ESREY ENERGY LTD

Suite 250 – 1075 West Georgia Street
Vancouver, British Columbia
Canada V6E 3C9

STATEMENT OF EXECUTIVE COMPENSATION

(For the Year Ended September 30, 2016)

GENERAL

The following information is provided as required under form 51-102F6 for Venture Issuers (the "Form"), as such term is defined in National instrument 51-102. Unless the context otherwise requires, when used in this Form, the following terms shall have the meanings set forth below.

"Board of Directors" or **"Board"** means the board of directors of Esrey.

"Common Shares" means common shares in the capital of Esrey.

"Company" or **"Esrey"** means Esrey Energy Ltd.

"Named Executive Officer" or **"NEO"** means the following individuals:

a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer ("**CEO**");

b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief financial officer ("**CFO**");

c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5) of the Form, for that financial year; and

d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

Based on the foregoing definition, during the financial year ended September 30, 2016, the Company had one NEO, Mr. David Nelson, CEO and interim CFO.

"Option" or **"Stock Option"** means a stock option, entitling the holder to purchase Common Shares of the Company, granted pursuant to the terms of the Option Plan.

"Option Plan", **"Plan"** or "**Stock Option Plan**" means the stock option plan of the Company as approved from time to time by the Company's shareholder at the Company's annual general meeting pursuant to which Options may be granted to directors, officers, employees and consultants.

Unless otherwise stated, all amounts herein are in Canadian dollars.

DIRECTOR AND NEO COMPENSATION

Name and Principal Position	Year	Salary ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)[5]	Value of all other compensation ($)	Total compensation ($)
David Nelson[1] President & CEO and Interim CFO	2016/09/30 2015/09/30	$226,997 $294,378	Nil Nil	Nil Nil	Nil Nil	Nil Nil	$226,997 $294,378
David Cohen[2][6] Director	2016/09/30 2015/09/30	$4,000 $8,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	$4,000 $4,000
Richard Green[3][6] Director	2016/09/30 2015/09/30	$4,000 $8,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	$4,000 $4,000
Paul Larkin[4][6] Director	2016/09/30 2015/09/30	$4,000 $8,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	$4,000 $4,000

Notes:

(1) David Nelson was appointed President and CEO of the Company on July 2, 2012. He has been interim Chief Financial Officer from July 24, 2015 to present. All amounts reported under this heading for Mr. Nelson were paid in US dollars and have been converted into Canadian dollar amounts using the monthly average US dollar to Canadian dollar closing exchange rate of the Bank of Canada applicable during the period to which each expense relates. All amounts for Mr. Nelson, excluding option grants, were paid to TRG Resources, Ltd., a company controlled by Mr. Nelson. Fees paid or payable to TRG Resources, Ltd. by Esrey are 100% attributable to services provided by Mr. Nelson.

(2) Mr. David Cohen commenced serving as a director of the Company on November 26, 2007.

(3) Mr. Richard Green commenced serving as a director of the Company on August 10, 2006.

(4) Mr. Paul Larkin commenced serving as a director of the Company on June 10, 2003.

(5) The value of perquisites provided to the NEOs and directors did not exceed 10% of any NEO's salary or directors' retainers, respectively.

(6) Directors compensation of $4,000 per director was paid during the fiscal year ended September 30, 2016 with another $4,000 per director relating to services performed for the same period (year ended September 30, 2016) being paid in March 2017.

STOCK OPTIONS AND OTHR COMPENSATION SECURITIES

During the financial year ended September 30, 2016, no compensation securities were granted or issued by the Company to any NEO or director.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS

During the financial year ended September 30, 2016, no compensation securities were exercised by any NEO or director.

THE COMPANY'S STOCK OPTION PLAN

The Company obtained the approval of its Shareholders to the 2015 Amended and Restated Stock Option Plan at its most recent annual meeting of Shareholders held on July 14, 2016. The Stock Option Plan is administered by the Board. The Stock Option Plan provides that options may be granted to any employee, officer, director or consultant of the Company or a subsidiary of the Company. The options issued pursuant to the Stock Option Plan will be exercisable at a price not less than the closing price of the Company's Shares traded through the facilities of the TSX Venture Exchange (the "Exchange") on the day preceding the award date. The Board has discretion on the vesting period of each Stock Option grant. Stock Options outstanding as September 30, 2016 vest over a period of three years from the date of grant.

