BUTTE ENERGY INC.

INTERIM FINANCIAL REPORT

MARCH 31, 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

BUTTE ENERGY INC.
STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
EXPRESSED IN CANADIAN DOLLARS

		March 31, 2019		December 31, 2018
Assets				
Current assets				
Cash and cash equivalents	**$**	**28,219**	$	31,671
Accounts receivable		**5,371**		1,148
Reclamation deposits (Note 5)		**94,692**		94,227
	$	**128,282**	$	127,046
Liabilities				
Current liabilities				
Trade and other payables	**$**	**119,908**	$	61,681
Provision for environmental liabilities (Note 6)		**66,596**		66,596
		186,504		128,277
Convertible loan due to a related party (Note 9(b))		**281,217**		266,046
		467,721		394,323
Shareholders' deficiency				
Share capital (Note 7)		**20,612,174**		20,612,174
Contributed surplus		**389,893**		389,893
Equity component of convertible loan		**92,085**		92,085
Deficit		**(21,433,591)**		(21,361,429)
		(339,439)		(267,277)
	$	**128,282**	$	127,046

Nature of operations and going concern (Note 1)
Proposed transaction (Note 12)

Approved and authorized on behalf of the Board of Directors on May 30, 2019:

"Lee Bowles" *"Jason Rickert"*

Director **Director**

See accompany notes to financial statements

BUTTE ENERGY INC.

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY (UNAUDITED)

EXPRESSED IN CANADIAN DOLLARS

	Number of common shares	Share capital	Contributed Surplus	Equity component of convertible loan	Deficit	Total Deficiency
Balance at January 1, 2018	43,738,810	$ 7,645,794	$ 389,893	$ -	$ (21,171,436)	$ (13,135,749)
Shares issued for debt settlement	259,327,592	12,966,380	-	-	-	12,966,380
Equity component of convertible loan	-	-	-	7,965	-	7,965
Net loss for the period	-	-	-	-	(32,822)	(32,822)
Balance at March 31, 2018	303,066,402	20,612,174	389,893	7,965	(21,204,258)	(194,226)
Equity component of convertible loan	-	-	-	84,120	-	84,120
Net loss for the period	-	-	-	-	(157,171)	(157,171)
Balance at December 31, 2018	303,066,402	20,612,174	389,893	92,085	(21,361,429)	(267,277)
Net loss for the period	-	-	-	-	(72,162)	(72,162)
Balance at March 31, 2019	303,066,402	$ 20,612,174	$ 389,893	$ 92,085	$ (21,433,591)	$ (339,439)

See accompany notes to financial statements

BUTTE ENERGY INC.
INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)
THREE MONTHS ENDED MARCH 31
EXPRESSED IN CANADIAN DOLLARS

		2019		2018
General and administrative expenses (Note 8)	**$**	**(57,457)**	$	(26,397)
		(57,457)		(26,397)
Finance income		**466**		180
Finance expense (Note 9(b))		**(15,171)**		(9,491)
Foreign exchange gain		**-**		2,886
Net loss and comprehensive loss for the period	**$**	**(72,162)**	$	(32,822)
Loss per share – basic and diluted	**$**	**-**	$	-
Weighted average number of common shares outstanding		**303,066,402**		303,066,402

See accompany notes to financial statements

BUTTE ENERGY INC.
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
THREE MONTHS ENDED MARCH 31
EXPRESSED IN CANADIAN DOLLARS

	2019	2018
Operating activities		
Net loss and comprehensive loss	**$ (72,162)**	$ (32,822)
Adjustments for		
Finance expense	**15,171**	9,491
Change in non-cash working capital (Note 10)	**54,004**	(85,525)
	(2,987)	(108,856)
Investing activities		
Increase in reclamation deposits	**(465)**	(93,055)
	(465)	(93,055)
Financing activities		
Proceeds from issue of convertible loan to a related party (Note 9(b))	**-**	300,000
	-	300,000
Change in cash and cash equivalents	**(3,452)**	98,089
Cash and cash equivalents, beginning of period	**31,671**	730
Cash and cash equivalents, end of period	**$ 28,219**	$ 98,819

See accompany notes to financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

At December 31, 2017, Butte Energy Inc. (“Butte” or the “Company”) had been incorporated under the Business Corporations Act (Alberta). The Company continued from the Province of Alberta to the Province of British Columbia effective June 19, 2018. The Company’s head office and principal address is 500-666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8, and its registered address is 1700-666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8. The Company lists its common shares on the NEX board of the TSX Venture Exchange under the symbol BEN.H.

