

DESERT MOUNTAIN ENERGY CORP.

Suite 510 - 580 Hornby Street
Vancouver, BC V6C 3B6

Form 51-102F6

STATEMENT OF EXECUTIVE COMPENSATION
(for the year ended September 30, 2020)

The following information is presented by the management of Desert Mountain Energy Corp. (the "**Company**") in accordance with Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**").

General

For the purposes of this disclosure:

"**CEO**" of the Company means each individual who served as Chief Executive Officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.

"**CFO**" of the Company means each individual who served as Chief Financial Officer of the Company or acted in similar capacity for any part of the most recently completed financial year.

"**NEO**" or "named executive officer" means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended September 30, 2020, the Company had five NEOs, being: Robert Rohlfing, the Chief Executive Officer ("**CEO**"), President, Chair and the former Executive Vice President Head of Technical Operations, Scott Davis, the Chief Financial Officer ("**CFO**"), Donald Mosher, the Vice-President Capital Markets and a Director, James Cronoble, the Vice-President Exploration and a Director and Irwin A. Olian, Jr., the former CEO, President, Chair and Director of the Company.

Compensation Discussion and Analysis

The Company has no formal compensation policy and has not appointed a compensation committee. The Board of Directors (the "**Board**") as a whole is responsible for determining all forms of compensation to be granted to the CEO of the Company and the directors, and for reviewing the President's recommendations respecting compensation of the other senior executives of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. The Board is also responsible for reviewing and approving corporate goals and objectives relevant to an NEO's compensation, evaluating the NEO's performance in light of those goals and objectives and making recommendations with respect to the NEO's compensation based on this evaluation.

The Board monitors levels of executive remuneration to ensure overall compensation reflects the Company's objectives and philosophies and meets the Company's desired relative compensation position. The key components comprising executive officer compensation are base salary, annual bonuses and participation in the Company's incentive stock option plan. These components are normal for companies that are comparable to the Company. Executive compensation is based on a number of factors including a comparative review of information provided to the Company by compensation consultants, recruitment agencies and auditors. At the end of each year, the Board also reviews actual performance against corporate objectives.

Executive officers' compensation is designed in a manner to recognize and reward executive officers based upon individual and corporate performance, to be competitive with the compensation arrangements and programs established by other oil and gas companies with which the Company compares itself, and to be consistent with the executive officers' respective contributions to the overall benefit of the Company.

CEO compensation is determined by the Board. The Board's view is that the salary of the CEO should be in line with competitive salaries for positions of similar responsibility at companies that are, like the Company, publicly held. In assessing compensation paid to the CEO, the Board also reviews available industry data relating to such companies and information or advice provided by compensation consultants or recruitment agencies. The CEO participates in discussions or reviews relating to executive compensation for NEOs, but does not participate in the discussions and reviews relating to his own compensation.

In establishing compensation objectives for executive officers, the Board seeks to:

1. motivate executives to achieve corporate performance objectives and reward them when such objectives are met;
2. recruit and subsequently retain highly qualified executive officers by offering overall compensation which is competitive with that offered for comparable positions in similar companies; and
3. align the interest of executive officers with the long-term interests of shareholders through participation in the Company's stock incentive plan.

Neither the Board nor a committee of the Board, has proceeded to a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation programme, and the Board does not believe that the Company's compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The Company's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that

are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Agreement for Services – Mr. Rohlfig

The Company had previously entered into an agreement for services with Mr. Rohlfig dated January 15, 2019 (the "**Rohlfig Agreement**"), with respect to Mr. Rohlfig's services as Executive Vice President Head of Technical Operations and as a member of the Board. The Rohlfig Agreement was amended on December 1, 2019 to extend the term of the Rohlfig Agreement to December 31, 2020, to confirm the retention of previously granted stock options by Mr. Rohlfig and to provide for the payment of compensation in the amount of \$10,000 USD per month until December 31, 2020.

Financial Consulting Services – Mr. Olian, Jr.

The Company had previously entered into an agreement for services with Mr. Olian, Jr. dated June 27, 2008, as amended by agreements dated December 7, 2009, January 17, 2011, January 1, 2012, January 1, 2013, January 1, 2014, January 1, 2015, January 1, 2016 and December 1, 2019 (collectively, the "**Olian Agreement**") with respect to Mr. Olian's services as CEO, President, Chairman and as a member of the Board. The Olian Agreement confirmed the retention of previously granted stock options by Mr. Olian, Jr. and provided for the payment of compensation in the amount of \$10,000 USD per month until December 31, 2020.