As the Stock Option Plan limits the number of options which may be granted to 10% of the number of common shares of the Company which are issued and outstanding at the relevant time, the Exchange requires that the

Shareholders of the Company re-approve the Stock Option Plan each year and management of the Company will be seeking such approval at each Meeting.

The Stock Option Plan is expected to benefit Shareholders by enabling the Company to attract and retain high calibre personnel by offering them an opportunity to share in any increase in value of the common shares of the Company resulting from their efforts. The purpose of the Stock Option Plan is to provide incentive to the Company's employees, officers, directors, and consultants responsible for the continued success of the Company. The following is a summary of the Stock Option Plan.

The total number of options awarded to any one individual in any twelve month period shall not exceed 5% of the issued and outstanding shares of the Company at the Award Date of the Grant (as defined in the Company's Plan) (unless the Company is at the time a Tier 1 issuer and has obtained disinterested shareholder approval).

The total number of options awarded to any one consultant for the Company shall not exceed 2% of the issued and outstanding shares of the Company at the Award Date without consent being obtained from the Exchange.

The total number of options awarded to all persons employed by the Company who perform Investor Relations Activities (as defined in the Company's Option Plan) for the Company shall not exceed 2% of the issued and outstanding Shares of the Company, in any twelve month period, calculated at the Award Date without consent being obtained from the Exchange.

Options under the Stock Option Plan will be granted for a term not to exceed five years from the date of their grant, provided that if the Company is then a "Tier 1" company listed on the Exchange, the term of the option will be not more than 10 years. Options granted under the Stock Option Plan will be subject to such vesting schedule as determined by the board.

Options will also be non-assignable and non-transferable, provided that they will be exercisable by an optionee's legal heirs, personal representatives or guardians for up to 12 months following the death or termination of an optionee due to disability, or up to 12 months following the death of an employee if the employee dies within 6 months of termination due to disability. All such options will continue to vest in accordance with their original vesting schedule.

If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire no later than the 90th day following the date that the option holder ceases to be a director of the Company, subject to the terms and conditions set out in the Plan.

If the option holder ceases to be an employee or consultant of the Company (other than by reason of death), then the option granted shall expire no later than the 30th day following the date that the option holder ceases to be employed or contracted by the Company, subject to the terms and conditions set out in the Plan.

If the option holder is engaged in investor relation activities for the Company, and such option holder ceases to be engaged in investor relation activities for the Company (other than by reason of death), the option granted shall expire on the date the option holder ceases to be engaged in investor relation activities for the Company.

The maximum number of common shares to be reserved for issuance under the Stock Option Plan, including options currently outstanding, will not exceed 10% of the number of common shares of the Company issued and outstanding on the applicable date of grant. If a material alteration in the capital structure of the Company occurs as a result of a recapitalization, stock split, reverse stock split, stock dividend, or otherwise, the Board shall make adjustments to the Stock Option Plan and to the options then outstanding under it as the Board determines to be appropriate and equitable under the circumstances, unless the Board determines that it is not practical or feasible to do so, in which event the options granted under the Stock Option Plan will terminate as set forth above.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

Mr. David Nelson, President and CEO and interim CFO of the Company, provided consulting services through TRG Resources, Ltd., a company he controls. A total of $226,997 was paid by the Company to TRG Resources, Ltd. in the fiscal year ended September 30, 2016 for services provided by Mr. Nelson.

