



## **EMERGE RESOURCES CORP.**

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### **FORM 51-102F1**

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF JANUARY 26, 2016 TO ACCOMPANY THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF EMERGE RESOURCES CORP. (THE "COMPANY") FOR THE PERIOD ENDED NOVEMBER 30, 2015.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated interim financial statements of the Company for the six months ended November 30, 2015, and the audited financial statements of the Company for the year ended May 31, 2015 and the notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

#### **Overview of Second Quarter ending November 30, 2015**

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On May 26, 2015, the Company entered into a Letter of Intent with Vaxil Bio Ltd. ("Vaxil") pursuant to which the Company is expected to acquire 100% of the issued and outstanding common shares of Vaxil, an Israeli cancer biotechnology company (the "Proposed Transaction").

On November 30, 2015, the Company signed a definitive share exchange agreement ("Merger Agreement") with Vaxil. Pursuant to the terms of the Merger Agreement, the Company will acquire all of the issued and outstanding Vaxil shares for an aggregate purchase price of \$5.75 million, which is to be satisfied by the issuance of an aggregate 25,000,000 common shares on a post 2:1 consolidation basis. Closing of the RTO is subject to a number of customary conditions outlined in the Merger Agreement, including the Company and Vaxil shareholder approvals, regulatory approvals (including, without limitation, listing approval of the TSX Venture Exchange), and Israeli court approval.

#### **Overall Performance and Description of Business**

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The Company is an exploration stage company located at Suite 1128 - 789 West Pender Street, Vancouver, BC, V6C 1H2, engaged in the acquisition, exploration and development of mineral resource properties located in Canada. The Company came into existence under the laws of Ontario on September 13, 2013 and is also a reporting issuer in British Columbia and Alberta. On August 29, 2013, the Company received shareholder approval to change its name to Emerge Resources Corp.; and subsequently it also received TSX Venture Exchange approval. The Company began trading under its new name on September 11, 2013 with the symbol EME.

The Company has been conducting exploration activities which has been focused on the Opikengen Property. The Company's main performance activities has been advancing this project (see "Project Summaries and Activities" in this MD&A for more information).

**Results of Operations – For the three month period ended November 30, 2015**

For the second quarter ended November 30, 2015, the Company recorded a loss of \$47,996 (2014: \$34,822). Significant expenses included office expenses of \$6,050 (2014: \$10,967), audit and accounting fees of \$6,050 (2014: \$7,500) and management fees of \$5,249 (2014: \$7,500) (see also “Related Party Transactions”).

**Results of Operations – For the six month period ended November 30, 2015**

For the six months ended November 30, 2015, the Company recorded a loss of \$118,336 (2014: \$71,381). Significant expenses included office expenses of \$21,913 (2014: \$18,693), audit and accounting fees of \$15,050 (2014: \$15,000), management fees of \$10,557 (2014: \$17,500) (see also “Related Party Transactions”), consulting fees of \$45,424 (2014: \$10,000) and transfer agent, filing and stock exchange fees of \$24,623 (2014: \$10,188).

The significant increase in net loss for the quarter as compared to the quarter ended November 30, 2014, was due to increase in operating expenses, including consulting fees and filing fees related to Letter of Intent and Merger Agreement with Vaxil.

The Company continues to minimize operating expenses to preserve cash.

**Summary of Quarterly Results:**

<b><u>2016/15 Quarterly Results:</u></b>	<b><u>4<sup>th</sup> Quarter</u></b>	<b><u>3<sup>rd</sup> Quarter</u></b>	<b><u>2<sup>nd</sup> Quarter</u></b>	<b><u>1<sup>st</sup> Quarter</u></b>
Revenue			\$ -	\$ -
Loss and comprehensive loss			47,996	70,340
Basic and diluted loss per share			(0.00)	(0.01)
Total assets			15,364	42,445
Working capital (deficiency)			(83,859)	(35,863)
<b><u>2015/14 Quarterly Results:</u></b>	<b><u>4<sup>th</sup> Quarter</u></b>	<b><u>3<sup>rd</sup> Quarter</u></b>	<b><u>2<sup>nd</sup> Quarter</u></b>	<b><u>1<sup>st</sup> Quarter</u></b>
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(481,443)	(35,262)	(34,822)	(36,559)
Basic and diluted loss per share	(0.05)	(0.00)	(0.01)	(0.00)
Total assets	115,827	416,553	222,232	226,001
Working capital	34,477	(63,696)	(70,041)	(60,218)
<b><u>2014/13 Quarterly Results:</u></b>	<b><u>4<sup>th</sup> Quarter</u></b>	<b><u>3<sup>rd</sup> Quarter</u></b>	<b><u>2<sup>nd</sup> Quarter</u></b>	<b><u>1<sup>st</sup> Quarter</u></b>
Revenue	\$ -	\$ -	\$ -	\$ -
Net Income (loss) and comprehensive income (loss)	(76,644)	(97,994)	(187,168)	59,096
Basic and diluted loss per share	0.00	0.00	0.00	0.00
Total assets	252,928	298,815	385,760	591,267
Working capital (deficiency)	(23,660)	52,984	150,978	282,651

