VG Gold Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2008

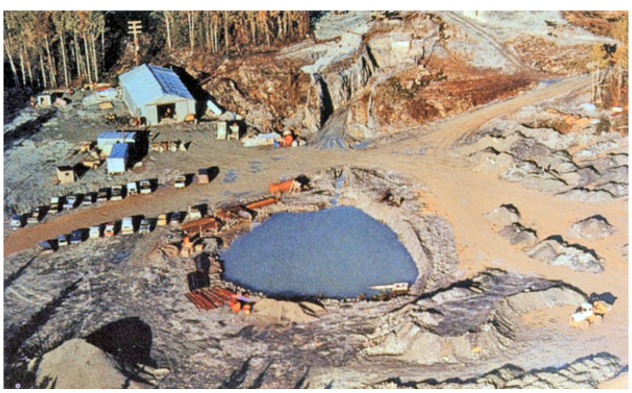
General

The following discussion of performance, financial condition and future prospects should be read in conjunction with VG Gold Corp. (the "Company" or "VG Gold") financial statements and notes thereto for the years ended December, 2007 and 2006, which were prepared in accordance with generally accepted accounting principles (GAAP) in Canada. Additional information, including an Annual Information Form can be found on SEDAR, www.sedar.com. All dollar amounts are in Canadian dollars. This discussion and analysis is dated November 12, 2008.

Overview

The principal business of VG Gold is to explore and develop gold properties in Timmins, Ontario, Canada and to acquire additional gold properties in the Timmins area. VG Gold Corp. was formed on March 10, 1972 by articles of amalgamation under the Ontario Business Corporations Act. VG Gold is currently focused on exploring its properties; the Buffalo Ankerite property is 100% controlled and the Fuller property is 100% owned. For the Davidson Tisdale property, where up to a 75% property interest may be earned, VG Gold has earned a 71% interest in the property as of September 30, 2008. For more information see the Company web site: www.vggoldcorp.com.

Fuller Property



The 100% owned Fuller Property now consists of 18 claims comprised of 772 acres located in Tisdale and Deloro Townships, Timmins, Ontario. Four new patented claims were acquired from Goldcorp during the second quarter. The property is accessed by paved road and is located 2 km southeast of the city of Timmins.

Property geology consists of the east-west trending volcanic flows that have produced more than 50 million gold ounces within a 3 mile radius of the Fuller deposit. Neighbours include the Dome mine to the east and the Hollinger and McIntyre mines to the north and northwest. In 1984 the fractured ownership of the Fuller Deposit was consolidated under VG Gold's control. Further exploration and development work proceeded during the late 1980s. This work involved establishing a decline ramp to a depth of 650 feet, (5 levels) and confirming a historically estimated gold resource. In the late 1990s, VG Gold's exploration drilling was designed to expand the resource (see updated Wardrop NI 43-101 report filed on www.sedar.com December 4, 2007). The Fuller Property resource is situated in steeply dipping zones of sulphide mineralization. The gold zones appear to be the updip extension of the neighbouring Goldcorp owned Paymaster mine. Seven gold zones that contain gold mineralization have been drilled to a depth of 1,600 feet. Paymaster, the on strike neighbour, was mined and developed to a depth of 7,000 feet.

VG Gold filed a Preliminary Economic Assessment (PEA) issued by Vetrin Mine Planners on www.sedar.com in April 4, 2008 with Ronald Moran as the qualified person.

Buffalo Ankerite Property

The 100% controlled Buffalo Ankerite property consists of 35 claims totalling 1,063 acres in Deloro township, Ontario. The property is accessed by a paved road 2 kilometres southeast of the city of Timmins.

The Buffalo Ankerite mine produced 1 million ounces of gold from 1926 to 1953. Adjacent to the west, the Aunor mine produced 2.5 million ounces of gold, and to the east the Paymaster mine produced 1.2 million gold ounces. The geology of the property consists of volcanic flows that are folded from east-west to north by northeast. A 4,000 feet deep production shaft on the property was the primary means of historical gold production.

A PEA issued by Vetrin Mine Planners was filed on www.sedar.com in July 6, 2007 for the near surface gold mineralization in the south mine area, as outlined by recent drilling. The qualified person for the PEA is Ronald Moran. Drilling has continued in 2008, with plans to continue to expand the mine area gold mineralization for the balance of the year.