Termination and Change of Control Benefits

On April 2, 2012, the Company entered into a Consulting Agreement with TRG Resources, Ltd ("TRG"). TRG provides the consulting services of David Nelson, who was appointed President and CEO of Esrey. Mr. Nelson was also appointed Interim CFO from September 13, 2013 to November 12, 2013 and July 24, 2015 to present. The consulting agreement provided for the payment of US$17,500 per month, which was increased to US$20,000 per month effective June 2013. As of March 1, 2016, the consulting fee paid to TRG for Mr. Nelson's services was reduced to US$10,000.00 per month. In the event that Mr. Nelson's consulting agreement is terminated, TRG is entitled to three months paid notice or a payment equal to US$60,000. In addition, the consultant may be awarded an additional bonus on targets to be approved by the Board of Directors. On April 24, 2012, the Company granted Mr. Nelson 60,000 options to purchase common shares of the Company at an exercise price of $3.00. One-third of the options vested on October 24, 2012, one-third of the options vested on April 24, 2013 and one-third of the options vested on October 24, 2013. These options were surrendered in February 2014. On January 8, 2014, the Company granted Mr. Nelson 250,000 options to purchase common shares of the Company at an exercise price of $0.12. One-third of the options vested on January 8, 2014, one-third of the options vested on July 8, 2014 and one-third of the options vested on January 8, 2015. On April 2, 2015, the Company granted Mr. Nelson 440,000 options to purchase common shares of the Company at an exercise price of $0.095. One-third of the options vested on April 2, 2015, one-third vested on October 2, 2015, and one-third vested on April 2. 2016. In the event of a change of control, all unvested options to purchase shares of Esrey held by Mr. Nelson shall immediately vest and can be exercised at his sole discretion.

Except as otherwise disclosed herein, there are no compensatory plans, contracts or arrangements in place with the NEOs resulting from the resignation, retirement or any other termination of employment of the NEOs with the Company or from a change in control of the Company, or a change in the NEOs' responsibilities following a change in control, where in respect of the NEOs the value of such compensation exceeds $100,000.

The events triggering termination of the NEO's Consulting Agreement and the incremental payments to the NEO are set out in the following table. The amounts in the following table assume that the effective date of termination was September 30, 2016.

		Estimated Incremental Payments on Termination $		
Named Executive Officer	**Termination Scenario**	**Severance**	**Short-Term Incentive Award**	**Total**
David Nelson , *CEO & Interim CFO*(1)	For cause by the Company	Nil	Nil	Nil
	By the Company for any other reason	$60,000	Nil	$60,000
	By the executive on 30 days' notice	$60,000	Nil	$60,000
	Change in control	$60,000	Nil	$60,000

Notes:

(1) David Nelson was interim Chief Financial Officer from September 13, 2013 to November 12, 2013, and July 24, 2015 to present.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NEO COMPENSTION

The Company's Compensation Committee, which is comprised of David Cohen, Paul Larkin and Richard Green (all of whom are independent within the meaning of National Instrument 52-110 – Audit Committees), is responsible for, among other things, the periodic review of the Company's short-term and long-term policies for attracting, retaining, developing and motivating executive officers of the Company. The Committee meets periodically to review compensation policies relating to the Company and its subsidiaries and to approve specific compensation awards and benefits.

The Compensation Committee 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 and annual bonus (short-term incentives) and participation in an incentive stock option plan (long-term incentive).

Executive officers' compensation is designed in a manner to recognize and reward executive officers based upon individual and corporate performance and to be consistent with the executive officers' respective contributions to the overall benefit of the Company.

In establishing compensation objectives for executive officers, the Compensation Committee 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 Option Plan.

Currently, the Company's executive compensation package consists of the following principal components: base salary, annual incentive cash bonus and long-term incentive in the form of stock options. These components are normal for companies that are comparable to ours in the industry. Executive compensation is based on competitive industry data. At the end of each year, the Compensation Committee also reviews actual performance against corporate objectives.

The Board determines the number of stock options to be awarded. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. Stock options are granted to reward individuals as an incentive for retention, for current performance, expected future performance and value to the Company. The size of awards made subsequent to the commencement of employment takes into account stock options already held by the individual.

CEO compensation is determined by the Board on the recommendation of the Compensation Committee. The Committee's policy is that the salary of the CEO should be in line with competitive salaries for positions of similar responsibility at oil and gas companies that are operating in similar environments and, like the Company, publicly held. However, in light of current economic conditions, as of March 2016, the CEO's base compensation has been reduced, as further described below.

The CEO participates in discussions or reviews relating to executive compensation for Named Executive Officers ("NEOs") but does not participate in the discussions and reviews relating to his own compensation.

Base Compensation

The Company is a junior oil and gas company in the international exploration and development arena. Base salaries of the Company's executive officers have historically been determined through analysis of salaries paid by comparable companies as well as through the annual assessment of each individual's performance and experience and other factors the board of directors considers to be relevant, including prevailing industry demand for personnel having comparable skills and performing similar duties, the compensation the individual could reasonably expect to receive from a competitor and the Company's ability to pay.