**Project Summaries and Activities**

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**CANADA*****Opikeigen Property***

As a result of the Plan of Arrangement completed on March 15, 2010, the Company acquired 50% of the Opikeigen Gold Joint Venture. SLAM Exploration Ltd. who owns the other 50%, continued to be the operator on the property until April 2011 when the Company became the operator of the Opikeigen Property.

The Company along with its Joint Venture Partner, SLAM, acquired the services of a contractor to drill for gold on projects in the Fort Hope area of Ontario. The drilling program included drilling on the Opikeigen Property. Drilling targets were prioritized from a number of high grade gold deposits at Opikeigen including Zone OL12, OL41, the Fort Hope Gold Mine and the California vein. These deposits are similar to the historic Pickle Crow gold mine where PC Gold Inc. recently announced successful drilling results. The Fort Hope and Pickle Crow areas are underlain by Uchi Subprovince rocks similar to the world-famous Red Lake gold mining camp.

Results from the drilling and gold assays for all 4 drill holes are tabulated below:

<b>DDH</b>	<b>From</b>	<b>To</b>	<b>Metres</b>	<b>Feet</b>	<b>Gold g/t</b>	<b>Oz/ton</b>
OG10-01	209.00	212.17	3.17	10.4	2.48	0.072
OG10-01	238.00	239.50	1.50	4.9	1.92	0.056
OG10-02	272.20	274.00	1.80	5.9	0.96	0.028
OG10-03	181.50	231.70	50.8	166.7	0.36	0.010
OG10-03	197.75	199.60	1.85	6.1	4.41	0.129
OG10-03	197.75	198.30	0.55	1.8	12.70	0.370
OG10-03	219.30	220.50	1.20	3.9	2.33	0.068
OG10-04	180.70	256.00	75.3	247.0	0.43	0.013
OG10-04	229.00	230.30	1.30	4.3	5.05	0.147
OG10-04	290.65	291.80	1.15	3.8	2.46	0.072

The core intervals described are drilled intervals. True thicknesses are unknown. The drilling program tested Zone 12 gold mineralization over a 40 m strike length to the west and east of high grade gold intercepts in hole OL87-46 previously drilled in 1987. Hole 46 intersected mineralized sections of 113.57 g/t gold over 0.1 m and 49.66 g/t gold over 0.2 m reported to contain visible gold within a core interval grading 6.22 g/t gold over 7.00 m. These results pre-date NI 43-101 regulations and can only be verified by additional drilling.

Zone 12 gold mineralization is hosted within iron formations and mafic volcanics similar to the rock sequence at Reserve Creek where SLAM recently drilled a mineralized core interval grading 16.45 g/t gold over 16.85 m with individual samples up to 274 g/t gold over 0.5 m (SXL news release August 17, 2010). These volcano-sedimentary sequences are part of the Uchi Subprovince, a huge system of greenstone belts extending from Lake Winnipeg to the Hudson Bay lowlands hosting the world-famous Red Lake gold mining camp as well as the Pickle Lake and Fort Hope gold areas in Ontario.

The Company completed a hi-resolution airborne magnetic survey during May of 2011. A diamond drill program was completed. The first 2 holes both intersected gold-bearing formations. Hole OG11-05 intersected 1.834 g/t gold over 0.7 m within a 33.9 m anomalous interval grading 0.149 g/t. Hole OG11-06, drilled beneath hole OG11-05, intersected 0.791 g/t gold over 4.5 m within a broad anomalous interval grading 0.211 g/t gold over 86.5 m.

