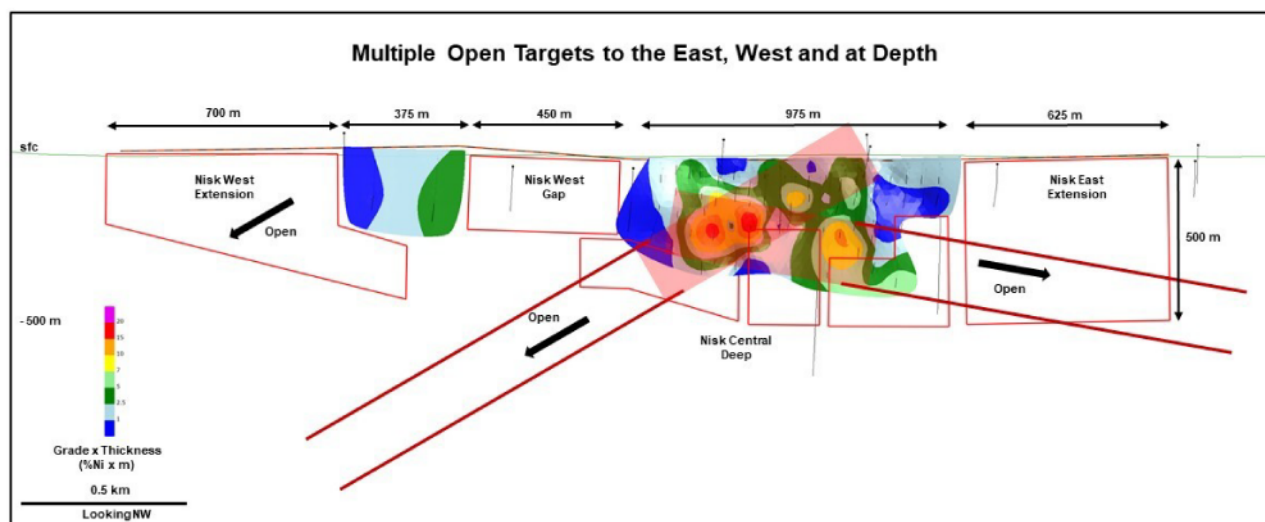
TSXV:PNPN

powernickel.com

2

The picture below shows high-grade ore shoots identified from the Nickel metal factor numerical model. The drill program tested these most prospective areas.

NISK – %Ni Grade x Thickness



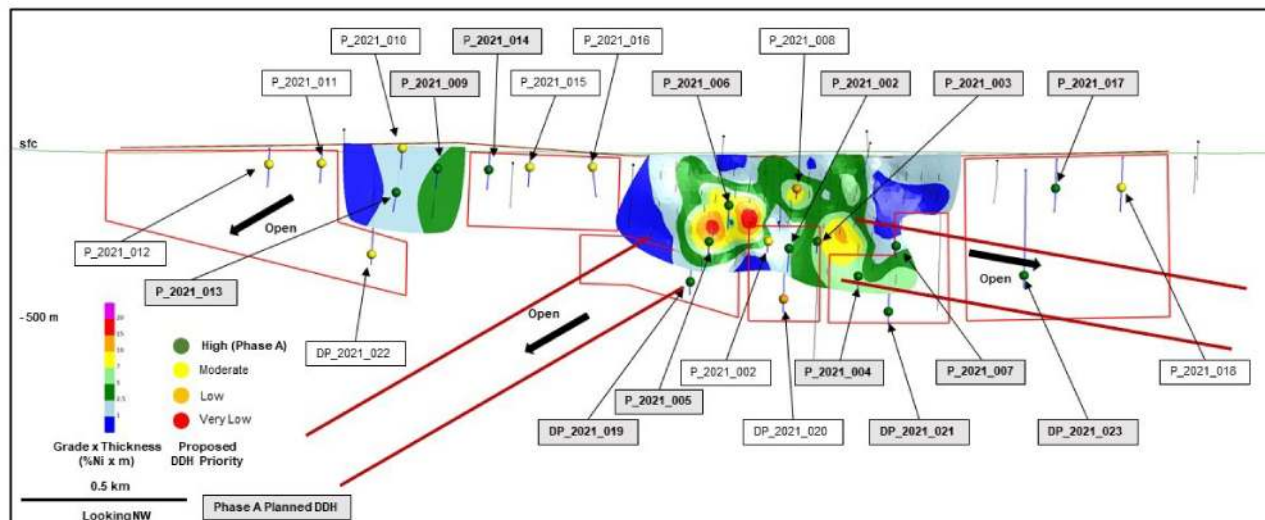
Dark red corridor highlighting High Grade trends identified by Variography

