

DESERT MOUNTAIN ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
Nine Months Ended June 30, 2025
(Expressed in Canadian Dollars, unless otherwise stated)

This document constitutes Management's Discussion and Analysis ("MD&A") of the financial and operational results of Desert Mountain Energy Corp. ("Desert Mountain" or the "Company") for the nine months ended June 30, 2025. This MD&A supplements but does not form part of the financial statements of the Company and should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended June 30, 2025 and the audited consolidated financial statements for the year ended September 30, 2024.

Unless indicated otherwise, all financial data in this MD&A have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 or "forward-looking information" within the meaning of applicable Canadian securities laws, which we will refer to as "forward-looking information". Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information includes, but is not limited to, statements pertaining to development activities, commissioning of environmental studies, application for necessary permits for production operations, metallurgical studies, commissioning of a third-party feasibility study, arrangement of financing for development, formal production decisions, business combinations.

Forward-looking information is based on assumptions regarding future events and other matters and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Assumptions on which forward-looking information in this MD&A is based include the assumptions underlying mineral resource estimates, as disclosed herein and in the technical reports supporting such disclosure, the assumption the Company will continue as a going concern and will continue to be able to access the capital required to advance its projects and continue operations. Risks and uncertainties include, among others: inherent risks involved in the exploration and development of mineral properties; uncertainties involved in interpreting drill results and other exploration data; potential for delays in exploration activities; geology, grade and continuity of mineral deposits; possibility that future exploration results may not be consistent with the Company's current expectations; reduction in future prices of precious metals; currency fluctuations; accidents, labor disputes and other risks associated with the mining industry; delays in obtaining governmental approvals; uncertainties relating to the availability and costs of financing required in the future; and competition and loss of key employees. Other risks and uncertainties are discussed throughout this MD&A and, in particular, in the section below entitled "Risks and Uncertainties".

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, the necessary financing to complete the exploration and development of its property interests, as well as the future profitable production or proceeds from the disposition of the Company's exploration and evaluation assets.

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Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

The Company disclaims any intention or obligation to update or revise the forward-looking information in this MD&A, whether as a result of new information, events or otherwise, except as required by applicable securities legislation. Accordingly, readers are cautioned not to put undue reliance on forward-looking information.

DEFINITIONS

MCFGPD – thousand cubic feet of gas per day

DATE OF THE MD&A

The MD&A was approved by the Board of Directors on August 25, 2025.

DESCRIPTION OF BUSINESS

Desert Mountain Energy Corp. (“the Company”) was incorporated on April 30, 2008. The Company established a wholly-owned U.S. subsidiary named Desert Energy Corp. (“Desert Energy” or “DEC”) to engage in exploration and development of oil and gas and mineral properties in the Southwestern United States. Desert Energy, a Nevada corporation, is operating as a separate division of the Company under the control of the Company’s senior management.

In fiscal 2022, the Company established a wholly-owned U.S. subsidiary named Desert Mountain Trucking LLC (“DMTL”) to engage in trucking services for moving oil field equipment in New Mexico and Arizona. Desert Mountain Trucking LLC, a New Mexico limited liability company is operating as a separate division of the Company under the control of the Company’s senior management.

In fiscal 2023, the Company established an additional wholly-owned U.S. subsidiary named Desert Mountain Midstream LLC (“DMM”) to engage in gas transmission and helium sales from the newly acquired West Pecos Slope ABO Gas Field and gas gathering system located in Chaves County New Mexico. Desert Mountain Midstream LLC, a Nevada limited liability company is operating as a separate division of the Company under the control of the Company’s senior management.

The Company’s remaining subsidiaries consist of the 100% owned entity, Saguaro Family Land Company (Arizona), 100% owned PAM Botswana (Pty) Ltd. (Botswana) (inactive), its 99.97% owned entity, AQ Kenya Gold Limited (Kenya) (inactive), and its 99% owned entity, PAM Mocambique Limitada (Mozambique) (inactive).

The Company’s principal address is 14155 W. Mountain View Blvd. #1023, Surprise, Arizona, 85374, USA and the address of its registered and records office is 2500 Park Pl. 666 Burrard St., Vancouver, BC, V6C 2X8, Canada.

The Company is a “reporting issuer” under applicable securities legislation in British Columbia, Alberta and Ontario, and trades on the TSX Venture Exchange under the symbol DME and on the Frankfurt Stock Exchange under the symbol QM01.

