MONTEGO RESOURCES INC.
Management Discussion and Analysis
For the year ended June 30, 2017

The Management Discussion and Analysis ("MD&A"), prepared on October 27, 2017 should be read in conjunction with the audited financial statements and the notes thereto for the year ended June 30, 2017 of Montego Resources Inc. ("Montego" or the "Company") which were prepared in accordance with International Financial Reporting Standards. Additional information relating to the Company including the Company's Annual Information Form is available on SEDAR at www.sedar.com.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on July 20, 2012.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting an exploration program on the Taylor Silver Property and the Black Dog Property. The Company has not yet determined whether these properties contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

PREPAID EXPENSES

As at June 30, 2017 and 2016, the Company had the following prepaid expenses:

	2017	**2016**
	$	$
Prepaid lease payment	15,785	-
Consulting fees	308,435	-
	324,220	

As at June 30, 2017, the Company has prepaid consulting fees of $43,302 to a company controlled by an officer of the Company.

EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	$	$	$
Balance, June 30, 2014	10,000	109,535	119,535
Acquisition costs paid in cash	15,000	-	15,000
Acquisition costs paid in shares issued	8,500	-	8,500
Other exploration costs	-	44,927	44,927
Balance, June 30, 2015	33,500	154,462	187,962
Exploration recovery	-	(25,384)	(25,384)
Balance, June 30, 2016	33,500	129,078	162,578
Acquisition costs-cash paid	231,131		231,131
Acquisition costs paid in shares issued	1,421,400	-	1,421,400
Impairment of exploration and evaluation assets	(33,500)	(129,078)	(162,578)
Balance, June 30, 2017	1,652,531	-	1,652,531

Redtop Sunrise Group

Pursuant to an option agreement dated July 25, 2012, with Rich River Exploration Ltd. and Craig Alvin Lynes, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Redtop Sunrise Group property (the "Property") comprised of 11 mineral claims located near the Clearwater region of British Columbia.

During the year ended June 30, 2016 the Company received $25,384 in British Columbia Mineral Exploration tax credits ("METC") which were offset again capitalized exploration costs.

To earn the 100% interest, the Company agreed to issue 17,500 common shares of the Company to the optionors, make cash payments totaling $100,000, and incur a total of $1,000,000 in exploration expenditures as follows:

	Common Shares	Cash	Exploration Expenditures
	#	$	$
Upon execution of the agreement (paid)	-	10,000	-
On or before July 25, 2013 (incurred)	-	-	100,000
Upon listing of the Company's common shares on Canadian Securities Exchange ("Listing") (issued and paid)	8,500	15,000	-
On or before the first anniversary of the Listing[1]	9,000	-	-
On or before the second anniversary of the Listing	-	15,000	200,000
On or before the third anniversary of the Listing	-	25,000	300,000
On or before the fourth anniversary of the Listing	-	35,000	400,000
Total	17,500	100,000	1,000,000

[1] The date in which the 9,000 common shares are due was mutually extended to a date which has yet to be determined. The common share have not yet been issued.

The Optionor will retain a 3% Net Smelter Returns royalty on the Property. The first 2% of the royalty may be purchased by the Company at $500,000 for each 1%. The purchase of the remaining 1% is negotiable after commercial production commences. The Company is currently re-negotiating the terms of the agreement.

During the year ended June 30, 2017, the Company decided not to continue exploration on the property and as a result it has provided for an impairment charge of $162,578.

Kiyuk Lake Property

On September 2, 2016, the Company has completed the acquisition of the Kiyuk Lake property, located in Nunavut, Canada. The Company has acquired the property from Northern Empire Resources Corp. in consideration for the issuance of 668,000 common shares with a fair value of $701,400. The shares issued to acquire the property are subject to a four-month-and-one-day statutory hold period.

The Property consists of 57 mineral claims, aggregating 491 square kilometers in southern Nunavut, Canada. The common shares issued to acquire the Property are subject to a four-month-and-one-day statutory hold period. As part of the Agreement, the Company is subject to 2% net smelter royalty to be paid to the original vendor of the property.

On February 28, 2017, the Company entered into an option agreement with Cache Exploration Inc. (“Cache”) whereby Cache can earn 100% interest in Kiyuk. To earn the 100% interest, Cache will pay the Company an aggregate amount of $500,000, of which $200,000 (has been received), $200,000 on or before six months from the closing date and the remaining $100,000 on or before the date which is twelve months from the closing date. The $200,000 received has been recorded as a reduction of acquisition costs.