TSXV:PNPN

powernickel.com

1

NISK – Proposed Target Evaluation



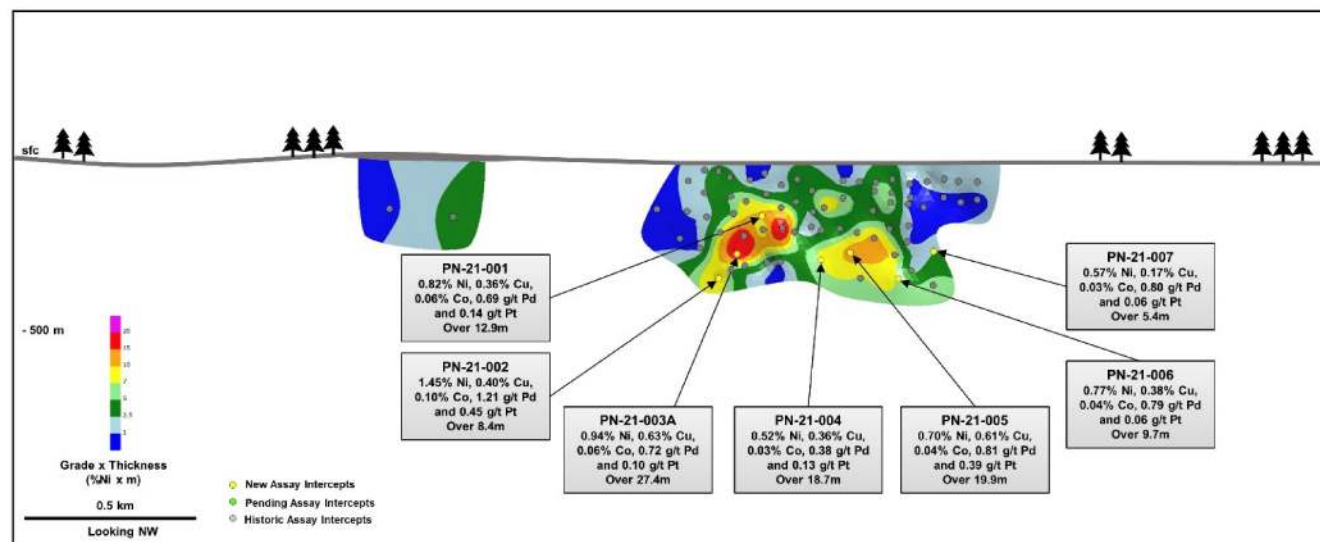
TSXV:PNPN

powernickel.com

3

Below are the results from the November Drill program which the Company felt were very positive for the future exploration of Nisk.

NISK – 2021 Highlight Drillholes



Golden Ivan Property

Golden Ivan is located approx. 3 kilometers to the east of Stewart, BC in the heart of the Golden Triangle. The Golden Ivan property consists of thirteen (13) mineral claims, all in good standing, for a total area of approximately 797 hectares.

On January 14, 2021, the Company announced it finalized an agreement dated October 7, 2020 to acquire 100% of the Golden Ivan property via a series of option payments and work commitments. On June 29, 2021, the agreement was revised to eliminate all the cash payments and work commitment and expedite the payment by shares while reducing the overall quantity of shares by 1,000,000 shares from the original agreement. The revised terms are as follows:

- (i) 3,900,000 common shares within five Business Days after receipt of the TSXV Approval. These common shares were valued at \$1,209,000 based on the trading price of the Company's shares on the date of issuance.
- (ii) 6,500,000 common shares on or before June 29, 2021 subject to TSXV Approval. These common shares were valued at \$1,235,000 based on the trading price of the Company's shares on the date of issuance.

As a result, the Company acquired a 100% interest subject only to a 2.5% NSR royalty. The Company retains the option to purchase 40% of this royalty for a one-time payment of \$1,000,000.

Golden Triangle has reported mineral resources (past production and current resources) in total of 67 million ounces of gold, 569 million ounces of silver and 27 billion pounds of copper. This property hosts two known mineral showings (gold ore and masee), and a portion of the past-producing Silverado mine, which was reportedly exploited between 1921 and 1939. These mineral showings are described to be Polymetallic veins that contain quantities of silver, lead, zinc, plus/minus gold, and plus/minus copper.

In the summer of 2021, a highly successful prospecting and geologic mapping program has resulted in the discovery of two new high grade gold zones yielding 16.2 grams-per-tonne (g/t) gold (Au) and 15.1 g/t Au in outcrop.

The 2021 Golden Ivan Property campaign completed during July and August 2021, included the collection of 210 surface rock samples including 7 channel samples, in addition to reconnaissance geologic mapping and whole rock geochemical analysis throughout the Property. A total of 17 of the 210 rock samples returned greater than 0.1 g/t Au, and up to 16.2 g/t Au from the newly discovered Lone Goat Showing, and 15.1 g/t Au over 0.75 metres from a channel sample at the newly discovered Molly B. East showing in addition to significant silver and base metal values (**Table 1**).

Table 1. 2021 Golden Ivan Project 2021 Prospecting - Significant Results

Sample ID	Showing	Material	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)
P385752	Gold Zones	Talus	16.2	25	1.56	-
P385831		Outcrop	-	47	0.18	-
P385732		Outcrop	3.41	14	-	-
P385774		Outcrop	0.76	176	0.64	-
P385703		Float	-	22	1.14	0.15
P385691		Float	-	31	0.82	-
P385857		Channel (0.75 m)*	15.1	12	0.10	-
P385801		Outcrop	1.43	39	0.16	-
P385809		Outcrop	0.73	47	0.27	-
P385760		Outcrop	0.53	5	-	-
P385840	Silver Zones	Outcrop	-	76	-	-
P385841		Outcrop	-	27	-	1.13
P385682		Float	-	30	-	0.73
P385739		Outcrop	-	19	1.82	-
P385693		Outcrop	-	47	0.38	-

*The approximate true width of the channel sample is 80-100 sample width

Mineralization and Alteration of New Discoveries

The Molly B. East high-grade gold showing is associated with subvertical southeast trending quartz-pyrrhotite-chalcopryite veins hosted within andesitic volcanic rocks with fine grained sulphide halos.