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SIGNIFICANT EVENTS FOR THE CURRENT FISCAL YEAR TO THE DATE OF THIS REPORT

In October 2024, the Company announced the West Pecos Slope Abo Gas Field has been successfully operational for over two months. The plant is autonomous, with an AI component coordinating the integrated systems necessary to process the various crude gas components being produced by the wells.

In March 2025, the Arizona Court of Appeals issued a unanimous decision in favor of the Company. The court subsequently approved the Company's request for fees on April 7, 2025. The Company remains strongly committed to Arizona, continuing to maintain its wells, renew leases, and work collaboratively with state regulators to support the development of industry regulations.

In April 2025, the Company expanded its footprint internationally through the formation of Desert Energy U.K., a wholly owned subsidiary, to maximize current geopolitical unknowns. This new entity has secured a substantial onshore exploration licence for helium and hydrogen in Devon, U.K., spanning approximately 370 square miles (958 square kilometres). The licence, granted by a large mineral and landowner who has a strong commitment to responsible resource stewardship, positions Desert Mountain to engage with U.K. governmental agencies to facilitate geophysical work in the region.

In April 2025, the Company entered a non-disclosure agreement with private entities to develop cost-effective technologies for helium and hydrogen extraction and exploration. This partnership includes field testing of new equipment in Arizona and New Mexico, planned for fourth quarter 2025 through second quarter 2026. With development costs largely covered by the partner's grants, Desert Mountain anticipates limited financial outlay during this phase. Updates will be shared in accordance with the agreement terms.

In April 2025, the Company entered into a non-disclosure agreement and memorandum of understanding with Sustany Holdings, effective April 27, 2025. Under the agreement, a large data center (in excess of 200 megawatts) will be constructed and powered by a combination of grid electricity, solar energy and electricity generated from natural gas utilizing high-efficiency gas turbines. This agreement secures a long-term end-user for Desert Mountain's produced natural gas for the life of the field and a significant portion of its future helium output.

In July 2025, the Company entered into an agreement with Roswell Information Park LLC to supply and manage natural gas from its West Pecos field, earning management fees on third-party gas entering the pipeline. In collaboration with Sustany LLC and various government entities, the Company is advancing the Roswell Information Park project (expected to exceed 500 megawatts in power generation) and exploring hydrogen development and grant opportunities. It is also evaluating data centre expansion in Arizona to support growth and optimize existing assets.

PROPERTIES, CLAIMS AND EXPLORATION PROGRAMS

Holbrook Basin Project

On February 27, 2018, the Company acquired 12,256 acres under lease for helium, oil & natural gas within the Holbrook Basin of Northern Arizona directly from the Arizona Department of Land. Two of the world's producing helium gas fields, the Pinta Dome and the Navajo Springs, are situated in this region. They are noted for their high grades of helium gas produced, ranging up to 8% and more versus the industry benchmark of 0.3% to 1% for commercial grade.

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On May 29, 2018, the Company acquired an additional 12,219 acres under lease for helium oil & natural gas within the Holbrook Basin of Northern Arizona directly from the Arizona Department of Land. The new leases are situated in Navajo and Coconino counties.

On June 11, 2018, the Company acquired a further tranche of 12,228 acres under lease for helium, oil & natural gas within the Holbrook Basin of Northern Arizona directly from the Arizona Department of Land.

On October 15, 2018, the Company acquired an additional 3,040 acres under lease for helium, oil & natural gas in the Holbrook Basin from the Bureau of Land Management of the U.S. Dept. of the Interior.

In September 2019, acquired an additional 3,169 acres under lease for helium, oil and natural gas in the Holbrook Basin of eastern Arizona. The leases were acquired directly from the Arizona Department of Land. They are situated in Coconino County, Arizona, in the Company's Heliopolis project area in close proximity to its other holdings. They serve to further consolidate the Company's property position in that area.

During the year ended September 30, 2020, the Company entered into an option agreement with a private party to acquire 23,000 acres of additional helium leases in Arizona's Holbrook Basin. Per the terms of the agreement the Company paid \$6,598 (\$5,000 USD) for the option to lease the properties for a period of three years. Upon exercise of the options, the Company will obtain a five-year lease covering development and production of helium, oil & gas and all other minerals from the ground optioned for consideration of \$5 per acre. The term of the leases will be extended so long as there is production from them, insofar as they are held by production. A 12.5% gross royalty on all production of helium, oil & gas is payable to the lessors. These leases were extended.