Black Dog Property

On March 9, 2017, the Company reached an agreement with Caprock Ventures Ltd.to acquire the Black Dog gold project located in Northern Quebec. The 1,400-hectare Black Dog project consists of a block of 27 mineral claims approximately 60 kilometers north of Nemiscau, Que., in an immediate area that has seen prospective exploration activity in recent years.

In consideration for the acquisition of the Black Dog project, over the course of four years, the company will be required to complete a series of cash payments totaling $1,900,000 (of which $50,000 is due upon closing), issue 2,000,000 common shares and incur expenditures of $1,400,000 on the project. Upon completion of the payments, share issuances and expenditures, the company will hold a 100-per-cent interest in the Black Dog project, subject to a 2% net smelter return royalty in favour of the vendor.

	Number of Common Shares	**Cash**	**Exploration Expenditures**
		$	$
Upon closing of the agreement (issued and paid)	2,000,000	50,000	-
Within 60 days of the closing of the agreement (paid)	-	50,000	-
On or before the 1st anniversary date of the agreement	-	100,000	100,000
On or before the 2nd anniversary date of the agreement	-	200,000	200,000
On or before the 3rd anniversary date of the agreement	-	500,000	500,000
On or before the 4th anniversary date of the agreement	-	1,000,000	600,000
Total	2,000,000	1,900,000	1,400,000

As of June 30, 2017, the Company has paid $162,731 and issued 2,000,000 common shares with a fair value of $510,000 to the Optionor.

Taylor Silver Property

On March 28, 2017, the Company reached an agreement with Silver Predator Corp. to acquire a series of mining claims located in White Pine county in the state of Nevada commonly referred to as the Taylor Silver property.

Pursuant to the terms of the agreement reached with the vendor, the Company can acquire the property in consideration for the completion of a series of cash payments totalling $1,200,000 (U.S.), issuing 2,500,000 common shares and incurring expenditures of at least $700,000 (U.S.) on the property. Upon completion of the payments, share issuances and expenditures, the Company will hold a 100% interest in the property, subject to a 2% net smelter return royalty and a 1% net profit royalty.

	Common Shares	**Cash**	**Exploration Expenditures**
	#	$ (U.S.)	$ (U.S.)
Upon closing (issued and paid)	500,000	200,000	-
On or before 6 months from closing	300,000	100,000	-
On or before 12 months from closing	400,000	200,000	100,000
On or before 24 months from closing	500,000	300,000	250,000
On or before 36 months from closing	800,000	400,000	350,000
Total	2,500,000	1,200,000	700,000

As of June 30, 2017, the Company has paid $268,400 (US$200,000) and issued 500,000 common shares with a fair value of $210,000 to the Optionor

SELECTED ANNUAL INFORMATION
($000's except loss per share)

	June 30, 2017	June 30, 2016	June 30, 2015
Revenue	$ -	$ -	$ -
Net Loss	$ (1,854)	$ (179)	$ (336)
Basic and Diluted Loss Per Share	$ (0.27)	$ (0.15)	$ (0.40)
Total Assets	$ 2,204	$ 173	$ 246
Long-term Debt	$ -	$ -	$ -
Dividends	$ -	$ -	$ -

OPERATIONS

Three months period ended June 30, 2017

During the three months ended June 30, 2017 the Company reported a net loss of $692,015 (2016 - $39,969). Included in the determination of operating loss was $(14,978) (2016 - $Nil) on automobile, the expense recovery relates to the reclassification of the expense, $491,168 (2016 - $Nil) on consulting fees relating to the acquisition of a mineral property and increased business activity during the quarter , $(27,500) (2016 - $20,250) on management fees, the expense recovery relates to the reclassification of expenses during the quarter, $7,319 (2016 - $6,633) on office and miscellaneous, the increase was due to increased general office costs during the quarter, $7,708 (2016 - $4,801) on professional fees, the increase relates to increased business activity of during the quarter, $3,000 (2016 - $5,941) on rent, $3,255 (2016 - $2,344) on transfer agent and filing fees, the increase is due to increased periodic filing fees during the quarter, and $60,495 (2016 - $Nil) on travel and promotion relating to increased business activity during the quarter.