Davidson Tisdale Property

The Davidson Tisdale Property consists of 6 claims covering approximately 360 acres in Tisdale Township, plus a 50% back in right to 19 claims with an area of approximately 760 acres.

The property is accessed by an all-weather road from the town of South Porcupine and is located 5 kilometres northeast of the city of Timmins. To date VG Gold has acquired a 71% interest in the property and has the option to earn up to a 75% interest by making exploration and development work expenditures.

Geologically the property is situated on the north limb of the Porcupine Syncline, a structure that hosts a number of the richest gold deposits in Timmins, including the Hollinger and McIntyre Mines. Significant development work took place in the 1980s, with a decline ramp driven to a depth of 550 feet. Historical work in the 1920s established several mine levels down to 600 feet.

Drilling has been focused in the area from surface to 200 metres in both the S-Zone and the Main Zone. VG Gold's recent exploration focus is on the high grade quartz veins in the Main Zone. VG Gold filed a PEA issued by Vetrin Mine Planners on www.sedar.com in October 16, 2007 and the qualified person for the report is Ronald Moran. The Company is working towards obtaining all necessary permits required for production, and plans to have permitting completed by the year end, December 31, 2008.

Paymaster Property

The Paymaster property consists of 16 claims with an area of about 500 acres, adjacent to the Fuller and Buffalo Ankerite properties and 2 miles south east of the City of Timmins. VG Gold has the option to earn a 60% interest in the Paymaster claims over a period of four years. The east-west trending mineralized zones on both the Fuller Property and the Buffalo Ankerite property trend on to the Paymaster property. Fifteen of the Paymaster claims are situated to the east of the Fuller and Buffalo Ankerite properties and one claim is located adjacent to the west extension of the Buffalo Ankerite South Mine zone. The Company plans to focus its exploration budget on the Paymaster property in the 4th quarter of 2008.

Overall Performance

For the third quarter ended September 30, 2008 the Company's cash position decreased, from $2,908,412 as at December 31, 2008 to $299,375. The Buffalo Ankerite property and the Paymaster property are expected to be the primary exploration focus of the Company during the last quarter of 2008. The Company has sufficient cash resources on hand to maintain its planned exploration work on its Ontario gold properties for fiscal year 2008.

The Company will continue to focus on its four central Timmins properties during the remainder of 2008 and into 2009. This will comprise of exploration drilling, permitting and mine planning activities. The main activities carried out during the third quarter were focused on increasing the gold resources through exploration drilling on the Buffalo Ankerite property.

Effective June 13, 2008, the previous quarter, the Company signed an agreement with Goldcorp. This agreement allows the Company to earn a 60 percent interest in select claims of the Paymaster Property situated on the east boundary of both VG Gold's Buffalo Ankerite and Fuller properties. Also included is one Aunor Mine Claim situated on the west side of the Buffalo Ankerite Property. Under the terms of the agreement VG Gold has the option to earn a 60 percent interest in 16 claims by incurring exploration expenditures of $6 million over 4 years, subject to a back-in-right. Fourteen of the claims are in Deloro Township, with thirteen on the east side of the Buffalo Ankerite Property, and the Aunor claim on the west side. The other two Paymaster claims are optioned to the 4,075 foot level in the adjacent Paymaster Mine in Tisdale Township and are adjacent to the east side of the Fuller Property. VG Gold also acquired a 100 percent interest in 4 claims in Tisdale Township on the west side of the Fuller Property in exchange for the surface rights to 5 claims on the northern part of the Fuller Property.

Under the terms of the Option and Joint Venture Agreement, VG Gold can exercise its option and enter into a 60/40 Joint Venture agreement with Goldcorp once it has completed the $6 million work program and has made payments of cash, shares and warrants specified below. Upon VG Gold exercising its option to form the joint venture, Goldcorp has a 6 month period where it can exercise the back-in right to increase its interest from 40 percent to 70 percent, and become the operator, by making a payment of $710,000 to VG Gold plus incurring exploration and development expenditures of $8,250,000 on the property within two years of the back-in right notice and thence completion of a feasibility study within three years.

The terms of the agreement provide for VG Gold to spend $800,000 in the first year of the agreement, $1.1 million in year two, $1.6 million in year three and $2.5 million in year four, for a total of $6 million over 4 years. The first year work program of $800,000 is a work commitment on the Goldcorp property. VG Gold was required to pay $40,000 on signing and $50,000 at the end of the first year. The company also issued 340,000 shares on signing and 1 million warrants expiring on June 13, 2010, with an exercise price of $0.309 per share. VG Gold will also issue shares with a value of $100,000 on the first and second anniversaries, $150,000 on the third anniversary and $200,000 on the fourth anniversary of the agreement.