In January 2021, the Company exercised some of its options on properties and has acquired an additional 8,510 leased acres in Navajo County, Arizona. All of the newest properties are on private lands.

In February 2021, the Company acquired an additional 9,885 acres in Navajo County, AZ.

In November 2021, the Company purchased 40 acres of land in Navajo County for the drilling of developmental wells

In January 2022, the Company purchased an additional 40 acres of land in Navajo County for the drilling of developmental wells.

In August 2022, the Company acquired an additional 40 acres of land for future facilities in Navajo County, Arizona.

In October 2022, the Company signed a Joint Operating Agreement ("JOA") with Beam Earth Ltd. The JOA initially encompasses the shallow hydrogen zones found while drilling in the McCauley helium field, which is part of the leased acreage in Arizona

In November 2022, the Company acquired 40 acres of land for its South Winslow prospect. This land not only provides property to place initial processing equipment but more importantly, provides surface and Right of Way access to multiple, land-locked, state properties that the Company wishes to develop.

In December 2022, the Company announced that testing of the McCauley Helium Processing Facility, located in Navajo County, Arizona, has been completed.

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In December 2022, the Company completed its wildcat well on the Gunnar Dome prospect, located in Navajo County, Arizona.

In January 2023, the Company exercised its option to lease an additional 8,023 acres in Coconino County, Arizona.

In January 2023, the Company leased an additional 15,600 acres, in Coconino County, situated on indicated structural traps for helium. With this acreage combined with the previously announced 8,023 acres, the Company has increased its Arizona holdings by more than 18% and over 100,000 acres. The Company continues to remain focused on its Arizona properties whilst evaluating long-term expansion opportunities. The Company has either acquired or made agreements for surface property to support future possible production facilities.

In March 2023, the Company announced that GENERON has completed its work on the McCauley Helium Processing Facility. The Company expects to work through various combinations of gas mixtures, concentrations and final product purity levels over a 90 day period.

In March 2023, the Company announced that it has successfully re-entered Well #3. After running Cement Bond Log (CBL) to verify that all water courses were protected via multiple strings of casing, previously set and cemented in December 2020. The Company then deepened the well into the Pre-Cambrian Granite. The casing was set and cemented, and a cased hole log was run to verify cement. Cementing procedures were done in accordance with Company practices. This includes circulating cement to the surface on multiple strings to ensure protection and segregation between formations.

In April 2023, the Company acquired an additional 80 acres of surface property within the McCauley Helium Field which could be significant for future hydrogen and noble gas operations.

In July 2023, the Company reported, since the commissioning of the McCauley Helium Processing Facility in January 2023, it has been working diligently towards declaring commercial production of helium from the plant. However, despite lengthy engagement with the Arizona regulatory authorities, the Company has become frustrated with repeated delays and long lead times associated with enhanced recovery permitting. At this point in time, the Board and Management have come to a decision to take advantage of the inherent flexibility of their proprietary plant design and will move the McCauley Processing Facility to its newly acquired West Pecos Slope Abo Gas Field in New Mexico.

In September 2023, the Company reported in partnership with Beam Earth Ltd., that it is planning an airborne, low-altitude, geophysical survey over specific properties in Arizona. The properties to be surveyed include the McCauley Field, the Winslow South Field, and the O'Haco properties. By incorporating data from previously drilled wells, the survey aims to improve the accuracy of the final data sets by establishing additional correlations. The results of this high-resolution survey will be used to verify and, if necessary, redefine drill targets for each of the properties.

In May 2024, the Company announced that it has signed a new agreement with Beam Earth Ltd. to commence hydrogen exploration in Arizona. The previously announced agreement dated July 18, 2022 is superseded by the new arrangement. Under the contract, Beam Earth was to provide an initial deposit of \$225,000 USD and would proceed with research into several "green" hydrogen and "blue" hydrogen processing plants in Arizona. This agreement was not initiated nor fulfilled by Beam Earth.

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In August 2024, the Company reported its ongoing collaboration with key stakeholders across Arizona, including members of Congress, relevant state agencies, trade associations, and the private sector, to advance the responsible extraction of helium.

