MONTEGO RESOURCES INC.
Management Discussion and Analysis
For the six months ended December 31, 2023

The Management Discussion and Analysis ("MD&A"), prepared on February 23, 2024 should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes thereto for six months ended December 31, 2023 of Montego Resources Inc. ("Montego" or the "Company") and the audited consolidated financial statements and the notes thereto for the year ended June 30, 2023 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.sedarplus.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

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. As at December 31, 2023, the Company had $1,497,947 exploration and evaluation assets (June 30, 2023 - $1,459,535).

On July 8, 2020, the Company's symbol changed from MY to MY.X. The .X extension is added to listed securities of issuers that the Canadian Securities Exchange has deemed to be inactive. On March 8, 2023, the inactive designation has been removed and the Company began trading under its new symbol "MY".

On March 31, 2023, the Company completed the acquisition of 1407899 B.C. Ltd. ("1407899") which holds all the rights, titles, licenses, permits, and 100% interest in the Black Beard Property. 1407899 became a wholly-owned subsidiary of the Company.

EXPLORATION AND EVALUATION ASSETS

	Black Dog Gold Project	Black Beard Copper Project	Total
	$	$	$
Balance, June 30, 2021 and 2022	-	-	-
Acquisition cost - cash paid	75,000	-	75,000
Acquisition cost - common shares issued	250,000	1,294,118	1,544,118
Exploration expenditures	109,165	-	109,165
Write-off of exploration and evaluation assets	(268,748)	-	(268,748)
Balance, June 30, 2023	165,417	1,294,118	1,459,535
Exploration expenditures	2,550	35,862	38,412
Balance, December 31, 2023	167,967	1,329,980	1,497,947

Black Dog Gold Project

On October 6, 2022, the Company signed a purchase and sale agreement with Caprock Ventures Corp. ("Caprock") to acquire a 100% interest in and to the Black Dog Gold Project located in Northern Quebec.

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 $300,000 and issue an aggregate total of 5,000,000 common shares as shown below:

	Number of Common Shares	Cash
		$
Signing of purchase and sale agreement	500,000	75,000
First-year anniversary of signing	1,000,000	75,000
Second-year anniversary of signing	1,500,000	75,000
Third-year anniversary of signing	2,000,000	75,000
Total	**5,000,000**	**300,000**

Upon completion of the payments, share issuances and expenditures, the Company will hold a 100% interest in the Black Dog Project.

During the year ended June 30, 2023, the Company paid the first $75,000 and issued 500,000 common shares with a fair value of $250,000.

During the year ended June 30, 2023, some of the claims have been lost and the Company has no chance to restake it. As a result, a write-off of $268,748 was recorded to the consolidated statement of comprehensive loss for the year ended June 30, 2023. The 844-hectare Black Dog project consists of a block of 16 mineral claims approximately 60 kilometers north of Nemiscau, Quebec, in an immediate area that has seen prospective exploration activity in recent years.

Black Beard Copper Project

On March 31, 2023, the Company closed the share exchange agreement with 1407899 B.C. Ltd. ("1407899") and the shareholders of 1407899 to acquire 100% of the approximately 1,975-hectare Black Bear property, located in the Bonavista Peninsula, eastern Newfoundland, Canada. The Black Beard Property comprises of 79 claims.

Pursuant to the share exchange agreement, the Company will issue 11,764,705 common shares to the vendors in exchange for 100% of the outstanding shares of 1407899. A third-party vendor retains a royalty (NSR) of 3% of the mining rights. On March 31, 2023, the Company issued 11,764,705 common shares with a fair value of $1,294,118.