The Company had been engaged in the acquisition, exploration and development of petroleum and natural gas reserves in Western Canada. In 2017 the Company sold its last remaining asset and has no active operations other than the completion of reclamation activities on previously abandoned wells. In January 2018, there was a change of control of the Company with a new board and management team appointed. The board of directors have been evaluating potential opportunities, including those outside of the oil and gas industry.

On November 20, 2018, the Company announced it had entered into an agreement to acquire all of the issued and outstanding equity of Pura Valley, LLC and Pura Extractions LLC. The acquisition of the Purchased Companies is being done in conjunction with a 10:1 consolidation of Butte's share capital, a change of Butte's name, a financing, and changes to Butte's management (collectively, the "Proposed Transaction"). On completion of the Proposed Transaction, Butte will carry on the business currently carried on by the Purchased Companies. Among other closing conditions, the Proposed Transaction is subject to the approval of Butte's shareholders. Butte's shares will remain halted until the closing of the Proposed Transaction. See Note 12 for further details.

These financial statements have been prepared assuming the Company will continue as a going concern. The Company has an accumulated deficit of $21,433,591 and a working capital deficiency of $58,222 as at March 31, 2019. In order to fund future operations or acquisitions, the Company will need to raise additional funds by way of equity or debt. However, there is no assurance that the Company will be able to raise such funds on terms acceptable to it. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the going concern basis of accounting be inappropriate.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

Except as noted in Note 3, these condensed interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statement, and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS as issued by the IASB

3. NEW ACCOUNTING STANDARDS EFFECTIVE IN 2019

Impact of application of IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases under IFRS 17 and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets. Leases to explore for or use oil or natural gas are specifically excluded from the scope of IFRS 16.

The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening balance of accumulated deficit.

New accounting policy for leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the statement of financial position. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3. NEW ACCOUNTING STANDARDS EFFECTIVE IN 2019 (continued)

New accounting policy for leases under IFRS 16 (continued)

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the statement of operations and comprehensive loss.

4. USE OF MANAGEMENT ESTIMATES AND JUDGMENTS

The timely preparation of the condensed interim financial statements requires that management make estimates and use judgment regarding the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimated amounts as future confirming events occur.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018.

5. RECLAMATION DEPOSITS

In January 2018, the Company was required to provide a security deposit to the Alberta Energy Regulator in order for the Company to proceed with the finalization of the reclamation on previously abandoned wells. These deposits are refundable upon final acceptance of the reclamation certificates by the Alberta Energy Regulator.

The deposits are held in trust in an interest-bearing bank account. Interest income on the account is recorded in finance income in the statements of operations.

6. PROVISION FOR ENVIRONMENTAL LIABILTIES

The company recorded a provision for the completion of reclamation activities on previously abandoned wells.

There was no activity for three months ended March 31, 2019.

7. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without nominal or par value.

On January 3, 2018, the Company issued 259,327,592 common shares in settlement of amounts due to related parties (Note 9(b)).

(Expressed in Canadian dollars)

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31	
	2019	**2018**
Consulting and management fees (Note 9(a))	**$ -**	$ 7,500
Listing and filing fees	**1,250**	2,500
Office, insurance and miscellaneous	**357**	10,563
Professional fees	**54,351**	-
Shareholder relations	**1,499**	5,834
Total	**$ 57,457**	$ 26,397

9. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

Key management personnel are those persons have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Senior management personnel include the Company's executive officers and members of the Board of Directors.