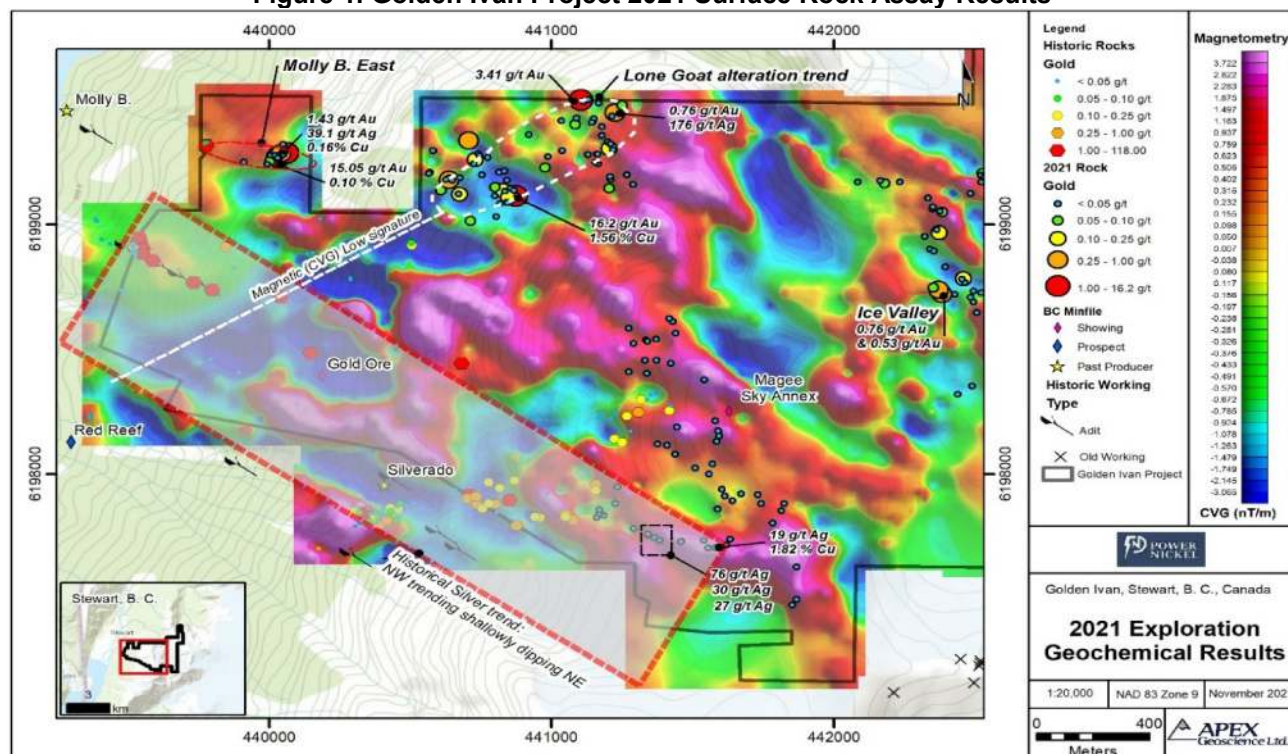
The Lone Goat high-grade gold showing comprises an approximately 700 x 200 metre NE-SW trending subvertical zone of multi-stage quartz-epidote-sericite-carbonate altered andesite that returned multiple anomalous (n=8 greater than 0.1 g/t Au) gold assays.

The newly discovered Lone Goat, Molly B. East gold showings and the historical high-grade gold-silver Molly B trend to the south are coincident with northeast and northwest trending airborne magnetic (low) lineaments respectively (**Figure 1**).

General Geology

The results of reconnaissance geologic mapping indicate the Golden Ivan Property is underlain by a layered sequence of andesitic volcanic and volcanoclastic rocks attributed to the lower Jurassic Hazelton Group. The volcanic package is cut by late andesite dykes and rhyolite bodies, while the northeast area of the Property lies in faulted contact with interpreted Stuhini Group metasediments.

Figure 1. Golden Ivan Project 2021 Surface Rock Assay Results



Golden Ivan Historical Data Compilation

Prior to initiating the 2021 exploration, Power Nickel commissioned a digital historical data compilation with respect to the Golden Ivan Property. The compilation comprised publicly available mineral assessment reports and property files from as early as 1929 to date and as recently as 2020. Documented exploration within the Golden Ivan Property includes extensive prospecting, geochemical analysis of surface rock and chip/channel samples, trenching, small-scale underground development, and geophysical surveys (airborne magnetic, VLF-EM, multi frequency EM, and magnetic / radiometric surveys).