The Company has accounted for the purchase of 1407899 as an asset acquisition as it did not meet the definition of a business under IFRS 3, "Business Combination". The following table summarizes the total consideration, the fair value of the identifiable assets acquired, and liabilities assumed as of the date of the acquisition:

Fair value of common shares issued (11,764,705 shares at $0.11)	$	1,294,118
Total consideration	$	1,294,118
Assets acquired:		
Exploration and evaluation asset	$	1,294,118

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

	June 30, 2023	June 30, 2022	June 30, 2021
	$	$	$
Revenue	-	-	-
Net Loss and Comprehensive Loss	(653)	(377)	(219)
Basic and Diluted Loss per Share	(0.05)	(0.08)	(0.05)
Total Assets	2,232	29	109
Total Liabilities	1,722	1,340	1,093
Dividends	-	-	-

OPERATIONS

Six-month period ended December 31, 2023

During the six-month period ended December 31, 2023 ("current period"), the Company reported a net loss of $176,493 (2022 - $109,597). Included in the determination of operating loss were $54,643 (2022 - $1,575) on consulting fees, the increase was due to higher fees charged by consultants during the current period, $173 (2022 - $213) on depreciation, the decrease was due to decrease in depreciable asset during the current period, $22,540 (2022 - $28,229) on interest expense, the decrease was due to the no new loans received during the current period, $39,881 (2022 - $31,500) on management fees, the increase was due to increase in management fees incurred during the current period, $19,145 (2022 - $Nil) on meals and entertainment, the increase was due to no meals and entertainment incurred during the previous period, $800 (2022 - $532) on office and miscellaneous, the increase was due to increased business activity during the current period, $1,513 (2022 - $1,407) on professional fees, the increase was due to legal fees during the current period, $30,000 (2022 - $31,500) on rent, the decrease was due to lower accrual of rent during the current period, and $7,960 (2022 - $13,226) on transfer agent and filing fees, the decrease was due to decreased activity and regulatory periodic filing fees incurred during the current period. The Company also incurred foreign exchange gain of $162 (2022 - loss of $258) and unrealized loss on investment of $Nil (2022 - $1,157).

Three-month period ended December 31, 2023

During the three-month period ended December 31, 2023 ("current period"), the Company reported a net loss of $117,980 (2022 - $56,550). Included in the determination of operating loss were $53,893 (2022 - $787) on consulting fees, the increase was due to higher fees charged by consultants during the current period, $84 (2022 - $104) on depreciation, the decrease was due to decrease in depreciable asset during the current period,

$5,077 (2022 - $14,683) on interest expense, the decrease was due to no new loans received during the current period, $21,000 (2022 - $15,750) on management fees, the increase was due to increase in management fees incurred during the current period, $19,145 (2022 - $Nil) on meals and entertainment, the increase was due to no meals and entertainment incurred during the previous period, $397 (2022 - $140) on office and miscellaneous, the increase was due to increased business activities during the current period, $419 (2022 - $986) on professional fees, the decrease was due to lower audit fees incurred during the current period, $15,000 (2022 - $15,750) on rent, the decrease was due to lower accrual of rent during the current period, and $2,967 (2022 - $8,412) on transfer agent and filing fees, the decrease was due to decreased activity and regulatory periodic filing fees incurred during the current period. The Company also incurred foreign exchange gain of $2 (2022 - $63) and unrealized loss on investment of $Nil (2022 - $1).

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings.

Title Risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. We intend to comply fully with all environmental regulations.

The current or future operations of the Company, including development activities and commencement of production on our properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that we obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for the operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company’s ability to acquire suitable properties or prospects in the future.

Dependence on Key Personnel

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

Fluctuating Mineral and Metal Prices

Factors beyond our control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the exploration activities cannot be predicted. For example, gold prices are affected by numerous factors beyond the Company’s control, including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold and copper production levels also affect gold and copper prices. In addition, the price of gold and copper has on occasion been subject to rapid short-term changes due to speculative activities.

Future Financings

The Company’s continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

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

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	$	$	$	$
Revenue	-	-	-	-
Net Loss and Comprehensive Loss	(118)	(59)	(443)	(100)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.01)	(0.01)

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
	$	$	$	$
Revenue	-	-	-	-
Net Loss and Comprehensive Loss	(57)	(53)	(203)	(52)
Basic and Diluted Loss Per Share	(0.01)	(0.01)	(0.04)	(0.01)

Fiscal 2024

During the second quarter of fiscal 2024, the Company recorded a loss of $117,980 compared to a loss of $58,513 in the first quarter of fiscal 2024. The significant change is due to the higher consulting fees and meals and entertainment incurred during the current quarter.