This agreement provides VG Gold the opportunity to expand the known gold mineralized zones that trend from VG Gold's property onto Goldcorp's properties.

Selected Financial Information

The following table provides selected financial information that should be read in conjunction with the financial statements of the Company.

	QUARTER ENDED September 30,		*YEAR ENDED December 31,*	
	2008	*2007*	*2007*	*2006*
Interest and Other Income	$10,964	$47,235	$173,819	$52,647
Loss for the period	$121,049	$162,574	$1,045,403	$1,262,328
Loss per share	$0.001	$0.002	$0.01	$0.02
Total assets	$24,519,590	$25,310,534	$25,419,324	$20,710,491
Mineral interests	$22,711,340	$20,226,860	$20,928,012	$17,833,602
Total liabilities	$681,800	$1,088,408	$1,080,778	$296,152

Results of Operations

The Company's operations involve exploration on its gold properties in Ontario, Canada. The Company has no income from mining operations. For the quarter ended September 30, 2008, the Company had a net loss of $121,049 (September 30, 2007 - $162,574). The decreased loss of $41,525 over the comparable quarter ended September 30, 2007 was mainly due to a decrease in the amortization charge of $39,956. General and administrative expenses for the quarter ending September 30, 2008 were $206,666 (September 30, 2007 - $253,506).

The Company cash position decreased from $2,980,412 as at December 31, 2007 to $299,375 as at September 30, 2008.

Revenue

The Company did not earn revenue during the quarter ended September 30, 2008, other than interest on investments of $10,964.

Expenses

		September 30, 2008		***September 30, 2007***	***Change %***
Write down of mineral resource property	$	-	$	-	-
Office, general and administrative	$	206,666	$	253,506	(18.5)%
Stock-based compensation	$	-	$	-	-
Amortization	$	1,347	$	41,303	(97)%

Office, general and administrative expenses did not change, other than curtailment of some non core business expenses as determined by the economic times. These expenses include corporate activities associated with property acquisitions, corporate funding, permitting, mine planning activities and investor communications.

Amortization expense was reduced by not amortizing the mill equipment for the quarter ending September 30, 2008.

Exploration and Development Expenditures

Drilling and other exploration expenditures are capitalized. Exploration expenditures for the quarter ending September 30, 2008 amounted to $181,285. Exploration and development expenditures for the quarter ended September 30, 2008 included $25,275 on the Davidson Tisdale Property, $9,927 on the Fuller Property, $86,044 on the Buffalo Ankerite Property, $60,039 on the Paymaster Property and nothing expended on the Windsor and the Augdome properties.

Exploration and Development Expenditures (continued)

The Company is focused on exploring and developing its three advanced gold properties: the Davidson Tisdale Property, the Fuller Property and the Buffalo Ankerite Property. During the third quarter of fiscal 2008, the primary exploration focus was on the Buffalo Ankerite and Paymaster properties.

Exploration and Development Expenditures for the Quarter ending September 30, 2008

	Davidson Tisdale	*Fuller*	*Buffalo Ankerite*	*Paymaster*	*Total*
Geological			$29,228	$51,821	$81,049
Engineering					
Geophysics					
Drilling					
Consulting					
Permitting	$21,435	$9,647	$26,025		$57,107
Other	$3,840	$280	$30,791	$8,218	$43,129
Property Total	$25,275	$9,927	$86,044	$60,039	$181,285

Summary of Yearly Results

Selected financial information for the eight previous fiscal quarters.

Yearly Financial Information (unaudited)								
		2008		*2008*		*2008*		*2007*
		Q3		Q2		Q1		Q4
(a) Revenue - interest	$	10,964	$	15,888	$	25,360	$	38,143
(b) Net Income (loss)	$	(121,049)	$	(244,575)	$	(315,172)	$	(30,172)
(c) Net Income (loss) per share	$	(0.001)	$	(0.001)	$	(0.004)	$	(0.001)
(basic & fully diluted)								
		2007		*2007*		*2007*		*2006*
		Q3		Q2		Q1		Q4
(a) Revenue	$	47,235	$	50,383	$	38,058	$	37,322
(b) Net Income (loss)	$	(162,574)	$	(166,781)	$	(806,220)	$	(99,341)
(c) Net Income (loss) per share	$	(0.002)	$	(0.002)	$	(0.010)	$	(0.003)
(Basic & Fully Diluted)								

Liquidity and Capital Resources

For the quarter ended September 30, 2008 the Company's cash position decreased from the December year-end total of $2,980,412 to $299,375. The company has sufficient cash resources on hand to maintain planned exploration and development work on its Ontario gold properties for the balance of the fiscal year. The Company invests surplus funds in Bankers' Acceptances guaranteed by a Canadian financial institution.

