Lexam VG Gold Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015

This Management's Discussion and Analysis ("MD&A") is prepared as of November 5, 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 nine months ended September 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, "Au" represents gold, "VG" represents visible gold, "m" represents metres and "km" represents kilometres.

Exploration and Development Activities

Operational Outlook

The Company conducted an exploration program during the second and third quarter of 2015 on the newly acquired claims, part of the Davidson Tisdale property, and on the Fuller property. The exploration program budget was $450,000. At the end of third quarter, the Company's expenditures on the program were $424,900.

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 nine months ended September 30, 2015 care and maintenance expenditures incurred totaled $9,800 and $39,000 respectively. The Company also continues to evaluate strategic acquisitions in Timmins and other areas that can increase overall resources holdings.

For the nine months ended September 30, 2015 the Company incurred approximately $652,900 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 (Kinch claims) to the north, west and south for $157,630. This amount included $130,000 in cash and $27,630 from amounts receivable owed to the Company by SGX Resources. The cash payment was executed on March 25, 2015. The acquisition increased the Company's interest in Davidson Tisdale from 68.5% to 100%.

Davidson Tisdale Property Exploration Progam Results

During the third quarter, the Company completed its exploration program on the Davidson Tisdale property. Exploration was conducted on both the Davidson Tisdale Main Zone as well as the Kinch claims to the north of the Main Zone.

The following work was completed:

- Spatiotemporal Geochemical Hydrocarbons ("SGH") Geochemistry on the Kinch claims
- Geological mapping / prospecting on the Kinch claims
- Diamond drill program on the Davidson Tisdale Main Zone and the Kinch claims

Spatiotemporal Geochemical Hydrocarbons Geochemistry:

Spatiotemporal Geochemical Hydrocarbons ("SGH") is an extractive geochemical procedure which releases organic compounds adsorbed on the sub-soil level of the samples. It provides a highly focussed and sensitive method to measure indicator compounds in various range sizes down to the lowest parts-per-trillion.

Favourable results were obtained on the Kinch claims where a number of high priority anomalies were detected - ranked 5.5 out of 6.0 in the SGH ranking scheme. Diamond drilling targets tested the anomalies and intersected altered volcanic rocks with low but anomalous gold ("Au") values.

Geological Mapping/Prospecting Program:

Test samples were taken from historic trenches and pits on the Kinch claims. Extensive quartz veining was noted. Five grab samples assayed over 1 gpt Au with a high of 10.7 gpt Au in a quartz stock work. The historic trenches coincided with the SGH geochemical anomalies.

Diamond drill program:

A two phase drill program was conducted on Davidson Tisdale as follows:

1. Selected existing holes were deepened at the Davidson Tisdale Main Zone to identify further gold mineralization, at depth, and to better define the alteration envelope allowing for more effective drill tarteting to expand mineralization on the Davidson Tisdale Main Zone at depth.
2. Shallow holes were drilled on the Kinch claimsto follow up on the SGH geochemical anomalies as well as to test under the historic trenching and anomalous grab samples.

The program at the Davidson Tisdale Main Zone was successful in better defining the alteration envelope which hosts the quartz vein structures and gold mineralization. Nine holes were drilled; four of which intersected the quartz vein systems and two holes contianed visible gold ("VG"). The best assays (7.84 gpt Au and 7.67 gpt Au) came from the two holes in the quartz vein containing VG.

The program confirmed and better defined the alteration envelope but failed to encounter quartz veining in the quantity expected. Additional exploration at the Davidson Tisdale Main Zone will have to target depths below 450m as there appears to be a gap in the quartz veining structure.

The program at the Kinch claim was targeting the SGH geochemical anomalies, alteration and quartz veining as identified during the prospecting program. Five holes were drilled, one hole intersected significant quartz veining (hole VGK-15-04) with no significant assays. The most promising assay result was from hole VGK-15-05 which intersected 4.36 gpt Au spanning over 2.0 metres. The drilling failed to intersect significant quartz veining with gold. Additional exploration on the Kinch property should focus on a stripping program to better reveal the alteration and quartz veining followed by geological/structural mapping and surface sampling.

The following table summarizes the results of the limited diamond drill program.