During the first quarter of fiscal 2024, the Company recorded a loss of $58,513 compared to a loss of $442,708 in the fourth quarter of fiscal 2023. The significant change is due to write-off of exploration and evaluation assets incurred during the fourth quarter of fiscal 2023.

Fiscal 2023

During the fourth quarter of fiscal 2023, the Company recorded a loss of $442,708 compared to a loss of $100,188 in the third quarter of fiscal 2023. The significant change is due to write-off of exploration and evaluation assets incurred during the quarter.

During the third quarter of fiscal 2023, the Company recorded a loss of $100,188 compared to a loss of $56,550 in the second quarter of fiscal 2023. The significant change is due to higher consulting fees and interest expense incurred during the quarter.

During the second quarter of fiscal 2023, the Company recorded a loss of $56,550 compared to a loss of $53,047 in the first quarter of fiscal 2023. The change is due to higher interest expense, and transfer agent and filing fees incurred during the quarter.

During the first quarter of fiscal 2023, the Company recorded a loss of $53,047 compared to a loss of $202,766 in the fourth quarter of fiscal 2022. The significant change is due to lower professional fees, interest expense, write-off of subscription receivable, and unrealized loss on investment during the quarter.

Fiscal 2022

During the fourth quarter of fiscal 2022, the Company recorded a loss of $202,766 compared to a loss of $51,954 in the third quarter of fiscal 2022. The significant change is due to higher professional fees, interest expense, unrealized loss on investment and subscription receivable written off during the quarter.

During the third quarter of fiscal 2022, the Company recorded a loss of $51,954 compared to a loss of $74,390 in the second quarter of fiscal 2022. The significant change is due to lower professional fees and transfer agent and filing fees incurred during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had a cash balance of $525,699 and working capital deficiency of $1,165,676 compared to $767,884 in cash balance and $950,944 in working capital deficiency as at June 30, 2023.

During the six months ended December 31, 2023, net cash used in operating activities was $203,773 (2022 - $85,191) comprising a net loss of $176,493 (2022 - $109,597), depreciation of $173 (2022 - $213), accrued interest and accretion of $22,552 (2022 - $28,229), unrealized loss on investment of $Nil (2022 - $1,157), foreign exchange gain of $162 (2022 - loss of $258), decrease in prepaid deposits of $Nil (2022 - increase of $71,000), increase in amounts receivable of $2,849 (2022 - $Nil), and a decrease in accounts payable and accrued liabilities of $46,994 (2022 - increase of $65,549).

Cash used in investing activity for the six months ended December 31, 2023 was $38,412 (2022 - $75,000), which was related to expenditures of Black Beard Copper Project and Black Dog. Cash used in investing activity for the six months ended December 31, 2022 was related to acquisition of Black Beard Copper Project.

Cash provided by financing activity for the six months ended December 31, 2023 was $Nil (2022 - $160,000). Cash provided by financing activity for the six months ended December 31, 2022 was related to proceeds from loans payable.

During the three months ended December 31, 2023, net cash used in operating activities was $179,061 (2022 - $75,762) comprising a net loss of $117,980 (2022 - $56,550), accrued interest and accretion of $5,089 (2022 - $14,683), depreciation of $84 (2022 - $104), unrealized loss on investment of $Nil (2022 - $1), foreign exchange gain of $2 (2022 - $63), increase in amounts receivable of $1,005 (2022 - $257), decrease in prepaid deposits of $Nil (2022 - $71,000), and a decrease in accounts payable and accrued liabilities of $65,247 (2022 - increase of $36,806).

Cash used in investing activity for the three months ended December 31, 2023 was $2,550 (2022 - $75,000), which was related to expenditures of Black Dog. Cash used in investing activity for the three months ended December 31, 2022 was related to acquisition of Black Beard Copper Project.