DME is also actively engaging at the federal level, positioning helium as a vital resource for national defense, healthcare and a critical component of our supply chain. By working with our congressional delegation and various stakeholders who understand the significance of helium not just for Arizona, but for the nation. DME is building the necessary support to seek the inclusion of helium to the United States Geological Survey (USGS) critical mineral list. Materials included on this list are afforded several benefits such as eligibility for additional clean energy tax credits, research grants and a streamlined permitting process.

In January 2025, the Company continues to collaborate with Beam Earth Ltd. and Hethos Ltd., the hydrogen operating arm of Beam Earth, to advance its hydrogen opportunities alongside its helium projects in Arizona and New Mexico. The collaboration is regarding the possibility of utilizing hydrogen cells to fuel a joint helium and hydrogen processing facility in Arizona. DME's plant design is believed to operate with an 18% reduction in electricity consumption.

In February 2025, the Company announced significant progress on Arizona Senate Bill 1444, which aims to streamline helium exploration in Arizona, requiring that operations are designed, constructed, operated, and maintained to not discharge a contaminant into an aquifer. The bill successfully passed the Senate Committee on Natural Resources and has advanced to the Rules Committee. A full Senate vote is expected shortly, after which the bill will proceed to the Arizona House of Representatives.

In relation to the current legal action with the City of Flagstaff, in March 2025, the Arizona Court of Appeals issued a unanimous decision in favor of the Company. The court subsequently approved the Company's request for fees on April 7, 2025. The Company remains strongly committed to Arizona, continuing to maintain its wells, renew leases, and work collaboratively with state regulators to support the development of industry regulations.

West Pecos Slope Abo Gas Field Project

In July 2023, the Company announced that it had closed on the purchase of the West Pecos Slope Abo Gas Field and gas gathering system located in Chaves County, New Mexico. The Company is in the process of assuming operations of the existing wells. This acquisition follows in line with the Company's previously disclosed plans and use of proceeds to utilize our mobile modular and scalable helium processing plant design, where applicable, elsewhere in the United States to maximize shareholder value. The third-party acquisition cost is \$500,000 US for the gathering system and \$2,000,000 US for the wells and leases.

Since the commissioning of the McCauley Helium Processing Facility in January 2023, the Company has been working diligently towards commencing commercial production of helium from the plant. However, despite lengthy engagement with the Arizona regulatory authorities, the Company has become frustrated with repeated delays and long lead times associated with enhanced recovery permitting. At this point in time, the Board and Management have come to a decision to take advantage of the inherent flexibility of their proprietary plant design and will move the McCauley Processing Facility to its newly acquired West Pecos Abo Gas Field in New Mexico. On August 16, 2023, the Company announced that it has successfully completed the disassembly of the helium processing plant. All components have been transported to the West Pecos Slope

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Abo Gas Field and reassembly has begun. The Company plans on starting up the plant shortly after pressure testing of critical components is completed.

The Company has initiated the process of pigging flow lines, replacing specific portions of the flow lines and implementing maintenance procedures. Pigging of flow lines will help to lower flowing pressures from the furthest distant wells. The Company has also begun the process of removing choke points and will continue that process over the next 3-4 months. DME has initiated discussions with natural gas end users regarding the purchasing of natural gas after the current contract expires.

In September 2023 the Company reported an additional dehydration unit will be added to the system, resulting in the removal of helium, inert gases, and heavy C-molecules(hydrocarbons). This will lead to a higher net price for the methane gas produced by the Company. The elimination of these particles will have an immediate and substantial impact on the net price received by the Company for its natural gas.

In October 2023, the Company confirmed the delivery of all necessary components for the West Pecos Helium Processing Plant. Heavy rains washed out portions of roads not maintained by the Company which delayed delivery of the larger multi-stage compressor. Critical components, excluding the final compressor and dehydration unit connections, have been pressure tested successfully.

In January 2024, the Company announced the successful reassembly of its natural gas and helium processing and extraction facility. The Company has received the final operational permit from the BLM. The Company has made several plant modifications to enhance safety and accommodate upcoming regulatory changes in 2024. These modifications have allowed DME to significantly increase overall gas production and begin plant operations for total natural gas throughput. Plant modifications include the ability to automatically bypass the main gas portion of the gas processing facility and continue natural gas sales. The West Pecos Helium Processing Plant has been specifically designed to meet a variety of customer purity requirements for gaseous helium, ensuring a maximum return on investment.