A total of 124 rock and rock chip/channel samples were digitized, which returned an average grade of 2.45 g/t Au and 79.4 g/t Ag, up to a maximum of 118 g/t Au and 2,400 g/t Ag. Of the 124 rock samples, a total of 17 returned greater than 1 g/t Au and a total of 16 returned greater than 50 g/t Ag, including seven samples returning both greater than 1 g/t Au and 50 g/t Ag.

Several small-scale historical workings occur within the Golden Ivan claim group, comprising surface pits, trenches, and short adits. These include the Gold Ore, Eagle & Big Bell, Magee Sky Annex, and Molly-B prospects near the western claim boundary. Molly B prospect sampling returned an average grade of 9.2 g/t Au for 11 samples, and up to 45.7 g/t Au and 90.2 g/t Ag collected intermittently over a 750 m NW trending zone. In addition, the area between the Silverado No. 4 and Magee Sky Annex shows a northeast trend returned assays including 6.2 g/t Au, 1,300 g/t Ag and 1.4 g/t Au, 2,400 g/t Ag. The significant Silverado No. 4 workings, located to the south outside the Property, returned values up to 60 g/t Au and 90 g/t Ag.

The historical compilation results demonstrate the potential to expand and further delineate historical high-grade gold-silver mineralization with continued exploration.

Zulema, Chile

In 2013, the Company acquired 23 exploration concessions totaling approximately 2,105 hectares surrounding its five then existing Zulema mining concessions in Chile's Third Region. In 2014, the Company acquired nine additional mining concessions totaling 724 hectares from a third party. In March 2015, the Company completed the acquisition from another third party of three additional mining concessions totaling 600 hectares. The Zulema property now consists of 4,300 hectares (10,626 acres). All concessions are held 100% by IPBX and Minera Palo Negro Ltda, with no underlying third party royalty or net profits interest. The project is located 30 kilometres from the giant Cu Au Candelaria mine of Lundin Mining Corporation and in a very similar geological environment.

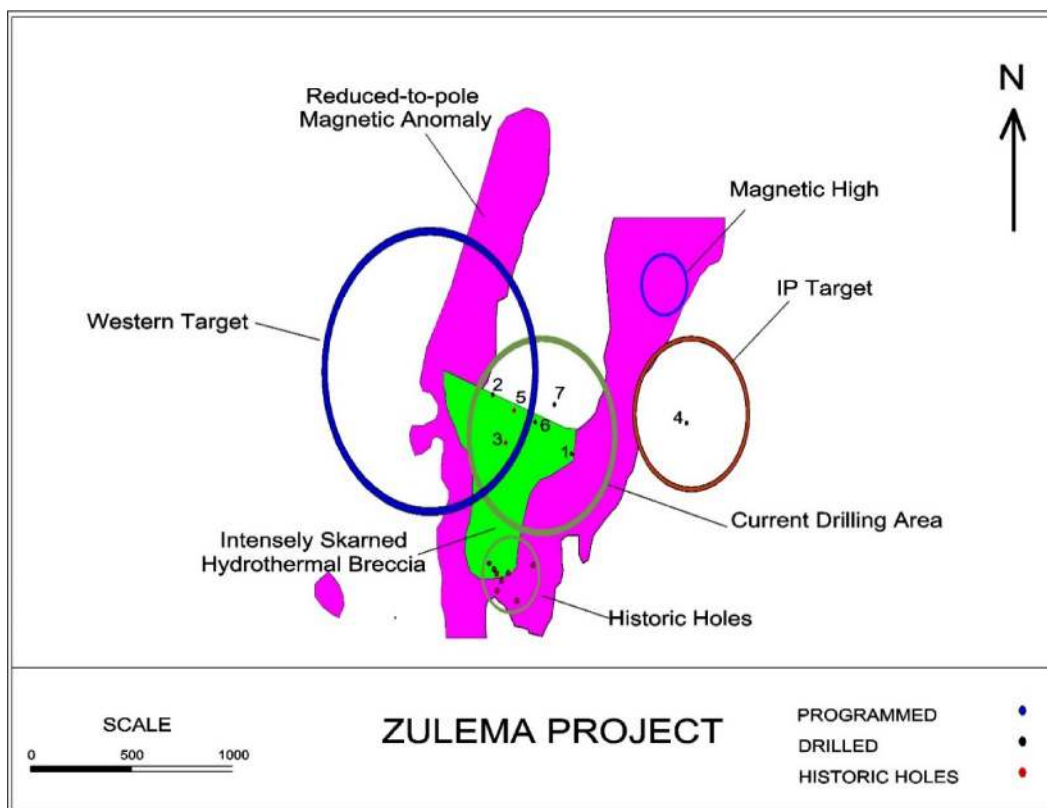
During the year ended December 31, 2017, the Company commenced drilling its Zulema project. With the Candelaria mine as a model, the exploratory drill program is testing two geologically distinct targets: a 1+ square km. area of intense garnet scapolite skarn breccia (Skarn Target) and a large Induced Polarization chargeability anomaly on its eastern flank. (IP Target). The initial results released on February 27, 2017 suggested to Chilean that it had found in our assessment, IOCG style mineralization.