Cash provided by financing activity for the three months ended December 31, 2023 was $Nil (2022 - $150,000). Cash provided by financing activity for the three months ended December 31, 2022 was related to proceeds from loans payable.

OFF-BALANCE SHEET ARRANGEMENTS

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

COMMITMENTS AND CONTINGENCIES

As at six months ended December 31, 2023, the Company has no commercial and management liability insurance policy which allowed reducing the various risks inherent to Company's activities.

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.

Key management compensation

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

Six-months ended December 31,	2023	2022
	$	$
Management fees	9,881	-
Consulting fees	1,500	1,575
	11,381	1,575

Management and consulting services were provided by companies owned by officers and directors of the Company.

Other transactions and balance

As at December 31, 2023, the Company has $525 (June 30, 2023 - $525) receivable and $1,838 (June 30, 2023 - $263) due to related parties as result of related party transactions incurred throughout the period, which was included in amounts receivable and in accounts payable and accrued liabilities, respectively. The amounts are receivable from a director of the Company. The amounts are due to directors and companies controlled by directors of the Company. These amounts are non-interest bearing, unsecured and are due upon demand.

RECENT EVENTS

On October 6, 2022, the Company signed a purchase and sale agreement with Caprock to acquire a 100% interest in and to the Black Dog Gold Project located in Northern Quebec.

On December 23, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated share for every 10 pre-consolidated shares.

On March 23, 2023, the Company closed a non-brokered private placement of 20,000,000 units at a price of $0.05 per unit for gross proceeds of $1,000,000.

On March 31, 2023, the Company closed the share exchange agreement with 1407899 B.C. Ltd. (“1407899”) and the shareholders of 1407899 to acquire 100% of the approximately 1,975-hectare Black Bear property, located in the Bonavista Peninsula, eastern Newfoundland, Canada.

SUBSEQUENT EVENT

Subsequent to six months ended December 31, 2023, a total of $500,000 loans including its accrued interest was settled by the Company.

MANAGEMENT CHANGES

On October 12, 2022, the Company appointed Kelly Abbott as chief executive officer and director of the Company. Mr. Greenway stepped down from the role of interim chief executive officer but will remain as a director of the board.

On June 9, 2023, the Company appointed David Greenway as CEO of the Company and Ryan Torres as a director of the board. In connection with the appointments Kelly Abbott has resigned as CEO and Director of the Company.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New accounting standards issued and effective

Annual Improvements to IFRS Standards 2018-2020

The standard IFRS 9 Financial Instrument have been revised to incorporate amendments issued by the IASB in May 2020. The amendment clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The application of these amendments had no impact on the Company's loss or financial position.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

Accounting Standards and Amendments Issued and Effective but Not yet Adopted

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning after July 1, 2022. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

IAS 1 - Presentation of Financial Statements

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments clarify that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity, instruments, other assets, or services to the counterparty. In October 2022, the IASB issued another amendment to IAS 1 that specified how an entity assesses whether it has the right to defer settlement of a liability when that right is subject to compliance with covenants within twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in February 2021. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies. The IASB has developed guidance and examples to help entities apply materiality judgments to accounting policy disclosure. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures

These standards have been revised to incorporate the amendments issued by the International Accounting Standards Board in May 2023. The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

IAS 8 - Definition of Accounting Estimates—Amendments

This standard Accounting Policies, Changes in Accounting Estimates and Errors has been revised to incorporate amendments issued by the IASB in February 2021. The amendments introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in May 2021. The amendments clarify the accounting for deferred tax on transactions such as leases and decommissioning obligations. The scope of the recognition exemption in IAS 12 no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

SHARE CAPITAL

Issued
The Company has 36,814,527 common shares issued and outstanding as at December 31, 2023 and as at February 23, 2024.

Share Purchase Options
The Company has no stock options outstanding as at December 31, 2023 and as at February 23, 2024.

Share Purchase Warrants
The Company has 21,408,000 share purchase warrants outstanding as at December 31, 2023 and as at February 23, 2024.

Escrow Shares
The Company has no shares held in escrow as at December 31, 2023 and as at February 23, 2024.