

Butte Energy Inc.

Management's Discussion and Analysis

of Financial Condition and Results of Operations

As at and for the nine months ended September 30, 2023 and 2022

Management's Discussion and Analysis

The following discussion is management's assessment and analysis of the results and financial condition of Butte Energy Inc. (the "Company" or "Butte") and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements as at and for the period ended September 30, 2023 and related notes. The preparation of financial data is in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated.

The effective date of this report is October 31, 2023.

Caution Regarding Forward-Looking Information

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The Company currently has no active operations and is evaluating opportunities, including those outside of the oil and gas industry. The use of any of the words "target," "plans," "anticipate," "continue," "estimate," "expect," "may," "will," "project," "should," "believe" and similar expressions are intended to identify forward-looking statements. Such forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Forward-looking information is based on management's expectations regarding future growth, results of operation, production, future capital, and other expenditures (including the amount, nature, and sources of funding thereof), environmental matters, business prospects and opportunities. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause the costs of the Company's results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. See the Risks and Uncertainties section of this MD&A for a further description of these risks. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information.

Description of Business

The Company is incorporated under the Business Corporations Act (British Columbia). The Company's head office and principal and registered address is 3123-595 Burrard Street, Vancouver, British Columbia, V7X 1J1 Canada. 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. The board of directors have been evaluating potential opportunities, including those outside of the oil and gas industry.

Overview of Prior Oil and Gas Operations

The Company operated one well at Chigwell 04-35-042-26 W4M, which was shut-in on February 1, 2015. The well was shut-in due to AER guidelines relating to overproduction of non-native gas (CO₂). In 2015, the Company actively started to sell the Chigwell property. The Company placed the well at Chigwell 04-35-042-26 W4M in production in February 2017 before shutting it down again at the end of March 2017. On August 15, 2017, the Company announced the completion of the sale of the Chigwell properties, which constituted the final disposition of the Company's remaining asset. The proceeds of the sale were used for the payments of the liabilities of the Company, and the then board of directors actively sought a transaction(s) whereby the Company could continue as a going concern.

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The Company still has obligations regarding the finalization of the reclamation of previously abandoned well sites. A provision of \$42,018 for the expected reclamation costs is included in the Company's statement of financial position as at September 30, 2023 (December 31, 2022: \$42,018). Two abandoned well sites remain in order to finalize the reclamation process.

Overall Performance and Results of Operations

Total assets increased to \$285,403 at September 30, 2023, from \$117,034 at December 31, 2022. The increase in assets was primarily due to proceeds from a non-brokered private placement, net of share issuance costs, of \$247,500, \$68,000 proceeds from the exercise of share options, offset by the \$150,123 used in operating activities.

Three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, the Company recorded a loss of \$35,766 compared to a loss of \$289,405 during the comparable period. This was primarily due to an increase of \$237,799 in share-based compensation in the prior period. The Company granted 850,000 incentive share options to certain directors, officers, consultants and charitable organizations at a price of \$0.35 per share, exercisable until July 13, 2032. Using the Black-Scholes valuation model, the grant date fair value was \$237,799, or \$0.28 per option.

Nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, the Company recorded a loss of \$337,575 compared to a loss of \$380,341 during the nine months ended September 30, 2022. The net loss for the nine months ended September 30, 2023, decreased by \$42,766 primarily due to:

- A decrease of \$29,726 in share-based compensation. The Company issued stock options in both the current period and comparable period. A larger expense was attributed to the comparable period using the Black-Scholes valuation model.

Liquidity and Capital Resources

As at September 30, 2023, the Company had working capital of \$219,707 (December 31, 2022: \$33,709).

Presently, the Company does not generate sufficient cash flows from its operations and has no active operations as of September 30, 2023. Consequently, the board of directors and management have been evaluating potential opportunities, including those outside of the oil and gas industry.

In order to fund future operations or acquisitions, the Company will need to raise additional funds by way of equity or debt. 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 material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has no bank debt or banking credit facilities in place.

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Outstanding Share Data

As at September 30, 2023, and as at the date of the MD&A, there were 65,662,841 common shares issued and outstanding and 2,814,000 share options outstanding and exercisable and 1,250,000 warrants outstanding.

Summary of Quarterly Results

The following is a summary of quarterly financial information prepared in accordance with IFRS:

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$
Revenue	-	-	-	-
Loss for the period	(35,766)	(257,719)	(44,090)	(18,124)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Weighted average number of common shares outstanding	65,662,841	65,148,951	64,356,212	64,124,774
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	Q3 2022	Q2 2022	Q1 2022	Q4 2021
	\$	\$	\$	\$
Revenue	-	-	-	-
Loss for the period	(289,405)	(49,002)	(41,934)	(38,866)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Weighted average number of common shares outstanding	63,876,841	63,876,841	63,876,841	63,876,841
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Q3 2021 included filing fees refunds received related to the stock option plan and terminated Transaction in Q1 2021. Q3 2022 included share-based compensation of \$237,799. Q4 2022 included a gain on write-off of provision in the amount of \$31,926 relating to environmental reclamation. Q2 2023 included share-based compensation of \$208,073.

Related Party Transactions

Compensation of key management personnel

Key management personnel are those people who 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.

Key management personnel compensation during the nine months ended September 30, 2023 included share-based compensation of \$92,477 (nine months ended September 30, 2022: \$nil).

Risks and Uncertainties

The Company was engaged in the acquisition and exploration of oil and gas projects, an inherently risky business, and there was no assurance that economically recoverable resources would ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of economically recoverable resources.

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Exploration activities require large amounts of capital. There is a risk that during the current difficult economic situation the Company will not be able to raise sufficient funds to finance its projects to a successful development and production stage. While the Company's management and technical team carefully evaluated all potential projects prior to committing the Company's participation and funds, there is a high degree of risk that the Company's exploration efforts will not result in discovering economically recoverable resources.

The Company depended on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Financial Instruments

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, amounts receivable, reclamation deposits and amounts payable and accrued liabilities. Their carrying values approximate fair value due to the short-term nature of these instruments.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities,

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs that are not based on observable market data.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying management's discussion and analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Outlook

The Company is constantly seeking opportunities in the natural resource industry and in new industries.

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.