Outstanding Share Data

The authorized capital of the Company is comprised of an unlimited number of common shares. At September 30, 2008 the Company had 86,616,014 common shares outstanding. The Company had 11,325,000 purchase warrants expire during the quarter ending September 30, 2008, leaving 1,000,000 warrants to Goldcorp. The 1,000,000 are exercisable at $0.31 until June 13, 2009. The Company has 4,970,000 options outstanding as of September 30, 2008, exercisable at prices ranging from $0.20 to $0.60 per share.

Commitments

VG Gold has entered into option agreements with others whereby the Company may earn an interest in certain mineral properties by making option payments in cash and property work obligations to maintain the option on properties. VG Gold's current commitments are as follows:

1) The Davidson Tisdale agreement has commitments of up to $360,600 of property expenditures in 2008.

2) The Windsor Property agreement has commitments of $20,000 and 50,000 shares on or before October 4th, 2008. VG Gold made these commitment payments after the quarter had ended.

3) The Paymaster property agreement has exploration expenditures of $800,000, a payment of $50,000 and $100,000 in shares to be issued in the first year of the agreement. The second year has exploration expenditures of $1,100,000 and $100,000 in shares to be issued. The third year has exploration expenditures of $1,600,000 and $150,000 of shares to be issued and the fourth year has exploration expenditures of $2,500,000 and $200,000 of shares to be issued.

Transactions with Related Parties

Management fees were paid to officers and directors, totaling $48,000 for the quarter.

The Company paid legal fees of $6,666 for the quarter to a firm in which an officer of the Company is also a partner of the law firm.

The Company has paid directors' fees of the Company totaling $7,500 for the quarter.

All related party transactions into which the Company has entered are recorded at fair market value as determined by the Company's directors, with no beneficial interest in respect of a particular transaction.

Environmental Risks and Hazards

All phases of VG Gold's mineral exploration operations are subject to environmental regulations pertaining to the City of Timmins, the province of Ontario and Canada. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect VG Gold's operations. Environmental hazards may exist on the properties on which VG Gold holds interests, which are unknown to VG Gold at present and which may have been caused by previous or existing owners or operators of the properties. VG Gold may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently and may in the future be required in connection with VG Gold's operations. To the extent such approvals are required and not obtained, VG Gold may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities which may cause operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The future costs of retiring mining assets include dismantling, remediation, ongoing treatment and monitoring of the site. These are reconciled and recorded as a liability at fair value. The liability is accreted, over time, through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life. As the Corporation has not yet begun mining or milling operations, the Company currently has no identifiable obligations in relation to the retirement of its assets save for the Buffalo Ankerite mine site, which the Mining Lands Commissioner had issued an Order for the Company to use its best efforts to remediate the open pit on the site and to maintain security. The estimated cost to perform this work is $284,000, of which no liability has been accrued in the financial

Environmental Risks and Hazards (con't)

statements, as mining activities on the property have not been determined to be completed in their entirety.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on VG Gold and cause increases in exploration expenses, capital expenditures and production costs. They may also cause a reduction in levels of production at producing properties or they may require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the environment, VG Gold may become subject to liability for hazards against which it cannot be insured. The Company is subject to all environmental acts and regulations at the federal and provincial levels.

These include, but are not limited to, the following:

Federal Level (Canada)	**Provincial Level (Ontario)**
Canadian Environmental Protection Act	Environmental Protection Act
Fisheries Act	Mining Act
Navigable Waters Protection Act and Regulations	

To the Company's knowledge, there are no liabilities to date which relate to environment risks or hazards.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates.

Nature of Operations

VG Gold is an exploration and development company engaged in the mining business. Some of its mineral properties are currently being explored and developed and the Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, as established in accordance with National Instrument No. 43-101, upon the ability of VG Gold to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

The Company tries to maximize its exposure to promising exploration and development opportunities, to manage the risks inherent in exploration and to make appropriate use of financial management resources.