## EMERGE RESOURCES CORP.

Holes OG11-05 and OG11-06 were drilled at dips of 50° and 68° respectively from a site 25 m east of hole OL88-52 drilled on zone OL41 by previous workers in 1988. Holes OG11-10 and OG11-11 intersected multiple gold bearing veins with individual samples ranging up to 7.59 g/t gold over 1.0 m within a larger 17.9 m interval grading 1.46 g/t gold. The more significant results are presented in the following table:

Hole ID	From (m)	To (m)	Length (m)	Gold g/t
OG1110	32.5	35.6	3.10	1.52
OG1110	36.6	39.6	3.07	1.69
OG1110	49.6	52.1	2.50	1.03
OG1110	55.9	73.8	17.90	1.46
including	55.9	61.0	5.10	3.19
including	57.0	58.0	1.00	7.59
OG1110	116.0	119.2	3.15	1.22
OG1111	151.1	151.4	0.30	3.13
OG1111	177.2	180.0	2.80	1.77
including	179.0	180.0	1.00	3.53
OG1111	223.5	223.8	0.30	4.56

Holes OG11-10 and OG11-11 were drilled 75 m east of hole OG11-06 on Zone OL41 as announced September 5, 2011. Zone OL41 had previously been defined by 3 historic holes drilled over a strike length of 50 m by previous workers. Hole OG11-10 represents a significant step-out and extends the strike-length of Zone OL41 to 150 m. SLAM utilized data from induced polarization (IP) and SLAM's new high resolution aeromagnetic survey to plan this successful drilling program. This data combined with the style of veining and mineralization suggests that Zone OL41 may be an extension of Zone OL12 located 500 m to the west. Zone OL41 is open along strike and at depth.

Hole OG11-11 was the last of 7 holes totalling 1538 m drilled during this summer program at Opikeigen. SLAM and the Company are encouraged by the results, which confirm a historic occurrence and extend the gold-bearing system surrounding Zone OL12 and the Fort Hope Gold Mine. The management team is reviewing these results in preparation for further exploration.

All core was delivered to a secure site for logging and sampling. The BTW size core was split in half along the core axis; one half sent to Accurassay Laboratories and the other half retained for future reference. Accurassay used a 30-gram split for gold fire assay with AA finish. Standard and blank samples are included in each sample batch for quality control purposes. All mineralized intervals are reported as drilled core lengths. True widths are unknown.

Three additional holes OG11-07 to OG11-09 were drilled bringing the total summer program at Opikeigen to 7 holes for a total of 1500 m. Holes OG11-08 and OG11-09 both intersected gold-bearing intervals in the anomalous range up to 0.483 g/t over 1.5 m. These holes tested induced polarization IP / aeromagnetic anomalies. The new high resolution aeromagnetic data indicates that favourable strata and structures are centered around Zone OL12, OL41 and the Fort Hope Gold Mine all located within the Opikeigen Gold Joint Venture claim group.

All drill cores were delivered from the drill sites to a facility in Fort Hope for logging and sampling. Selected cores were split or sawn with half retained for reference. Sampled halves were shipped to Act-Labs in Thunder Bay for gold assay. Standards and blanks were inserted in the sample batches to augment the Quality Assurance and Quality Control program of duplicates and standards utilized by the laboratory. All intervals reported are drilled core lengths. The true widths are unknown. Sara Lloyd, P.Geol., Project Manager for SLAM, is the Qualified Person, as defined under NI 43-101 regulations, responsible for the technical results reported above.

## New Opportunities

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The Company will continue to focus and evaluate transformational mining development projects in Canada with economic merit.

## Outstanding Share Data

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The Company has an authorized share capital of an unlimited number of common shares, of which 15,076,095 were issued and outstanding as at the date of this MD&A (all numbers stated are on a post-consolidated basis).

The Company has a total of 12,946,905 subscriber warrants outstanding as at the date of this report with exercise price of \$0.05 - \$0.70 per share, 930,130 options with an exercise prices ranging from \$0.05 of \$0.70 per share and 357,143 finder's compensation options with an exercise price of \$0.105 per option. Each finder's compensation option unit consists of one common share and one common share purchase warrant.