As Mr. Olian, Jr. resigned as CEO, President, Chairman and as a member of the Board on July 27, 2020, the Olian Agreement was terminated and the Company entered into a financial consulting services agreement with Mr. Olian, Jr. dated July 27, 2020, with respect to Mr. Olian's engagement as a senior financial consultant to the Company until January 31, 2021.

Share-Based and Option-Based Awards

The Company does not grant share-based awards. The purpose of granting stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders. The Board determines the number of stock options to be awarded, which are generally awarded to executive officers at the commencement of employment and periodically thereafter. When new options are granted, the Board takes into account the previous grants of options, the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs. The exercise price of the stock options granted is generally determined by the market price at the time of grant, less any allowable discount.

SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual Incentive plans	Long-term incentive plans			
Robert Rohlfig CEO, President, Chair and Director Former Executive Vice President Head of Technical Operations ⁽²⁾	2020	Nil	N/A	31,467	N/A	N/A	Nil	154,737	186,204
	2019	Nil	N/A	90,304	N/A	N/A	Nil	65,914	156,218
	2018	Nil	N/A	Nil	N/A	N/A	Nil	Nil	Nil
Scott Davis CFO ⁽³⁾	2020	Nil	N/A	20,590 ⁽³⁾	N/A	N/A	Nil	72,575 ⁽³⁾	93,165
	2019	Nil	N/A	6,027 ⁽³⁾	N/A	N/A	Nil	20,599 ⁽³⁾	26,626
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Donald Mosher Vice- President, Capital Markets and a Director ⁽⁴⁾	2020	Nil	N/A	21,534	N/A	N/A	Nil	12,000	33,534
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James Cronoble Vice- President Exploration and Director ⁽⁵⁾	2020	N/A	N/A	23,170	N/A	N/A	N/A	N/A	23,170
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Irwin A. Olian, Jr. Former CEO, President, Chair and Director ⁽⁶⁾	2020	Nil	N/A	37,410	N/A	N/A	Nil	172,058	209,468
	2019	Nil	N/A	63,648	N/A	N/A	Nil	91,625	155,273
	2018	Nil	N/A	1,996	N/A	N/A	Nil	74,583	76,579

Note:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Risk-free interest rate:	0.42%	1.58 - 2.22%	1.96 - 2.07%
Expected dividend yield:	Nil	Nil	Nil
Expected volatility:	98.1%	106.97 - 179.73%	194.42 – 195.01%
Expected life of option:	2.01 years	3 years	3 years

The Company has chosen to utilize the Black-Scholes model for determining the “grant date fair value” as the Company believes it is the most accepted model for determining such calculations and it is used when determining calculations for the Company’s financial statements. The Company has calculated the “grant date fair value” in the “Option-based awards” column using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security and the risk-free rate of return.

- (2) Mr. Rohlfig was appointed Executive Vice President Head of Technical Operations of the Company and a Director on January 17, 2019 and resigned as Executive Vice President Head of Technical Operations of the Company on July 27, 2020. Mr. Rohlfig was appointed as CEO, President and Chair of the Company on July 27, 2020. During the years ended September 30, 2019 and September 30, 2020, a company controlled by Mr. Rohlfig charged \$65,914 and \$154,737, respectively, for geological fees.
- (3) Mr. Davis was appointed CFO of the Company on May 1, 2019. During the years ended September 30, 2019 and September 30, 2020, Cross Davis & Company LLP (“**Cross Davis**”) an accounting firm of which Mr. Davis is a partner, charged \$20,599 and \$72,575, respectively, for professional fees. The amounts disclosed consist of consulting fees charged by Cross Davis to the Company, which are attributable to the services provided by Mr. Davis to the Company.
- (4) Mr. Mosher was appointed Vice-President Capital Markets and a Director of the Company on August 10, 2020.
- (5) Mr. Cronoble was appointed Vice-President Exploration and a Director of the Company on July 28, 2020.
- (6) Mr. Olian, Jr. resigned as CEO, President, Chair and a Director of the Company on July 27, 2020. Mr. Olian, Jr. was paid a monthly consulting fee of \$5,000 to June, 2018, from July, 2018 to October, 2019 he was paid a monthly consulting fee of \$5,000 USD and from November, 2019 to September, 2020 he was paid a monthly consulting fee of \$10,000 USD. Mr. Olian, Jr. also received bonuses of \$9,180 in fiscal 2020, \$12,209 in fiscal 2019 and \$9,894 in fiscal 2018. The amounts paid to Mr. Olian, Jr. were paid in connection with his services as CEO and President and in his role as a consultant to the Company. No compensation was paid to Mr. Olian, Jr. for his services as a Director of the Company.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards. The Company has an incentive stock option plan which permits the granting of options to eligible participants to purchase up to a maximum of such number of common shares as is equal to 10% of the then issued and outstanding common shares of the Company. Further particulars of the incentive stock incentive plan are set out below.