Drill holes 1, 6 and 7 assisted in defining the boundaries of the eastern skarn and related sulphide mineralization. Drill hole 4, targeting the IP target, was terminated before reaching bedrock. The target remains open. Hole 3 had a six meter section from 285.32 – 291.32 meters which contained 0.66% Cu, 23.6% Fe and .52 grams of gold/tonne. It also contained an additional intercept from 325.20 to 335.20 that assayed .34% Cu, 10 % Fe and .16 grams of gold/tonne. Hole 5 located 272 meters north and east of 3 also had some interesting highlights. In particular, we see several lenses of two and four meters in length with individual 2 meters sections assaying up to .43% Cu, 4.9 % Fe and .29 grams of gold/tonne.

Initial drill results confirm that host rocks and alteration fit the Candelaria model. The presence of copper-bearing magnetite skarn, interbedded magnetite chalcopyrite bands, more massive chalcopyrite in drill hole 5, biotite magnetite alteration, potassic (K-spar), magnetite and hematite veining and local mineralized breccias suggests proximity to the main mineralized target.

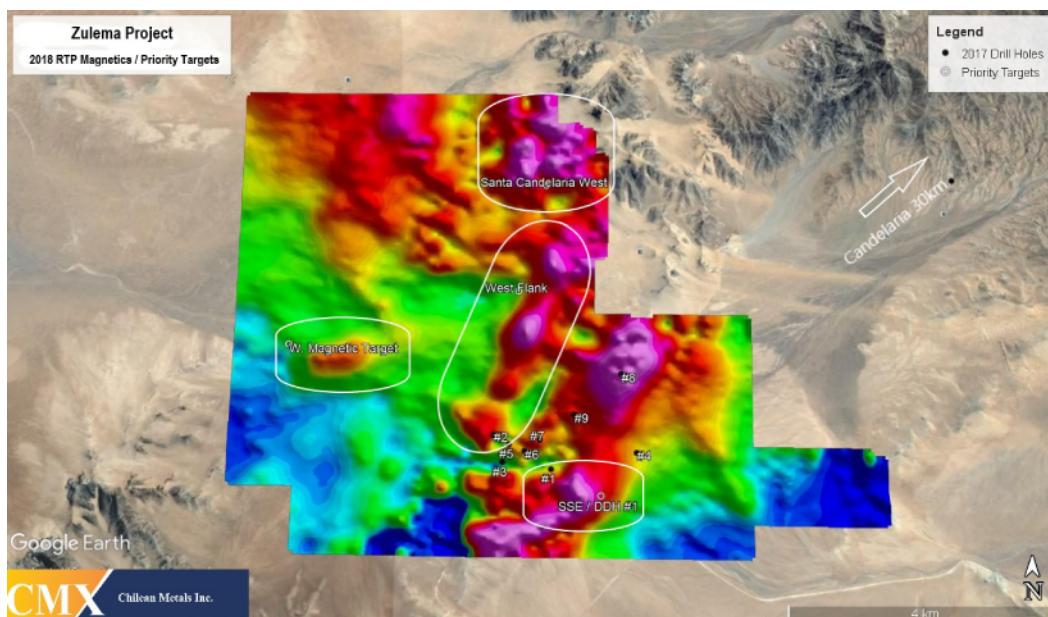
Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

A review of the drill core has been completed with the results suggesting the focus of ongoing exploration should be towards the west near drill holes 2, 3 and 5 where the skarn appears a more receptive host for mineralization. In drill hole 2, quartz stock-working and siliceous breccia suggest proximity to a high temperature heat source / intrusion. Directly east of drill hole 2 at drill-hole 5, widespread low grade copper mineralization is accompanied by a more robust style of chalcopyrite occurring as large 1 cm. clots within the skarn. Due south of 5, drill hole 3 contained large sections of skarn including several lenses of iron rich, IOCG style copper mineralization. Holes 2, 3, 5 assays are reported in detail in the April 3, 2017 press release.



The Company engaged Southern Rock Geophysics, a consulting firm with over 20 years experience in the Andean Region. Familiar with both the Porphyry and IOCG depositional models, Southern Rock brings the expertise required to search for a blind target in the challenging desert of Chile.

242-line kilometers of data was collected along 55 north – south survey line segments in order to assist in target selection prior to the Company's planned Phase II drill program. The results of the survey were positive, delineating 4 key target areas for detailed follow-up in 2019.



The magnetic survey delineated a 2km. wide corridor trending northeast from the southern margin of the survey area north to the Santa Candelaria workings as shown in Figure 1. A preliminary review of the data indicates there are 4 target areas that require detailed follow-up. From north to south, the targets are Santa Candelaria West, the West Flank, SW Magnetic High and SSE / DDH#1.

The Santa Candelaria target lies due west of the Santa Candelaria mine workings where Cu mineralization is characterized by chalcopyrite disseminations and veins within a magnetite / hematite calcsilicate skarn. Exposure is relatively abundant west of the workings and will be investigated prior to the commencement of a gravity survey.