Since the closing of the acquisition on July 1, 2023, DME has significantly increased gas throughput across the entire field, going from 104 MCFGPD to 1,199 MCFGPD in November 2023. This progress has been achieved without significant capital investment, with 15 wells revitalized at a cost of less than \$150 per well using foaming techniques. The Company plans to further improve production through well workovers starting in March 2024, with an average cost of \$15,000 per well. DME is working towards the near-term goal of exceeding 3,000 MCFGPD from existing wells and perforations.

In June 2024, the Company announced the commencement of operations at its helium processing plant on the West Pecos Field in New Mexico. The plant is currently separating helium from the natural gas stream. The startup procedure will involve optimization and potential programming improvements, with an estimated duration of 60-90 days.

In September 2024, the Company announced that the separation of commercial volumes of helium from a complex natural gas stream has been achieved. The processing plant has been recirculating and enriching helium with the end product going into an end user's tube trailer. The facility has been in commercial operation following the resolution of numerous issues by the DME team during the start-up phase. The geological team continues to review downhole data to determine the most viable wells for increased helium production. They are also examining regional data to enhance the understanding of geological controls and pinpoint locations with the potential for higher helium grades.

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In October 2024, the Company announced the West Pecos Slope Abo Gas Field has been successfully operational for over two months. The plant is autonomous, with an AI component coordinating the integrated systems necessary to process the various crude gas components being produced by the wells.

DME's technical team has worked through numerous challenges since the plant's start-up in June 2024. The team encountered a range of challenges, including malware and ransomware, wiring problems, and components not meeting engineering standards. The Company enlisted an automation team to rewrite software, enabling the company to avoid ransom demands from the malware creators. Upgrades were made to wiring, switchgear and bottlenecks in the system were addressed. The plant complies with the latest emission regulations for 2025 at both state and federal levels.

In January 2025, the Company received its final approval from the State of New Mexico Energy, Minerals and Natural Resources, Oil Conservation Division, for its Operator License for New Mexico. The Company continued selling natural gas on a monthly basis, without any sales being made into the Waha hub. The Company is actively engaged in negotiations to secure a more favorable long-term natural gas agreement.

In January 2025, the Company continues to separate helium from the natural gas stream. Based on current gas production volumes, the Company looks toward filling a truckload every 18-21 days depending upon customer specifications. This will change as gas volumes and helium percentages increase. The first truckload left the plant in April 2025.

Recently, the DME gas field in the Roswell area has been identified as having significant potential for hosting data centers. The Company has been conducting a pilot project on its West Pecos Gas Field to assess the feasibility of operating small modular cryptocurrency mining equipment and small data centers. Additionally, a local gas producer has partnered with a major data operator to construct a 250 MW net-zero energy data center. DME is actively investigating the streamlining of the collection system to facilitate the increase in the percentage of helium and the transportation of processed gas to a mainline for use by a data center.

To increase the production of tariff-regulated gas and high-grade helium, DME may add a nitrogen separation unit to meet gas purity specifications of the data center. The company will also update and reroute flow lines to maximize throughput at its processing facility. Although the facility has been optimized for peak helium extraction, it has been operating below volume capabilities; maximum helium production will require all wells to be routed through the plant.

DME plans to upgrade and expand approximately 33 miles of new lines, including the installation of larger lines to reduce pressure and increase natural gas and helium production. During these upgrades, wells and the processing facility will be temporarily shut in for specific periods.

Mr. Robert Rohlfing is the Head of Technical Operations and provides exploration services in connection with the Company's helium leases.

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SUMMARY OF QUARTERLY RESULTS

	Quarter ended June 30, 2025	Quarter ended March 31, 2025	Quarter ended December 31, 2024	Quarter ended September 30, 2024
Revenue, net of royalties	\$ 79,691	\$ 149,313	\$ 132,964	\$ (103,697)
Net loss for the period				
In total	\$ (453,168)	\$ (653,746)	\$ (647,262)	\$ (1,168,361)
Per-share (basic and diluted)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Common Stock				
Authorized	Unlimited	Unlimited	Unlimited	Unlimited
Outstanding	94,184,109	93,284,109	90,258,109	90,258,109
Stock Options	7,860,000	8,270,000	8,270,000	8,270,000
Warrants	6,536,698	5,564,698	14,869,918	14,869,918

