

MATERIAL CHANGE REPORT
Form 51-102F3

Item 1 **Name and Address of Company**

Butte Energy Inc. (the “Company”)
Suite 800, 906-12 Avenue SW
Calgary, AB T2R 1K7

Item 2 **Date of Material Change**

The material change occurred on July 30, 2012.

Item 3 **News Release**

The Company issued a press release relating to the material change described herein on July 30, 2012, through CNW Group.

Item 4 **Summary of Material Change**

The Company announced the closing of its non-brokered private placement of 9,436,908 common shares in the capital of the Company (“Common Shares”).

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

The Company announced that further to its press releases dated May 16, 2012 and June 29, 2012, it has successfully completed its non-brokered private placement of 9,436,908 Common Shares at an issue price of \$0.25 per share for aggregate gross proceeds of \$2,359,227 (the “Private Placement”).

The Common Shares issued pursuant to the Private Placement offering are subject to a hold period under applicable securities laws until December 1, 2012.

The net proceeds of this offering will be used in the Company’s on-going exploration and development activities in Central Alberta including the Company’s farm-out obligations and for working capital.

Mr. Victor Redekop, a director of the Company, owned, or exercised control or direction over, directly or indirectly, an aggregate of 18,703,912 Common Shares representing 54.5% of the Common Shares outstanding prior to the completion of the Private Placement. As a result of the Private Placement, Mr. Redekop beneficially owns, or exercises control or direction over, directly or indirectly, an aggregate of 25,703,912 Common Shares, representing approximately 58.8% of the issued and outstanding Common Shares. As a result of his ownership, the Private Placement constitutes a “related party transaction” pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from the formal valuation requirements is available as the securities of the Company are not listed or quoted on any of the markets specified in subsection 5.5(b) of MI 61-101 and an exemption from minority approval requirements is available as the fair market value of the related party transaction is less than \$2.5 million. Consequently, the Private Placement is not subject to the valuation and minority approval requirements of MI 61-101. The board of directors of the Company approved the Private Placement. The Company did not file a material change report more than 21 days before the expected closing of the Private Placement as details of the Private Placement were not settled until shortly before the closing of the Private Placement.

5.2 **Disclosure for Restructuring Transactions**

Not applicable.

Item 6 **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

The name and business number of an executive officer of the Company who is knowledgeable about the material changes and this report is:

Chris Reimchen
Chief Financial Officer
(403) 541-5317

Item 9 **Date of Report**

This report is dated July 30, 2012.

Cautionary Statements

This material change report contains “forward-looking statements” within the meaning of applicable securities laws relating to the use of proceeds from the Private Placement. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks that regulatory approval will not be obtained in a timely manner or at all. The statements in this material change report are made as of the date of this report. Except as required by law, the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.