The West Flank of the magnetic corridor is a priority target due to the style of mineralization encountered in drill hole #5 where coarse-grained chalcopyrite was noted at depth. Elevated magnetics northwest of Drill hole #5 in addition to a large peak along the western edge of the corridor are priority targets.

In the western portion of the project, the SW Magnetic Target is easily identifiable and located due east of a copper showing and along a NW trending lineament. The target is covered by alluvial material and will require additional ground geophysics and processing to resolve its potential.

To the southeast of drill hole #1, a magnetic high has been identified along the eastern edge of the magnetic corridor. This target is along the eastern edge of a copper bearing hydrothermal breccia that was drilled in 2017. Its location along a very sharp magnetic boundary at an interpreted intersection of the same NW trending lineament crosscutting the SW Magnetic Target makes it a priority.

The Company intends to conduct additional IP Ground work on specific Zulema targets prior to developing drilling plans which it expects to conduct in late 2023 after review of the updated Chilean Constitution.

Tierra de Oro (TDO), Chile

Tierra de Oro is an advanced stage exploration project located in Region III on the eastern flank of Chile's Coastal Iron Oxide Copper Gold belt. The property lies about 50 kilometres south of the large Candelaria copper-gold-silver-iron mine. It consists of 5,667 hectares covering the historic Chanchero gold camp and numerous areas of historic oxide copper workings.

The Company initially became involved in the property in 1996 as a joint venture with Princeton Mining to explore for acid-soluble copper deposits. During the course of this exploration the Chanchero gold camp was re-discovered and added to the property. In 1998 the Company bought out Princeton's interest. The property was dormant between 1999 and 2002 but reactivated in late 2003. To date the Company has conducted property-wide geological, geochemical, geophysical surveys and limited trenching and drilling. The surveys delineated five major gold bearing structure zones between 200 and 1000 metres in length. Within these zones a number of gold exploration targets were identified.

In November 2007, the Company commenced a 7,000 metre drill program to test the identified gold targets. Drill results failed to corroborate the positive gold values obtained by previous surface sampling. However, areas of significant silver-copper mineralization identified in shears and mantos within volcanic strata in the eastern sector of the property justified additional work. Highlights included drill hole RC56, which intersected 40 metres of 16 g/t silver including 13 metres of 40 g/t silver and RC58 which intersected 40 metres of 8.2 g/t silver.

On February 21, 2008, following completion of an induced polarization ("IP") survey, the Company announced the discovery of an IP anomaly in the Chanchero zone. The large near-surface anomaly is elongated northeast-southwest, the core of which measures 900 by 300 metres and is open to extension at depth. The intensity and homogeneity of this chargeability response, coincident with a strong magnetic low anomaly and coupled with the presence of an altered porphyry intrusion may indicate the presence of a large sulphide-rich system at moderate depth.

In February 2011 the Company completed an Airborne ZTEM survey over the Tierra de Oro property in areas where potential iron oxide copper gold ("IOCG") targets and mineralized zones had been previously identified by geological, geochemical and ground geophysical programs. Two magnetic anomalies of significant size were identified: one north of the Chanchero zone and another located in the area known as Las Lomitas zone and associated with copper-silver manto prospects.

In the spring and summer of 2013 a complete review and analysis of TDO was completed by Dr. Chris Hodgson. As a result, the Company has identified two potential bulk copper-gold targets that the Company believes warrant a targeted exploratory drill program.

During the year ended December 31, 2019, the Company engaged the services of Windfall Geotek (formerly Albert Mining); a leading Artificial Intelligence firm in the mining sector. Windfal used its proprietary CARDS (Computer Aided Resource Detection System) to analyze the many years of geological, geophysical and geochemical data accumulated by CMX. The data identified five areas of interest. One is the primary drilling target previously identified as Chanchero. The other four are gold copper targets.

On November 18, 2020, the Company announced that it has started on Phase 1 of drilling at its Tierra de Oro (Land of Gold) project in 3rd Region of Atacama about 75 km south of Copiapó, Chile.

The phase 1 drilling program at Tierra de Oro was focused on the Chanchero zone and further confirmed the existence of a strong hydrothermal system in the local area. Drilling demonstrated discontinuous fault bound zones of characteristic phyllic-propylitic-argillic alteration, and widespread pyrite mineralization in stockworks and veins in most of the drillholes. A total of five diamond drill holes were completed for a total of 1,500 m of recovered core, resulting in approximately 850 collected samples. Laboratory results have been received for all of the 5 holes completed. The preliminary highlight of the program was intersected in Hole 3 where a two-metre sample at 120 m depth encountered anomalous grades of 716 g/t Silver and 0.453% Copper, adjacent to a highly fractured fault zone with no core recovery.

Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

The project area is structurally controlled by the Elisa de Bordos fault, separating 2 domains; an intrusive one associated with Gold, where the Chancheros project is located, and another volcanoclastic domain associated with Copper – Silver, where the Las Lomitas and Jaqueline projects are located.

The AI study delivered targets for surface exploration at Las Lomitas where the results obtained from ground truth sampling from nine (9) rock chip samples graded between 0.77% to 3.23% Copper and 22 to 169 g/t Silver. The next steps to follow is to perform geophysics on these areas to identify new targets of drilling.