	Quarter ended June 30, 2024	Quarter ended March 31, 2024	Quarter ended December 31, 2023	Quarter ended September 30, 2023
Revenue	\$ 185,837	\$ 153,809	\$ 624,393	\$ 483,491
Net loss for the period:				
In total	\$ (1,661,308)	\$ (888,686)	\$ (862,123)	\$ (6,303,261)
Per-share (basic and diluted)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.07)
Common Stock				
Authorized	Unlimited	Unlimited	Unlimited	Unlimited
Outstanding	90,258,109	90,258,109	90,258,109	90,258,109
Stock Options	8,395,000	3,870,000	5,670,000	6,095,000
Warrants	14,869,918	14,869,918	14,869,918	14,869,918

Quarterly results will vary in relation to the Company's activities. The losses in the quarters are mainly the result of the increased corporate activities as the Company continues to grow. The Company has added new consultants and increased its insurance coverage.

- The loss during the three months ended June 30, 2025 mainly the result of professional and consulting fees of \$204,795 and repairs and maintenance of \$81,851.
- The loss during the three months ended March 31, 2025 mainly the result of professional and consulting fees of \$270,497 and repairs and maintenance of \$201,820.
- The loss during the three months ended December 31, 2024 was mainly the result of professional and consulting fees of \$363,095.

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- The loss during the three months ended September 30, 2024 was the result of professional and consulting fees of \$519,908 and repairs and maintenance payments of \$121,148 due to needed repairs in the New Mexico gas field and plant and audit adjustments related to royalty payments.
- The loss during the three months ended June 30, 2024 was the result of professional and consulting fees of \$516,369 and share-based payments of \$919,098 due to the vesting of options in the period.
- The loss during the three months ended March 31, 2024 was mainly the result of insurance of \$249,079 and professional and consulting fees of \$421,080.
- The loss during the three months ended December 31, 2023 was mainly the result of insurance of \$166,678, professional and consulting fees of \$450,181 and salaries and benefits of \$168,259.
- The loss during the three months ended September 30, 2023 was mainly the result of the recording of an impairment calculation of \$5,269,061 related to the purchase of the West Pecos Slope abo Gas Field. IAS 37 requires the recording of a future decommissioning cost for the wells, which is included in the capitalized costs of the property and equipment and contributed to the impairment recorded.

RESULTS OF OPERATIONS

Nine Months Ended June 30, 2025

The Company incurred a net loss of \$1,754,176 for the nine months ended June 30, 2025 (2024 - \$3,412,117).

Revenue for the nine months ended June 30, 2025 was \$361,968 (2024 - \$964,039). Cost of sales for the nine months ended June 30, 2025 was \$482,971 (2024 - \$807,175). Revenues were down as a result of the Company selling its trucking assets in January 2024.

General and administrative expenses totalled \$1,894,864 (2024 - \$4,159,739). Significant differences between the levels of expenditures in the two comparative periods include the following: Salaries and wages expense was \$nil (2024 - \$182,916) due to the elimination of salaries at the trucking company. Insurance expense was \$148,866 (2024 - \$478,122) due to the selling of the Company trucking assets. Professional and consulting fees decreased to \$838,387 (2024 - \$1,387,630) due to the reduction of consulting fees at the management level. Repairs and maintenance increased to \$423,145 (2024 - \$198,558). Share-based payments expense was \$nil (2024 - \$981,397) due to the timing of stock options vested in the period.

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Three Months Ended June 30, 2025

The Company incurred a net loss of \$453,168 for the three months ended June 30, 2025 (2024 - \$1,661,308).

Revenue for the three months ended June 30, 2025 was \$79,691 (2024 - \$185,837). Cost of sales for the three months ended June 30, 2025 was \$87,976 (2024 - \$245,095). Revenues were down as a result of the Company selling its trucking assets in January 2024.

General and administrative expenses totalled \$532,357 (2024 - \$1,805,910). Significant differences between the levels of expenditures in the two comparative periods include the following: Professional and consulting fees decreased to \$204,795 (2024 - \$516,369) due to the reduction of consulting fees at the management level. Repairs and maintenance increased to \$81,851 (2024 - \$25,383). Share-based payments expense was \$nil (2024 - \$919,098) due to the timing of stock options vested in the period.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$1,575,125 for the period ended June 30, 2025 compared to \$1,789,618 for the period ended June 30, 2024. The change was the cumulative result of several variations in the items affecting cash flow from operations as discussed above under "Results from Operations".