	Three months ended March 31	
	2019	**2018**
Consulting and management fees	**$ -**	$ 7,500

(b) Borrowings

	March 31, 2019	**December 31, 2018**
Convertible loan due to a related party	**$ 281,217**	$ 266,046
Due to related parties	**-**	-
Balance	**$ 281,217**	$ 266,046

Convertible loan due to a related party

On January 3, 2018, the Company borrowed the principal amount of $300,000 from Stone's Throw, which bears interest at 10% per annum and is repayable on the date that is 12 months from the date of issuance. In January 2019, the term of the convertible loan was extended to January 4, 2021. The principal amount and accrued interest will be convertible at the option of Stone's Throw into units of the Company ("Units") at a conversion price of $0.05 per Unit. Each Unit will consist of one common share and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to acquire one common share at an exercise price of $0.05 for a period of 12 months from the date they are issued.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

(b) Borrowings (continued)

Convertible loan due to a related party (continued)

The convertible loan has been classified as debt with the residual value allocated to shareholders' equity. The initial fair value of the liability portion of the convertible loan was determined using a market interest rate of 13% for an equivalent non-convertible loan at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the convertible loan. The remainder of the proceeds is allocated to the conversion option and recognized in shareholders' equity and not subsequently re-measured.

Interest expense is calculated by applying the effective interest rate of 13% to the liability component and is included in finance expense in the statements of operations.

The convertible loan is presented in the financial statements as follows:

	2019	2018
Balance – January 1	$ **266,046**	$ -
Proceeds received from issue of convertible loan	**-**	300,000
Equity component of convertible loan	**-**	(7,965)
Liability component of convertible loan	**266,046**	292,035
Finance expense	**15,171**	9,491
Balance – March 31	$ **281,217**	$ 301,526

Due to related parties

As of December 31, 2017, the Company had promissory notes and advances owing to directors for $12,865,156 and a note payable of $101,224 to Sand Hills Energy Inc., a Company owned by a director. Sand Hills Energy Inc. ("Sand Hills") was considered a related party by virtue of a common director.

In January 2018, a series of transactions resulted in the change in the majority shareholders of the Company, and the amounts due to related parties of $12,966,380 as of December 31, 2017 were settled by the issuance of 259,327,592 common shares (Note 7).

(Expressed in Canadian dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital is comprised of:

	March 31, 2019	March 31, 2018
Accounts receivable	**$ (4,223)**	$ (6,841)
Trade and other payables	**58,227**	(66,810)
Provision for environmental liabilities	**-**	(11,874)
Change related to operating activities	**$ 54,004**	$ (85,525)

Non-cash transactions

During the three-month period ended March 31, 2018, the Company issued 259,327,592 common shares in settlement of amounts due to related parties (Notes 7 and 9(b)).

11. DETERMINATION OF FAIR VALUES

The fair value of cash and cash equivalents, accounts receivable, trade and other payables and loans and borrowings is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair values of these balances approximate their carrying value.

Financial assets and liabilities recorded or disclosed at fair value in the statement of financial position are categorized using a three-level hierarchy that reflects the level of judgment associated with the inputs used to measure their fair value. The fair values of financial assets and liabilities included in Level 1 are determined by reference to unadjusted quoted prices in active markets for identical assets and liabilities. Fair values of financial assets and liabilities in Level 2 are based on inputs other than Level 1 quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). The fair values in Level 3 financial assets and liabilities are not based on observable market data.

The estimated fair value of cash and cash equivalents was based on Level 1 inputs.

12. PROPOSED TRANSACTION

On November 20, 2018, the Company announced that it has entered into an agreement dated November 16, 2018 with Jonathan Lasser to acquire all of the issued and outstanding equity of Pura Valley, LLC ("Valley"), which holds the licenced Price Creek Ranch production facility in Humboldt County, CA, and Pura Extractions LLC, which holds a majority interest in a high-capacity extraction lab with locations and immediate plans for two additional high-capacity labs for extraction and distillation ("Extraction", and with Valley, the "Purchased Companies").

12. PROPOSED TRANSACTION (continued)

The acquisition of the Purchased Companies is being done in conjunction with a 10:1 consolidation of Butte's share capital, a change of Butte's name, a financing, and changes to Butte's management (collectively, the "Proposed Transaction"). The parties have agreed to cooperate reasonably and in good faith in finalizing the structure of the Proposed Transaction for optimal tax treatment of the parties and for operational purposes. On completion of the Proposed Transaction, Butte will carry on the business currently carried on by the Purchased Companies.

Among other closing conditions, the Proposed Transaction is subject to the approval of Butte's shareholders, which will be obtained at a general meeting expected to be scheduled for a date later in 2019 (the "Meeting"). Butte's shares will remain halted until the closing of the Proposed Transaction. Further information respecting the Proposed Transaction and the Purchased Companies, and their business will be contained in the management information circular to be prepared by the Company and delivered to its shareholders prior to the Meeting.