The 5,675 hectare project has several geological areas of interest the Company will be exploring following an Artificial Intelligence (AI) analysis generated by leading AI mining service provider Windfall Geotek. The Company does not expect to do any exploration work in TDO until it has time to review and assess the impact of the changes to the Chilean Constitution.

Other Chile Properties

The Company owns additional mining concessions in Chile related to the Hornitos, Palo Negro and Tabaco properties.

Property Expenditures

Costs incurred on the Company's exploration and evaluation assets for the three months ended March 31, 2023 and March 31, 2022:

	Zulema	Nisk	Golden Ivan	Total
Assays	\$ 1,877	\$ -	\$ -	\$ 1,877
Drilling	-	34,287	-	34,287
Field costs	1,879	-	-	1,879
Geological	36,326	28,103	21,673	86,102
Three months ended March 31, 2022	\$ 40,082	\$ 62,390	\$ 21,673	\$ 124,145

	Zulema	Nisk	Golden Ivan	Total
Claim costs	\$ 2,002	\$ -	\$ -	\$ 2,002
Drilling	-	696,850	-	696,850
Field costs	3,003	204,405	-	207,408
Geophysics & geological	25,337	415,512	-	440,849
Three months ended March 31, 2023	\$ 30,342	\$ 1,316,767	\$ -	\$ 1,347,109

Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

RESULTS OF OPERATIONS

Three months ended March 31, 2023, compared with three months ended March 31, 2022

The Company's loss for the three months ended March 31, 2023 was \$1,746,378 (\$0.01 per share), compared to \$844,245 (\$0.01 per share) for the three months ended March 31, 2022. Significant variations are described below.

	For the three month March 31,		Variance	Comments
	2023	2022		
Exploration expenditures	1,347,109	124,145	1,222,964	Majority of the increase was related to the exploration activities at the Nisk property in the current period. See "Exploration" above for description of work done.
Investor relations	659,985	353,873	306,112	Increased activity related to promotional activities of the Company's properties, and new IR contracts entered into in the current period.
Share-based payments	56,045	171,871	(115,826)	During the current period the Company granted 250,000 compared to 1,600,000 in the prior period. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
Flow-through liability amortization	(648,263)	(31,500)	(616,763)	The Company has adopted a policy whereby proceeds from flow-through issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting Flow-through liability amortization on a pro-rata basis as the expenditures are made.
Other expenses and revenues	331,502	225,856	105,646	Non-significant variances in other expenses and revenues items.
Total	1,746,378	844,245	902,133	

LIQUIDITY AND CAPITAL RESOURCES

The Company finances its operations through the sale of its equity securities, bridge loans and other financing activities. The Company has no producing mineral properties. The Company expects to obtain financing in the future primarily through equity financing, loans and convertible debt instruments. There can be no assurance that the Company will succeed in obtaining additional financing, now and in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and/or sell its interests in its properties.

The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes it will be able to raise funds as required in the long term, but recognizes the risks attached thereto.

As at March 31, 2023, the Company had current assets of \$2,334,427 (December 31, 2022 - \$1,951,426) and current liabilities of \$3,761,470 (December 31, 2022 - \$2,772,922).

Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

As of March 31, 2023, the Company has a working capital deficit of \$1,371,579 (December 31, 2022 - \$766,032). The Company intends to continue to raise additional debt or equity funds to meet its short-term commitments and its ongoing exploration activities (see "Overall Performance"). As at March 31, 2023, the Company has unpaid property tax for various mineral exploration property claims totaling approximately 509,623,592 Chilean Pesos (\$871,456) (December 31, 2022 - 509,623,592 Chilean Pesos (\$815,398)). If the Company chose to abandon the claims the Company would have an adjusted working capital deficiency of \$500,123 (December 31, 2022 - \$815,398).

Liabilities also include a flow-through liability of \$1,071,519 which is not settled through cash payments, instead this balance is amortized against qualifying flow-through expenditures. Pursuant to the terms of flow-through share agreement, the Corporation is in the process of complying with its flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of March 31, 2023, the Corporation was committed to incurring approximately \$1,079,944 by December 31, 2023, and \$1,709,000 by December 31, 2024 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)), arising from the flow-through offerings.

During the three months ended March 31, 2023, the Company had cash out flows from operating activities of \$1,678,580 (three months ended March 31, 2022 – \$614,139). Cash operating activities and used in operations consist of cash used to fund the loss of \$1,746,378 less the impact of non cash items of \$591,542, and the change in non-cash working capital of \$659,340. Non cash items of \$591,542 consisted of flow-through liability amortization of \$648,263, offset by amortization of \$676, and share-based payments of \$56,045. Cash used for working capital purposes of \$659,340 consisted of an increase in accounts payable and accrued liabilities of \$761,876, an increase in net amounts owed to related parties of \$79,425, a decrease in advances, prepaid expenses and deposits of \$18,941, and offset by an increase of amounts receivable of \$200,902.