Off-Balance Sheet Arrangements

As at September 30, 2008, the Company does not have off-balance sheet arrangements.

Additional Funding Requirements

As discussed, the mineral properties of VG Gold are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The Company intends to raise such additional funds to complete its projects. There is no assurance that VG Gold will be able to raise additional funds on reasonable terms. The development of any ore deposits found on the exploration properties of VG Gold depends on the ability of the Company to obtain financing through debt financing, equity financing or other means. If the exploration and development programs of VG Gold are successful, additional funds will be required to develop the properties and, if successful, additional funds will be required to place them in commercial production. The only source of future funds presently available to VG Gold is the sale of equity capital of VG Gold or the sale by VG Gold of an interest in any of its properties in whole or in part. The ability of VG Gold to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as on the business performance of the Company.

There can be no assurance that VG Gold will be successful in its efforts to arrange additional financing if needed on terms satisfactory to VG Gold. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of VG Gold may change and shareholders may suffer additional dilution. If adequate financing is not available, VG Gold may be required to delay, reduce its scope, eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause VG Gold to forfeit its interests in some or all of its properties and to reduce or terminate its operations.

Mineral Properties and Deferred Exploration Costs

The Company defers the costs of exploration and capital assets in existing projects and carries them as assets until production begins. Mineral properties and deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration ceases because continuation is not economically feasible, the mineral properties and related exploration expenditures are written off.

Senior management periodically reviews the carrying value of the mineral properties and deferred exploration expenditures to consider whether there are any conditions that may indicate impairment.

Where estimates of future cash flows are available, a reduction in carrying value is recorded to the extent the net book value of the investment exceeds the estimated future cash flows. Where estimates of the future cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered and provides for impairment, if so indicated

New Accounting Standards and Policies

Financial Instruments

Effective January 1, 2008, VG Gold prospectively adopted the new CICA Handbook Sections 3862, *Financial Instruments – Disclosures* and 3863, *Financial Instruments – Presentation.* The purpose of these sections is to enhance the financial statement users' ability to evaluate:

- The significance of financial instruments over an entity's financial position, performance and cash flows;
- The nature and extent of risks arising from financial instruments to which the entity is exposed to during the period and at the balance sheet date; and
- How the entity manages these risks.

The new standards required additional disclosure with no effect on the financial statements.

Capital Management

Effective January 1, 2008, VG Gold adopted the new CICA Handbook Section 1535, *Capital Disclosures* for disclosure of a company's objectives, policies and processes for managing capital.

International Financial Reporting Standards ("IFRS")

In January 2006, the AcSB formally adopted the strategy of replacing financial reporting under Canadian GAAP with financial reporting under IFRS, for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable for-profit enterprises. Financial reporting under IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after Janauary 1, 2011. The Company will be required to prepare comparative financial statements in accordance with IFRS beginning with the three-month period ended March 30, 2010. The Company is currently assessing the impact on its financial statements.

Risks and Uncertainties

The Company's business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company's exploration and development activities is dependant on financial markets, that often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently mineable deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which can not be controlled by management.

Management's evaluation of disclosure controls and procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported, on a timely basis, to senior management, including the President and the Chief Financial Officer (CFO), so that they can make appropriate decisions regarding public disclosure. The system of disclosure controls and procedures includes, but is not limited to, our Disclosure Policy, our Code of Business Ethics, the effective functioning of our Disclosure and Audit Committees, procedures in place to systematically identify matters warranting consideration of disclosure by the Disclosure Committee and verification processes for individual financial and non-financial metrics and information contained in annual and interim filings, including the financial statements, MD&As, Annual Information Forms and other documents and external communications.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted under the supervision of Management, including the President and CFO, as of September 30, 2008. The evaluation included documentation review, enquiries and other procedures considered by Management to be appropriate in the circumstances.

Based on that evaluation, the President and the CFO have concluded that the design and operation of the system of disclosure controls and procedures was effective as of September 30, 2008.

The President and CFO are also required, under Multilateral Instrument 52-109, to file certifications of the annual filings. Copies of these certifications may be found on SEDAR at www.sedar.com.

Forward Looking Statements

This report may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays or failure in obtaining governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or *otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.*

Signed

"*Alex Falconer*" CFO

November 10, 2008