Lexam VG Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED JUNE 30, 2015

This Management's Discussion and Analysis ("MD&A") is prepared as of August 6, 2015 and should be read in conjunction with the condensed unaudited interim consolidated financial statements of Lexam VG Gold Inc. (the "Company" or "Lexam VG") for the three and six months ended June 30, 2015 and 2014 and the audited annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information, including the Annual Information Form can be found on SEDAR, www.sedar.com*. All amounts are in Canadian dollars.*

Overview

Lexam VG Gold Inc. ("the Company", or "Lexam VG") was incorporated under the laws of Ontario through a Plan of Arrangement on January 1, 2011, amalgamating Lexam Explorations Inc. and VG Gold Corp.

The principal business of Lexam VG is to explore gold properties in Timmins, Ontario, Canada and to acquire additional gold properties in the Timmins area. The Buffalo Ankerite, Fuller and Davidson Tisdale properties are 100% owned. The Company also has a 60.9% interest in the claims forming the Paymaster property. For more information see the Company's web site: www.lexamvggold.com.

Lexam VG is listed and traded on the TSX under the symbol "LEX" and on the OTCQX in the United States as "LEXVF". Lexam VG also trades on the Frankfurt Exchange as "VN3A". The corporate office is located at 150 King Street West, Suite 2800, Toronto, Ontario, Canada, M5H 1J9.

In this report, "gpt" represents grams per metric tonne, "m" represents metres and "km" represents kilometres.

Exploration and Development Activities

Operational Outlook

The Company is conducting an exploration program during the second and third quarter of 2015 on the newly acquired claims of the Davidson Tisdale property and on the Fuller property. The exploration programs preliminary budget is approximately $450,000. Future exploration will be contingent upon the results from the current exploration program.

The Company anticipates incurring care and maintenance expenditures on properties not actively explored during 2015 of approximately $50,000. These costs will include security, rent, and other property holding costs necessary to maintain the properties in good standing. For the three months and six months ended June 30, 2015 care and maintenance expenditures incurred totaled $9,900 and $29,300 respectively. The Company also continues to evaluate strategic acquisitions in Timmins and other areas that can increase overall resources holdings.

For the six months ended June 30, 2015 the Company incurred approximately $508,300 in office, general and administrative expenditures which include salaries and benefits, professional fees, regulatory and stock exchange fees, rent, insurance and director fees, among other things. During 2015 the Company expects to incur a total of $900,000 in office, general and administrative expenditures.

Davidson Tisdale Property Acquisition

On March 3, 2015, the Company announced the acquisition of SGX Resources' 31.5% minority interest of the Davidson Tisdale property, along with full interest in adjoining mineral claims to the north, west and south for $157,630. This amount included $130,000 in cash and $27,630 from amounts receivable. The cash payment was executed on March 25, 2015. The acquisition increased the Company's interest in Davidson Tisdale from 68.5% to 100%.

Paymaster Property

On September 20, 2013 the Company received formal notification from Goldcorp indicating that they will not be participating in the 2013 exploration budget. Since this time there has been no further notification that Goldcorp will resume participation. As such, the Company is diluting Goldcorp's ownership in accordance with terms stipulated in the joint venture agreement.

Results of Operations

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	2013	2015	2014	2013
Net Loss	$ (222,761)	$ (145,496)	$ (183,137)	$ (532,297)	$ (321,218)	$ (613,711)
Net Loss per share (basic and diluted)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Total Assets				40,672,608	41,526,570	42,128,553
Non-Current Liabilities				-	439,366	429,025

The Company recorded a net loss of $222,761 ($0.00 per share) for the three months ended June 30, 2015, compared to $145,496 ($0.00 per share) during the corresponding period in 2014. The increase in net loss in 2015 was attributable to an increase in office, general and administrative expenses and care and maintenance expenditures. The decreased net loss in 2014 compared to 2013 was primarily attributable to the loss on the Company's equity investment in UVM, partially offset by a reduction in office, general and administrative expenses.