Investing Activities

Cash outflow from investing activities was \$32,145 for the period ended June 30, 2025 compared to cash outflows of \$7,045,885 for the period ended June 30, 2024. The cash outflows in the period ended June 30, 2025, are primarily the result of exploration expenditures of \$130,441, the acquisition of property, plant and equipment of \$488,031, offset by lease and loan receivable receipts of \$586,327. The cash outflows in the period ended June 30, 2024, are primarily the result of exploration expenditures of \$545,010 and the acquisition of property, plant and equipment of \$6,609,320.

Financing Activities

Cash inflow from financing activities was \$903,540 for the period ended June 30, 2025 compared to cash inflow of \$nil for the period ended June 30, 2024. The cash inflows in the period ended June 30, 2025 was the result of net proceeds from a financing of \$903,540.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not have positive cash flows from operations nor any significant operating revenues. As such, it must rely on equity financings to fund operations. The Company's main source of funding has been the issuance of equity securities for cash, primarily through financings to sophisticated investors and institutions.

The Company's working capital as at June 30, 2025 was \$321,654 (September 30, 2024 - \$1,296,228).

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During the period ended June 30, 2025, the Company:

- i) Closed the first tranche of a non-brokered private placement offering, raising \$514,000 through the issuance of 2,056,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one share purchase warrant, with each whole warrant allowing the subscriber to purchase one additional share for a period of one year ending February 27, 2026, at a price of \$0.35 per share. Finders' fees consisted of 153,280 finders' warrants valued at \$8,775 and \$38,230 of cash share issuance costs.
- ii) Closed the second tranche of its non-brokered private placement offering, raising \$242,500 through the issuance of 970,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one share purchase warrant, with each whole warrant allowing the subscriber to purchase one additional share of the Company for a period of one year ending March 17, 2026, at a price of \$0.35 per share. Finders' fees consisted of 71,200 finders' warrants valued at \$6,013 and \$17,800 of cash share issuance costs.
- iii) Closed the third tranche of a non-brokered private placement offering, raising \$215,000 through the issuance of 860,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one share purchase warrant, with each whole warrant allowing the subscriber to purchase one additional share for a period of one year ending May 2, 2026, at a price of \$0.35 per share. Finders' fees consisted of 68,800 finders' warrants valued at \$4,573 and \$17,200 of cash share issuance costs.
- iv) Closed the final tranche of its non-brokered private placement offering, raising \$10,000 through the issuance of 40,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one share purchase warrant, with each whole warrant allowing the subscriber to purchase one additional share of the Company for a period of one year ending May 16, 2026, at a price of \$0.35 per share. Finders' fees consisted of 3,200 finders' warrants valued at \$156.

The Company has relied upon equity financings to meet its capital requirements and will continue to do so for the foreseeable future. Future cash requirements will depend primarily on the extent of future expenditures on the Company's exploration and development programs. In light of the continued market uncertainty the Company has made an effort to conserve its capital resources. The most important of these steps includes reduction in expenditures, prioritization of projects, and careful attention to costs throughout its operations. The Company has incurred losses since inception, has no source of operating cash flow and there can be no assurances that sufficient funding will be available to explore and develop its mineral and resource properties and to cover general and administrative costs. To meet its long-term business plans, the ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration and development success. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable operations or obtain adequate financing to continue development and exploration.

TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT COMPENSATION

All related party transactions were measured at the amount of consideration established and agreed to by the related parties. All amounts due from/payable to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

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During the period ended June 30, 2025, the Company incurred the following transactions with related parties and had the following balances:

- a) Professional fees to an officer of the Company in the amount of \$144,076 (2024 - \$254,489).
- b) Geological fees to an officer of the Company in the amount of \$130,157 (2024 - \$305,637), which were capitalized as a component of exploration and evaluation assets.
- c) Consulting fees to an officer and director of the Company in the amount of \$145,039 (2024 - \$180,000).
- d) Director's fees to two directors of the Company in the amount of \$49,480 (2024 - \$48,583).

As at June 30, 2025, \$nil (September 30, 2024 - \$22,734) was payable to directors and officers of the Company in relation to the above transactions.