Periodic reviews of the relevant marketplaces have been undertaken to ensure that Esrey's compensation packages and salary ranges are competitive. Comparisons are made to other publically traded companies in the same industry with similar levels of geographic diversification, assets and market capitalization. These assessments have been revised periodically as and when new compensation information becomes available. This sort of review has been used to assist the Compensation Committee and management in providing a comparison on the total compensation for key executive roles. The companies included in the comparator groups can vary from year to year based on availability of the data. However, in light of economic conditions, as of March 2016, Mr. Nelson's base compensation was reduced to US$10,000 per month. These changes were not made for the purposes of staying in line with the Company's peer group but rather were undertaken in order to reduce overhead expenses during a period of difficult market conditions. The Compensation Committee expects that it will revisit Mr. Nelson's compensation should market conditions improve.

Annual Performance Bonus

Annual bonuses are a variable element of compensation designed to reward the Company's executive officers for individual and group performance contributing to the overall value of the Company. These bonuses are discretionary awards determined by the board of directors by taking into consideration the Company's performance, including achievements and results relative to the Company's budget and strategic plans, the senior officers' overall contribution to that performance during the year, and the Company's share price. Bonuses are also determined through an internal analysis of annual incentives paid by comparative companies in the oil and gas industry and general market conditions.

The Company did not award cash incentive bonuses for the year ended September 30, 2016 to the executive officers, in light of the performance of the Company's share price.

Long-term incentives – Stock Options

In keeping with market practice, stock options are issued as an incentive for performance and long term retention. The Company's Stock Option Plan is administered by the board of directors. The Stock Option Plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Company to attract and retain individuals with experience and ability, and to reward individuals for current performance and provide rewards for expected future performance. The board of directors considers the individual's performance and the number and exercise price of options previously issued to the individual when reviewing executive officer compensation packages as a whole and determining any new stock option grants.

The Company did not grant any stock options during the fiscal year ended September 30, 2016 due to the lack of exploration activities in the Company's core assets.

Other long-term incentives

The Company does not provide a pension plan to its executive officers, nor does it currently have any other long-term incentives.

Chief Executive Officer Compensation

The compensation of the CEO consists of an annual base salary and incentive stock options determined in the manner described in the above discussion of compensation for all executive officers. The CEO is also entitled to receive annual bonuses at the discretion of the board of directors.

The CEO's compensation is established with reference to the upper end of the range of compensation for chief executive officers of comparable companies. The comparable companies used in the most recent review for the CEO were based on publicly traded oil and gas companies with similar activities and geographical areas as Esrey's core assets, with market capitalization between $5 million to $20 million. However, in light of economic conditions, as of March 2016, Mr. Nelson's base compensation was reduced to US$10,000 per month. These changes were not made for the purposes of staying in line with the Company's peer group but rather were undertaken in order to reduce overhead expenses during a period of difficult market conditions.

Incentive Plan Awards

The Company has an incentive Stock Option Plan which permits the granting of options ("Options") in accordance with the terms of the Stock Option Plan to eligible participants to purchase up to a maximum of 10% of the issued Common Shares of the Company at the time of a grant. Please see "Disclosure relating to the Company's Stock Option Plan" for a full description of the Stock Option Plan.

The exercise price of incentive stock options is determined by the Board, but shall not be less than the closing trading price of the common shares of the Company on the Exchange on the last trading day immediately before the grant date, or such other price as may be agreed to by the Company and approved by the Exchange.

Director Compensation

The Company compensates its independent directors with cash compensation for acting as directors of the Company. Each independent director receives $1,500 per fiscal quarter for acting as a Director of the Company and also receives $500 per fiscal quarter for acting as a committee member.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Financial information is provided in the Company's comparative financial statements and Management Discussion and Analysis for its most recently completed financial year. To request copies of the Company's financial statements and Management Discussion and Analysis, please contact David Nelson, the Interim Chief Financial Officer of the Company, at Suite 250 – 1075 West Georgia Street, Vancouver, BC, V6E 3C9; telephone (778) 373-0103; facsimile (604) 434-1487; email info@esreyenergy.com.

Dated at Vancouver, British Columbia, July 6, 2017.

BY ORDER OF THE BOARD

"David Nelson"
David Nelson, President & CEO