For the six months ended June 30, 2015, the Company had a net loss of $532,297 ($0.00 per share) compared to $321,218 ($0.00 per share) for the same period in 2014. The increased loss is the result of an increase to office, general and administrative expenses and care and maintenance expenditures.

Office, General and Administrative Expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Salaries and benefits	$ 54,178	$ 39,545	$ 122,970	$ 75,261
Professional fees (accounting, audit and legal)	39,911	27,813	94,567	53,620
Public company fees and investor relations	36,602	44,987	103,285	101,928
Director fees	17,500	17,500	35,000	35,000
Office and general	64,678	15,502	152,551	60,931
	$ 212,869	$ 145,347	$ 508,373	$ 326,740

Office, general and administrative expenses increased by 46% or $67,522, and 56% or $181,633 for the three and six months ended June 30, 2015 respectively. This increase was primarily attributable to salaries, professional fees and office and general expenses. The increase in professional fees is the result of additional audit fees. Legal fees also increased pertaining to administrative costs to complete the Davidson Tisdale acquisition. The increase in office and general expenses were related to consulting fees incurred for review of strategic acquisitions.

Exploration Expenditures

Three months ended June 30,

	Fuller		Davidson Tisdale		Buffalo Ankerite		Paymaster		Teefy		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Geological	$ 14,502	$ 23,499	$ 16,978	$ 15,123	$ -	$ 32,779	$ -	$ 19,823	$ -	$ 2,100	$ 31,480	$ 93,324
Engineering	-	6,000	-	3,000	-	6,000	-	-	-	-	-	15,000
Drilling	-	-	3,286	-	-	600	-	-	-	-	3,286	600
Land & Holding	-	429	4,140	2,358	-	8,121	-	717	-	12,870	4,140	24,495
Consulting	-	-	-									-
Permitting												-
Recovery from joint venture partner	-	-	-	(7,688)	-	-	-	-	-	-	-	(7,688)
Other	863	6,281	6,045	1,707	-	4,056	-	-	-	-	6,908	12,044
December 31	$ 15,365	$ 36,209	$ 30,449	$ 14,500	$ -	$ 51,556	$ -	$ 20,540	$ -	$ 14,970	$ 45,814	$ 137,775

Six months ended June 30,

	Fuller		Davidson Tisdale		Buffalo Ankerite		Paymaster		Teefy		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Geological	$ 14,502	$ 42,629	$ 16,978	$ 21,923	$ -	$ 54,697	$ -	$ 36,105	$ -	$ 2,100	$ 31,480	$ 157,454
Engineering	-	21,952	-	14,452	-	15,000	-	-	-	-	-	51,404
Drilling	-	-	3,286	-	-	1,380	-	-	-	-	3,286	1,380
Land & Holding	-	1,377	161,770	3,917	-	18,072	-	717	-	12,870	161,770	36,953
Recovery from joint venture partner	-	-	-	(14,552)	-	-	-	-	-	-	-	(14,552)
Other	863	7,073	6,045	1,707	-	4,303	-	-	-	-	6,908	13,083
December 31	$ 15,365	$ 73,031	$ 188,079	$ 27,447	$ -	$ 93,452	$ -	$ 36,822	$ -	$ 14,970	$ 203,444	$ 245,722

The Company's policy is to capitalize drilling and other exploration expenditures. Exploration expenditures were capitalized for the three and six months ended June 30, 2015, totaled $45,814 and $203,444 (for the three and six months ended June 30, 2014 - $137,775 and $245,722). The decline in expenditures in 2015 compared to 2014 relates to management's decision in the fourth quarter of 2014 to curtail exploration and development activities and place its exploration and evaluation assets on care and maintenance. However, during the second quarter of 2015, the Company commenced an exploration program on the newly acquired claims of the Davidson Tisdale property and on the Fuller property. The Company intends to capitalize the costs associated with this exploration program. The majority of the capitalized expenditures in 2015 pertain to the acquisition of the remaining 31.5% interest plus adjacent claims of the Davidson Tisdale property. The Company now holds 100% interest on this project.