The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Robert Rohlfig	600,000	0.21	Jan. 14, 2022	870,000
<i>CEO, President, Chair and Director</i>	200,000	0.25	Aug. 21, 2022	282,000
<i>Former Executive Vice President Head of Technical Operations</i> ⁽²⁾	100,000	0.22	Mar. 9, 2023	144,000

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Scott Davis <i>CFO</i> ⁽³⁾	100,000 120,000	0.20 0.22	July 9, 2022 Mar. 9, 2023	146,000 172,800
Donald Mosher <i>Vice-President, Capital Markets and a Director</i> ⁽⁴⁾	150,000	0.74	Aug. 14, 2023	138,000
James Cronoble <i>Vice-President Exploration</i> ⁽⁵⁾	150,000	0.66	Aug. 14, 2023	150,000
Irwin A. Olian, Jr. <i>Former CEO, President, Chair and Director</i> ⁽⁶⁾	650,000 150,000 100,000	0.20 0.25 0.22	Nov. 26, 2021 Aug. 21, 2022 Mar. 9, 2023	949,000 211,500 144,000

Note:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on September 30, 2020 over the exercise price of the options. The market price for the Company’s common shares on September 30, 2020 was \$1.66.
- (2) Mr. Rohlffing resigned as Executive Vice President Head of Technical Operations of the Company on July 27, 2020 and was appointed as CEO, President and Chair of the Company on July 27, 2020.
- (3) Mr. Davis was appointed CFO of the Company on May 1, 2019.
- (4) Mr. Mosher was appointed Vice-President Capital Markets and a Director of the Company on August 10, 2020.
- (5) Mr. Cronoble was appointed Vice-President Exploration and a Director of the Company on July 28, 2020.
- (6) Mr. Olian, Jr. resigned as CEO, President, Chair and a Director of the Company on July 27, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year

The Company does not have any non-equity incentive plans nor any share-based awards. The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each NEO:

Name	Option-based awards - Value vested during the year (\$) ⁽¹⁾
Robert Rohlffing <i>CEO, President, Chair and Director Former Executive Vice President Head of Technical Operations</i> ⁽²⁾	142,000
Scott Davis <i>CFO</i> ⁽³⁾	55,400
Donald Mosher <i>Vice-President, Capital Markets and a Director</i> ⁽⁴⁾	Nil
James Cronoble <i>Vice-President Exploration</i> ⁽⁵⁾	1,500
Irwin A. Olian, Jr. <i>Former CEO, President, Chair and Director</i> ⁽⁶⁾	89,750

Note:

- (1) All options granted to the NEOs vest as to 25% on the date of grant and as to 25% every six months thereafter. The amount disclosed represents the excess of the market value of the Company's shares on the date of vesting over the exercise price of the options.
- (2) Mr. Rohlfing resigned as Executive Vice President Head of Technical Operations of the Company on July 27, 2020 and was appointed as CEO, President and Chair of the Company on July 27, 2020.
- (3) Mr. Davis was appointed CFO of the Company on May 1, 2019.
- (4) Mr. Mosher was appointed Vice-President Capital Markets and a Director of the Company on August 10, 2020.
- (5) Mr. Cronoble was appointed Vice-President Exploration and a Director of the Company on July 28, 2020.
- (6) Mr. Olian, Jr. resigned as CEO, President, Chair and a Director of the Company on July 27, 2020.

Narrative Discussion

The following information is intended as a brief description of the Company's 10% rolling stock option plan (the "**Plan**") which was initially approved by the Board on December 4, 2020 and by shareholders at the annual general and special meeting held on January 15, 2021.