Key management includes directors involved with the daily operations of the Company. The compensation paid to key management for services is shown below:

Related Party Transactions and Key Management Compensation	2025	2024
Professional fees	\$ 144,076	\$ 254,489
Geological consulting fees	130,157	305,637
Consulting fees	145,039	180,000
Director fees	49,480	48,583
Share-based payments	-	697,247
	\$ 468,752	\$ 1,485,956

CONTINGENCY

The City of Flagstaff, Arizona (the "City") filed a temporary restraining order against the Company in December 2020 to stop the further drilling of any oil and gas wells located on the Company's Holbrook properties adjacent to Red Gap Ranch. The case was pending before the Arizona Court of Appeals and the Company continued to have confidence that it would prevail as it believed there was no merit to the City of Flagstaff's claims. On March 25, 2022, the Arizona Court of Appeals ruled in favor of the Company and ordered the original ruling vacated and remanded for 11 of the 12 claims brought forward by the City. Following the City's request, the Court reinstated 8 of the previously dismissed claims. On January 8, 2025, the trial court granted summary judgment in the Company's favor on 3 of the City's 9 remaining claims leaving 6 remaining. Specifically, the trial court granted summary judgment on the City's claims for strict liability/negligence per se, fraudulent misrepresentation, and negligent misrepresentation. As a result, those claims have been resolved in the Company's favor.

In March 2025, the Arizona Court of Appeals issued a unanimous decision in favor of the Company. The court subsequently approved the Company's request for fees on April 7, 2025. The company has not recorded any contingent liability or any estimated recovery of fees related to this matter.

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INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting (“ICFR”)

In connection with National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) 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 financial information contained in the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue 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.

OTHER MD&A REQUIREMENTS

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

COMMITMENTS

Please refer to the June 30, 2025 condensed consolidated interim financial statements on www.sedarplus.ca.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Please refer to the June 30, 2025 condensed consolidated interim financial statements on www.sedarplus.ca.

MATERIAL ACCOUNTING POLICY INFORMATION

Please refer to the September 30, 2024 consolidated financial statements on www.sedarplus.ca.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Please refer to the June 30, 2025 condensed consolidated interim financial statements on www.sedarplus.ca.

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DISCLOSURE OF OUTSTANDING SHARE DATA

The following details the share capital structure as at the date of this MD&A:

	Expiry Date	Exercise Price (\$)	Number	Total
Common Shares				94,184,109
Share Purchase Options				
	January 17, 2027	2.50	900,000	
	June 28, 2027	0.36	5,875,000	
	July 10, 2027	0.36	100,000	
	October 21, 2027	2.35	685,000	
	September 1, 2028	0.44	300,000	
Total options				7,860,000

	Expiry Date	Exercise Price (\$)	Number	Total
Share Purchase Warrants				
	September 13, 2025	3.50	2,314,218	
	February 27, 2026	0.35	2,209,280	
	March 17, 2026	0.35	1,041,200	
	May 2, 2026	0.35	928,800	
	May 16, 2026	0.35	43,200	
Total warrants				6,536,698

RISKS AND UNCERTAINTIES

The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company has not commenced commercial operations and has no proven history of performance, earnings or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan, and the Company's Common Shares must be considered speculative, primarily due to the nature of the Company's business and early stage of development.

The Company's property interests are located in the United States. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of the Company and may adversely affect its business. In addition, shortages of skilled labour and deficiencies in infrastructure may negatively influence costs of exploration and development.

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its property interests or to fulfil its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of new projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with

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exploration on its properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to The Company's shareholders.

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to obtain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration work, which may result in it losing its interest in the subject property.

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any resources discovered. The marketability and price of helium and oil & gas which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and precious gems and many other aspects of the mining business. Declines in resource prices may have a negative effect on the Company.

The resource industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other corporations which have greater technical or financial resources. The Company may be unable to acquire additional attractive resource properties on terms it considers to be acceptable.

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. Failure to comply with such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance 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. The Company intends to fully comply with all environmental regulations.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

A breakdown of the Company's general and administrative expenses is disclosed in the condensed consolidated interim financial statements for the period ended June 30, 2025 to which this MD&A relates. A breakdown of the exploration and evaluation assets of the Company is disclosed in Note 5 and a breakdown of the Company's property, plant and equipment is disclosed in Note 6 of the condensed consolidated interim financial statements for the period ended June 30, 2025 to which this MD&A relates.

OTHER INFORMATION

The Board of Directors of Desert Mountain Energy Corp. has approved the disclosure contained in the MD&A. A copy of this MD&A can be located, along with additional information, on the SEDAR+ website at www.sedarplus.ca.

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Controls and Procedures

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed consolidated interim financial statements, and (ii) the condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the period ended June 30, 2025, and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.