## Related Party Transactions

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During the six months ended November 30, 2015 the Company paid management and accounting fees of \$24,807 in terms of an agreement dated March 1, 2011 to Pender Street Corporate Consulting Ltd, a company controlled by a director.

As at November 30, 2015, the Company owed \$77,473 (May 31, 2015 - \$63,999) to various directors and their companies.

## Liquidity and Solvency

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The following table summarizes the Company's cash on hand, working capital and cash flow:

<b>As at</b>	<b>November 30, 2015</b>	<b>May 31, 2015</b>
Cash	\$ 12,852	\$ 111,972
Working capital (deficiency)	(83,859)	34,477
<b>Year Ended</b>	<b>November 30, 2015</b>	<b>November 30, 2014</b>
Cash used in operating activities	\$ (110,120)	\$ (60,460)
Cash used in investing activity	-	-
Cash provided by financing activities	11,000	25,000
Change in cash	(99,120)	(35,460)

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

## Capital Resources

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The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets are resource properties. Exploration expenditures are expensed as incurred.

The Company's resource property agreements are primarily option agreements and the exercise thereof are at the discretion of the Company.

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

## **Off-Balance Sheet Agreements**

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The Company does not utilize off-balance sheet transactions.

## **Proposed Transactions**

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On May 26, 2015, the Company entered into a Letter of Intent with Vaxil Bio Ltd. (“Vaxil”) pursuant to which the Company is expected to acquire 100% of the issued and outstanding common shares of Vaxil, an Israeli cancer biotechnology company (the “Proposed Transaction”).

On November 30, 2015, the Company signed a definitive share exchange agreement (“Merger Agreement”) with Vaxil to acquire all of the issued and outstanding shares of Vaxil by way of reverse takeover (“RTO”). Pursuant to the terms of the Merger Agreement, the Company will acquire all of the issued and outstanding Vaxil shares for an aggregate purchase price of \$5.75 million, which is to be satisfied by the issuance of an aggregate 25,000,000 common shares on a post 2:1 consolidation basis. Closing of the RTO is subject to a number of customary conditions outlined in the Merger Agreement, including the Company and Vaxil shareholder approvals, regulatory approvals (including, without limitation, listing approval of the TSX Venture Exchange), and Israeli court approval.

## **Accounting Policies**

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The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company’s results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

### *Critical Accounting Estimates*

The Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company’s financial statements. The Company’s significant accounting policies are discussed in the audited financial statements. Critical estimates in these accounting policies are discussed below.

### *Environmental Rehabilitation Provision*

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows.

### Share-based Payments

The Company has a share option plan which is described in Note 7(c) of the audited financial statements for the year ended May 31, 2015. The fair value of all share-based awards is estimated using the Black-Scholes Option-Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

None of the Company's awards call for settlement in cash or other assets. Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of share purchase options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Charges for share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the recorded value is transferred to retained earnings (deficit).

## **Financial Instruments**

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### **Designation and Valuation of Financial Instruments**

The Company's financial instruments consist of cash, receivables, accounts payable, due to/from related parties and note payable. Cash is designated as held for trading and carried at fair value, with any unrealized gain or loss recorded in the statement of operations. Interest income is recorded in the statement of operations. Receivables are classified as loans and receivables, and accounts payable, due to related parties and note payable are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. The Company does not hold any derivative financial instruments.

The carrying value of accounts payable and due to/from related parties approximated their fair value because of the relatively short-term nature of these instruments. Cash, which is classified as held for trading and carried at fair value, has been determined using Level 1 inputs.

### **Risks**

#### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

#### Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

#### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

**Risks and Uncertainties**

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The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

The properties that the Company has an option to earn interests in are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

**Other**

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Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.emerge-resources.com](http://www.emerge-resources.com) and [www.sedar.com](http://www.sedar.com).

## **Trends**

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Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals remains high although the capital markets for junior exploration companies remain depressed. In the current economic conditions, the Company is advancing its properties as quickly as possible while still remaining prudent when considering large cost items such as drilling and geophysics.

## **Outlook**

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The outlook for precious metals continues to be good. However the prospect for financing the Company's projects has been difficult in the current market but is expected to improve and should enable the Company to continue as a viable entity. The Properties will require significant investment as they transition into development stage projects.

### **Cautionary Statement**

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.