- (a) the maximum aggregate number of common shares that can be issued pursuant to the exercise of options granted under the Plan is 10% of the Company's current issued and outstanding share capital (on a non-diluted basis);
- (b) stock options granted under the Plan will have an expiry date not to exceed ten years from the date of grant;
- (c) any stock options granted that expire or terminate for any reason without having been exercised will again be available under the Plan;
- (d) stock options will vest as required by the TSX Venture Exchange (the "**Exchange**") and as may be determined by the administrator of the Plan, or in the absence of such body, the Board;
- (e) the minimum exercise price of any stock options issued under the Plan will be determined by the Board at the time of grant, subject to the requirements of the Exchange;
- (f) stock options granted will expire no later than 30 days after an optionee ceases to be involved with the Company;
- (g) the Company cannot grant options to any one consultant in any 12 month period which could, when exercised, result in the issuance of shares exceeding 2% of the issued and outstanding common shares of the Company;
- (h) the Company cannot grant options in any 12 month period to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of common shares exceeding, in aggregate, 2% of the issued and outstanding shares of the Company and options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vested in any three month period;
- (i) in connection with the exercise of an option, as a condition to such exercise the Company may require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such Option; and
- (j) if a change of control, as described in the Plan, occurs, all unvested options shall immediately become vested and may thereon be exercised in whole or in part by the option holder, subject to any required approval by the Exchange.

PENSION BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement a change in control of the Company or a change in an NEOs responsibilities.

DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Soren Christiansen	Nil	N/A	1,146	N/A	Nil	Nil	1,146
Edward Schiller	Nil	N/A	27,671	N/A	Nil	Nil	27,671
Jenaya Rohlfing	Nil	N/A	23,170	N/A	Nil	Nil	23,170
Gregory Sparks ⁽²⁾	Nil	N/A	27,671	N/A	Nil	Nil	27,671
Benjamin Catalano ⁽³⁾	Nil	N/A	27,671	N/A	Nil	Nil	27,671

Note:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

2020

Risk-free interest rate:	0.42%
Expected dividend yield:	Nil
Expected volatility:	98.1%
Expected life of option:	2.01 years

The Company has chosen to utilize the Black-Scholes model for determining the "grant date fair value" as the Company believes it is the most accepted model for determining such calculations and it is used when determining calculations for the Company's financial statements. The Company has calculated the "grant date fair value" in the "Option-based awards" column using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security and the risk-free rate of return.

- (2) Mr. Sparks did not stand for re-election as a Director at the Company's January 15, 2021 annual general and special meeting.
 (3) Mr. Catalano resigned as a director of the Company on August 10, 2020.

Narrative Discussion

Directors are compensated through the grant of stock options. No directors' fees are paid.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Soren Christiansen	125,000	0.20	Aug. 1, 2021	182,500
	25,000	0.25	Aug. 21, 2022	35,250
Edward Schiller	84,375	0.20	Nov. 26, 2021	123,187
	25,000	0.25	Aug. 21, 2022	35,250
Jenaya Rohlfing	150,000	0.66	Aug. 14, 2023	150,000
Gregory Sparks ⁽²⁾	87,500	0.20	Nov. 26, 2021	127,750
	25,000	0.25	Aug. 21, 2022	35,250
Benjamin Catalano ⁽³⁾	50,000	0.20	Nov. 26, 2021	73,000
	25,000	0.25	Aug. 21, 2022	35,250

Note:

- (1) "In-the-Money Options" means the excess of the market value of the Company's shares on September 30, 2020 over the exercise price of the options. The market price for the Company's common shares on September 30, 2020 was \$1.66.
- (2) Mr. Sparks did not stand for re-election as a Director at the Company's January 15, 2021 annual general and special meeting.
- (3) Mr. Catalano resigned as a director of the Company on August 3, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year

The Company does not have any non-equity incentive plans nor any share-based awards. The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each director:

Name	Option-based awards - Value vested during the year (\$) ⁽¹⁾
Soren Christiansen	4,656
Edward Schiller	9,203
Jenaya Rohlfing	1,500
Gregory Sparks ⁽²⁾	7,984
Benjamin Catalano ⁽³⁾	8,031

Note:

- (1) All options granted to the directors vest as to 25% on the date of grant and as to 25% every six months thereafter. The amount disclosed represents the excess of the market value of the Company's shares on the date of vesting over the exercise price of the options.
- (2) Mr. Sparks did not stand for re-election as a Director at the Company's January 15, 2021 annual general and special meeting.
- (3) Mr. Catalano resigned as a director of the Company on August 10, 2020.