Summary of Quarterly Results

Selected financial information for the eight previous fiscal quarters:

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Loss	(222,761)	(309,536)	(205,766)	(116,439)	(145,496)	(175,722)	(115,151)	(144,719)
Net Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Liquidity and Capital Resources

As at June 30, 2015, the Company had cash of $368,751, compared to $232,322 at December 31, 2014, representing an increase of $136,429. The cash increase of $136,429 is made up of $714,521 generated from investing activities, offset by $578,092 used in operating activities.

Cash from investing activities was primarily related to $156,254 expenditures on exploration and evaluation assets offset by $870,775 proceeds from the redemption of short-term investments. The Company's short-term investments of $1,555,841 are a fixed income investment and can be liquidated as needed.

Based on current spending projections, primarily relating to exploration and general and administrative expenditures, current cash on hand and short-term investments are expected to be sufficient to fund ongoing operations for the next 12 months.

Outstanding Share Data

The following schedule outlines the number of shares outstanding.

	2015	2014
Common Shares	226,570,860	226,570,860

The total common shares outstanding as of August 6, 2015 are 226,570,860.

Transactions with Related Parties

The Company agreed to reimburse on an ongoing basis McEwen Mining Inc. ("McEwen Mining") for rent, personnel, office expenses and other administrative services, as those costs are paid directly by McEwen Mining. Robert McEwen ("Mr. McEwen") is the Chief Executive Officer of McEwen Mining and holds a 25% ownership in McEwen Mining, a publicly listed company, trading on the New York Stock Exchange and the Toronto Stock Exchange. Mr. McEwen also owns 27% of Lexam VG.

For the three and six months ended June 30, 2015, the Company paid for net shared services, rent, personnel, office expenses and other administrative services of $2,200 and $10,900, to McEwen Mining. During the comparable periods in 2014, the Company paid $12,600 and $42,300, to McEwen Mining.

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

As at June 30, 2015, the Company does not have off-balance sheet arrangements.

Additional Funding Requirements

Mineral properties of Lexam VG are in the exploration and development stage. The Company has no source of operating cash flow and will need to raise additional funds to complete its projects. There is no assurance that Lexam VG will be able to raise additional funds at reasonable terms. The development of ore deposits found on the exploration properties of Lexam VG depend on the ability of the Company to obtain financing through debt financing, equity financing or other means. If the exploration and development programs of Lexam VG 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 Lexam VG is the sale of equity capital of Lexam VG or the sale by Lexam VG of an interest in any of its properties in whole or in part. The ability of Lexam VG 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 Lexam VG will be successful in its efforts to arrange additional financing if needed on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Lexam VG may change and shareholders may suffer additional dilution. If adequate financing is not available, Lexam VG 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 Lexam VG to forfeit its interests in some or all of its properties and to reduce or terminate its operations.

Recently Issued Accounting Pronouncements Not Yet Adopted

The IASB issued the following standards, which are not yet effective and have not been applied in the preparation of these financial statements. The Company is in the process of determining the extent of the impact on its financial statements.

On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The impact of adoption of the amendment has not yet been determined.

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

On May 12, 2014 the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. These amendments are effective for annual periods beginning on or after January 1, 2016. The impact of adoption of the amendment has not yet been determined.

The amendments in IAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue. These amendments are effective for annual periods beginning on or after January, 2016. The impact of adoption of the amendment has not yet been determined.

Internal Control over Financial Reporting

Management, under the supervision of the Chief Executive Officer (or Chairman of the Board of Directors, in absence of Chief Executive Officer) and the Chief Financial Officer, is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Management follows the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework ("COSO"). Based on a review of its internal control, management believes its internal controls and procedures are appropriately designed as at June

30, 2015. There were no changes in the Company's internal controls during the second quarter ended June 30, 2015 that materially affected or are reasonably likely to materially affect, our internal controls over financial reporting.

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 dependent on financial markets, which 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 cannot be controlled by management. As a result, the Company's future business, operations, and financial condition could differ materially from the forward-looking information contained in this MD&A and described in the Forward-Looking Statements section below. For a more comprehensive discussion of the risks faced by the Company, please refer to the Company's Annual Information Form, dated March 19, 2015, filed on 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.