Twelve months period ended June 30, 2017

During the twelve months ended June 30, 2017 the Company reported a net loss of $1,854,551 (2016 - $178,744). Included in the determination of operating loss was $16,695 (2016 - $Nil) on automobile relating to a vehicle leased during the year, $1,137,488 (2016 - $Nil) on consulting fees relating to the acquisition and sale of mineral properties and increased business activity during the year, $49,248 (2016 - $81,000) on management fees relating to business activity during the year, $29,294 (2016 - $27,060) on office and miscellaneous, the increase was due to increased general office costs during the year, $97,114 (2016 - $38,476) on professional fees, the increase was due to increased business during the year, $12,800 (2016 - $18,254) on rent, $22,572 (2016 - $13,954) on transfer agent and filing fees, the increase was due to higher regulatory periodic filing fees incurred in the year, $74,686 (2016 - $Nil) on travel and promotion, the increase relates to increased business activity during the year, and $162,578 (2016 - $Nil) on the impairment on exploration and evaluation asset relating to the Company deciding not to continue exploration on the Redtop Sunrise Group property.The Company also incurred a share-based compensation of $252,076 (2016 - $Nil) relating to stock options granted during the year.

SUMMARY OF QUARTERLY RESULTS
($000's except earnings per share)

		June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016
Revenue	$	-	$	-	$	-	$	-
NET LOSS	$	(693)	$	(163)	$	(211)	$	(788)
Basic and diluted Loss Per Share	$	(0.04)	$	(0.01)	$	(0.04)	$	(0.39)

		June 30, 2016		March 31, 2016		December 31, 2015		September 30, 2015
Revenue	$	-	$	-	$	-	$	-
NET LOSS	$	(40)	$	(44)	$	(55)	$	(40)
Basic and diluted Loss Per Share	$	(0.30)	$	(0.40)	$	(0.50)	$	(0.30)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash at June 30, 2017 were $163,778 compared to $3,111 at June 30, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. 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.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	2017	**2016**
	$	$
Accounts payable and accrued liabilities	32,550	117,792

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	2017	2016
	$	$
Professional fees	55,000	21,600
Rent	-	9,000
Total	55,000	30,600

Professional fees and rent are paid to directors and companies controlled by directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the directors of the Company. The remuneration of key management is as follows:

	2017	2016
	$	$
Consulting fees	84,000	81,000
Management fees	8,500	
Share-based payments	252,076	
	344,576	81,000

Consulting and management services were provided by companies owned by the officers and directors of the Company.

COMMITMENTS

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its mineral property.

SUBSEQUENT EVENTS

On August 9, 2017, the Company arranged a non-brokered private placement on a preconsolidated basis for up to 19,230,769 units at a price of $0.13 per unit to raise total proceeds of $2,500,000. Each unit will be composed of one common share of the issuer and one common share purchase warrant of the issuer. Each warrant will be exercisable into a common share of the Company at an exercise price of $0.25 with a year expiry. The Company has received a cash subscription of $185,000.

The Company will also have an overallotment option to place up to an additional 50% of the financing.

Finders' fees or commissions may be payable by the Company in connection with this private placement.

The Company also authorized a potential consolidation of its common shares on the basis of one postconsolidation share for two preconsolidation shares. Currently, a total of 15,357,883 shares are issued and outstanding. Accordingly, if the consolidation is put into effect, a total of 7,678,941 shares would be issued and outstanding, assuming there are no other changes in the issued capital of the Company.

Subsequent to the year ended June 30, 2017, the Company issued 300,000 common shares to the Optionor pursuant to the option agreement for the Taylor property.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New Accounting Standards Adopted by the Company

The mandatory adoption of the following new and revised accounting standards and interpretations on July 1, 2016 had no significant impact on the Company's financial statements for the years presented

Accounting Standards and Amendments Issued But Not yet Effective

The following accounting standards were issued but not yet effective as of June 30, 2017:

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project the ASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flows characteristics. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 2 – Share based Payment

In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 16 – Leases

In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

CRITICAL ACCOUNTING POLICIES

Share-based Compensation

The Company has a stock option plan, which is described in to the financial statements. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes pricing model to estimate the fair value of share-based compensation.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale; and
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

The Company does not have any assets classified as FVTPL assets, other than cash.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value net against any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occur after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss amount. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

SHARE CAPITAL

<u>Issued</u>

The Company has 15,857,883 common shares issued and outstanding as at June 30, 2017 and October 27, 2017.

<u>Share Purchase Options</u>

The Company has Nil stock options outstanding at June 30, 2017 and October 27, 2017.

<u>Share Purchase Warrants</u>

The Company has 10,810,425 share purchase warrants outstanding at June 30, 2017 and October 27, 2017.

<u>Escrow Shares</u>

The Company has 128,250 shares held in escrow as at June 30, 2017 and October 27, 2017.