Acquisition of the Purchased Companies

The November 16, 2018 agreement between Butte and Mr. Lasser includes the following terms:

- In conjunction with a 10:1 consolidation of its share capital (the "Butte Consolidation"), Butte shall raise funds pursuant to a subscription receipt offering (the "Butte Financing"), which on closing will be contributed to a newly formed wholly owned US subsidiary corporation ("USCo"), which shall invest such funds in the Purchased Companies and become the sole manager of the Purchased Companies.

- The operating agreements of the Purchased Companies shall be amended and restated in their entirety to provide members of the Purchased Companies (other than USCo) with a redemption-exchange right which allows the members to exchange their LLC units for Butte shares or at the election of the LLC, a cash equivalent payment (the "Redemption-Exchange Right").

- Members of the Purchased Companies shall purchase special voting shares in Butte for a nominal price based on an appraisal, each of which shall entitle the holder to exercise the equivalent voting rights which would attach to the number of Butte shares such member would be entitled to acquire upon exercise of the Redemption-Exchange Right. The number of such votes to which the holders of special voting shares are entitled will be reduced from time to time as the Redemption-Exchange Right is exercised.

- Butte will reserve an aggregate of 70,000,000 common shares of Butte ("Consideration Shares") for issuance to the members of the Purchased Companies upon the exercise of the Redemption-Exchange Right and in exchange for all of the issued and outstanding securities of the Purchased Companies. The value of the Consideration Shares for the purpose of the Proposed Transaction is $0.75 per share.

The Consideration Shares may be required to be escrowed pursuant to applicable stock exchange requirements.

12. PROPOSED TRANSACTION (continued)

Acquisition of the Purchased Companies (continued)

Following the completion of the purchase of the Purchased Companies, (but prior to the issuance of securities pursuant to the Butte Financing, Mr. Lasser will have the right to exercise approximately 70% of the total votes ascribed to all of the Company's outstanding shares. Mr. Lasser is an arm's length party to the Company. A finder's fee of 2,250,000 shares is payable in connection with the acquisition of the Purchased Companies.

The Proposed Transaction is expected to close later in 2019 and is subject to the conditions set out in the purchase agreement between the Company and Mr. Lasser, including the negotiation of a definitive agreement and related documentation respecting the Proposed Transaction, and the completion of the Butte Financing (described below). It is a condition of Closing of the Proposed Transaction that Butte shall have received conditional approval for the delisting of its common shares from the NEX and for listing of its common shares on the CSE.

It is a further condition of the transaction that Stone's Throw will vote all of its common shares (representing approximately 95.4% of the Company's issued and outstanding shares) in favour of the Proposed Transaction and the delisting of the Company's shares from the NEX, and a support agreement respecting this commitment is expected to be entered into prior to or concurrently with the execution of the definitive agreement. The NEX may require majority of the minority approval of the Company's shareholders for the delisting of the Company's shares from the NEX.

The Butte Financing

Prior to closing the acquisition of the Purchased Companies, Butte will complete a financing (the "Butte Financing") to raise proceeds to fund the operation of the purchased business and its further growth and development, including the capitalization of USCo and the Purchased Companies. The Butte Financing shall be in an amount and at a price to be determined by the parties, acting reasonably and having regard to market conditions and the anticipated capital requirements of Butte and its business after closing of the acquisition of the Purchased Companies ("Closing"). The Butte Financing will be effected by the issuance of subscription receipts which will convert into Butte common shares at Closing. Finder's fees may be payable in connection with the Butte Financing.

The common shares of Butte issued pursuant to the Butte Financing will be subject to resale hold periods under applicable Canadian and United States securities laws.

New Management

On closing, the existing board and management of Butte shall resign.

Name Change

In conjunction with the Butte Consolidation, the Company will change its name from "Butte Energy Inc." to "Pura Cali Group Inc." or such other name as may be selected by the Butte board of directors.

12. PROPOSED TRANSACTION (continued)

The Convertible Debenture

Stone’s Throw holds a $300,000 convertible loan which bears interest at 10% per annum. STC agreed to extend the maturity date of the debenture from January 3, 2019 to January 4, 2021 (Note 9(b)).