During the three months ended March 31, 2023, the Company received net cash of \$1,879,620 from financing activities. The Company received proceeds of private placement, net of issuance costs of \$1,605,500, and an advance from a shareholder who is a family member of an officer and director of \$274,120.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities or obligations associated with its mineral properties. The Company is conducting its operations in a manner consistent with governing environmental legislation.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at March 31, 2023, the directors and/or officers of the Company collectively control 11,966,249 (December 31, 2022 - 3,891,429) common shares of the Company or approximately 9.7% (December 31, 2022 - 4.6%) of the total common shares outstanding and two insiders of the Company control 15,702,560 (December 31, 2022 - 15,702,560) common shares of the Company or approximately 13% (December 31, 2022 - 19%) of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

(a) The Company entered into the following transactions with related parties:

		Three months ended	
		March 31,	
	Notes	2023	2022
Administration expense	(i)(iii)	\$ 87,500	\$ 87,500
Accounting expense	(ii)	\$ 15,662	\$ 10,530

Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

- (i) For the three months ended March 31, 2023, the Company incurred consulting fees from companies controlled by an officer and a director of \$56,250 (three months ended March 31, 2022 - \$56,250) recorded in administration fees.
- (ii) For the three months ended March 31, 2023, the Company incurred accounting expenses from companies related to an officer of \$15,662 (three months ended March 31, 2022 - \$10,530) recorded in professional fees.
- (iii) For the three months ended March 31, 2023, the Company incurred directors fees of \$31,250 (three months ended March 31, 2022 - \$31,250) recorded in administration fees.
- (iv) As at March 31, 2023, the Company has \$260,428 (December 31, 2022 - \$181,003) outstanding to an officer and director. This amount is unsecured, non-interest bearing and due on demand.
- (v) As at March 31, 2023, included in accounts payable and accrued liabilities is \$66,000 (December 31, 2022 - \$126,596) due to directors and key management, these amounts are unsecured, non-interest bearing, and due on demand.
- (vi) During the three months ended March 31, 2023, the Company recieved an advance of \$274,120 from a family member of an officer and director of the Company. Subsequent to the period ended the family member subscribed to a private placement, which the advance was used to offset the funds in the private placement. As at March 31, 2023, the Company has a balance outstanding to shareholders of \$281,120 (December 31, 2022 - \$7,000). This amount is unsecured, due on demand, and non-interest bearing.
- (vii) The Company has entered into four consulting agreements with a Director and companies controlled by Directors of the Company. The obligation under these agreements amounts to \$350,000 per year.

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. The above noted transactions are in the normal course of business and approved by the Board of Directors.

ACCOUNTING POLICIES

New standards adopted

During the three months ended March 31, 2023, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards this includes the amended to IAS 1. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

New standards not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded.

TRENDS AND ECONOMIC CONDITIONS

The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global gold prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on service provider availability, such as legal and accounting;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

OUTSTANDING SHARE DATA AS OF REPORT DATE

As of the date of this Interim MD&A, the Company has the following securities issued and outstanding: (a) 132,153,687 Common Shares; (b) 39,334,250 Warrants; and (c) 11,275,000 Stock options.

SUBSEQUENT EVENTS

On April 25, 2023, the Company announced it has closed the second tranche of the private placement previously announced on March 13, 2023 for 5,170,000 FT units of the Company, at a price of \$0.50 per FT unit, for gross proceeds of \$2,585,000. The Company has received conditional TSX Venture Exchange approval for the Private Placement.

On April 27, 2023 the Company announced that it continues to confirm the presence of high-grade Ni-Cu-Co-PGE mineralization in the Main Zone of its Nisk project near James Bay, Quebec. In addition, step out exploration drilling 800m east of the Main Zone shows indications of a new Ni-Cu-Co-PGE zone within the same ultramafic sequence of rocks. The Main Zone drill results for holes PN-23-23 and PN-23-24 extend mineralization up dip from previous high-grade holes into an area previously believed to be a low grade zone between two high grade lodes.

On May 5, 2023, the Company announced it has closed the final tranche of the private placement previously announced on March 13, 2023 for 1,032,000 FT units of the Company, at a price of \$0.50 per FT unit, for gross proceeds of \$516,000.

On May 10, 2023, the Company announced the discovery of a new high-grade Cu-PGE mineralized zone approximately 5km northeast of the main Nisk deposit. The target area was never previously drilled and was identified as "Wildcat." It is characterized by a strong magnetic anomaly from an ultramafic unit previously mapped in the surface outcrop. Ultramafic rocks consistent with the main Nisk deposit were intersected in hole PN-23-031A, but the high-grade mineralization is hosted in amphibolite and tonalite, which lie on top of the ultramafic sequence.

On May 15, 2023, the Company the Company granted stock options to consultants of the Company for the purchase of a total of 2,125,000 common shares, exercisable for 5 years from grant and have an exercise price of \$0.27. 1,775,000 stock option vest immediately, 125,000 stock option vest on September 15, 2023, and the remaining 250,000 stock option vest equally in tranches of 62,500 every three months for a period of one year.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

Power Nickel Inc.
Management Discussion and Analysis - Quarterly Highlights
Three Months Ended March 31, 2023
Dated - May 30, 2023

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

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 and Uncertainties" in the Company's annual management's discussion & analysis for the fiscal year ended December 31, 2022, available on SEDAR at www.sedar.com.