Hole# Davidson Tisdale	**Az**	**Dip**	**Start (m)**	**EOH**	**Drilled (m)**	**Quartz Vein System**	**Assays**
04-349ext	330	-68	467.0	599.0	132.0	536-537 moderate	1.66 gpt/1.0m
04-348ext	330	-49	431.0	722.0	291.0	570.2-579.3 weak, *VG*	7.84 gpt/1.0m
05-351ext	300	-83	233.2	317.0	83.8		nsv
04-331ext	330	-59	465.0	545.0	80.0		nsv
04-334ext	330	-50	367.6	461.0	93.4	408.4-412.5 weak *VG*	7.67 gpt/1.5m
04-330ext	334	-61	434.5	544.0	109.5		nsv
04-332ext	330	-55	370.6	500.5	129.9		nsv
10-374ext	355	-55	221	228.5	7.5		nsv
VGT-15-392	334	-56	0	350	350.0	40.4-48.6 moderate, 147.0-150.4 moderate	5.9 gpt/1.8m, 2.41 gpt/2.0, 3.98 gpt/1.3
9 holes					1,277.1		

Kinch							
VGK-15-01	180	-45			201		nsv
VGK-15-02	360	-45			180		0.64 gpt/1.6m
VGK-15-03	180	-45			180.3		nsv
VGK-15-04	180	-45			177	108.5-111.2	nsv
VGK-15-05	180	-45			186		1.14 gpt/1.5m, 4.36 gpt/2.0m
5 holes					924.3		
Total	**14**	**holes**			**2,201.4**		

EOH – end of hole; Az – azimuth; nsv - no significant values

Fuller Property

A small field exploration program was completed on the Chisholm claims, which are part of the Fuller property. Exploration work consisted of SGH geochemistry and prospecting / mapping. The Chisholm claims lie on the western part of the Fuller property. The purpose of the exploration program was to test for a westerly extension of the Fuller deposit.

The SGH geochemistry results identified low level anomalies and follow up was deemed to be low priority at this time. The prospecting returned numerous anomalous grab samples with a high of 13.6 gpt Au as well as 3 additional samples between 5 and 10 gpt Au. All the anomalous samples were located within a strongly altered mafic volcanic in the southeast portion of the Chisholm property, adjacent to the Fuller property boundary. These results represent the surface expression of the extension of the Fuller zones onto the Chisholm claims. This area warrants additional exploration in the future.

Paymaster Property

On September 20, 2013 the Company received formal notification from Goldcorp indicating that they would 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. Through dilution of Goldcrop's interest, the Company increased its interest in the property from 60% to 60.9%.

Results of Operations

	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	2013	2015	2014	2013
Net Loss	$ (142,491)	$ (116,439)	$ (144,719)	$ (674,788)	$ (437,657)	$ (758,430)
Net Loss per share (basic and diluted)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

The Company recorded a net loss of $142,491 ($0.00 per share) for the three months ended September 30, 2015, compared to $116,439 ($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 reduction in net loss in 2014 compared to 2013 was primarily due to lower office, general and administrative expenditures.

For the nine months ended September 30, 2015, the Company had a net loss of $674,788 ($0.00 per share) compared to $437,657 ($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. The decrease in the net loss in 2014 compared to 2013 was primarily attributable to the loss on the Company's equity investment in Uranium Valley Mines Ltd., partially offset by a reduction in office, general and administrative expenses.

Office, General and Administrative Expenses

	For the three months ended September 30, 2015	For the three months ended September 30, 2014	For the nine months ended September 30, 2015	For the nine months ended September 30, 2014
Salaries and benefits	$ 46,433	$ 44,134	$ 169,403	$ 119,395
Professional fees (accounting, audit and legal)	17,187	26,658	111,754	80,278
Public company fees and investor relations	14,290	15,502	117,575	117,430
Director fees	17,500	17,500	52,500	52,500
Office and general	49,158	16,718	201,709	77,649
	$ 144,568	$ 120,512	$ 652,941	$ 447,252

Office, general and administrative expenses increased by 20% or $24,056, and 46% or $205,689 for the three and nine months ended September 30, 2015 respectively. This quarter on quarter increase pertains to an increase in office and general expenses, which includes increased costs related to consultants and rent expenditures. The year over year increase in office, general, and administrative expenditures is explained by an increase in salaries and benefits, professional fees, and office and general. The increase in professional fees is the result of additional audit fees and an increase in legal fees due to costs incurred to complete the Davidson Tisdale acquisition. The increase in office and general expenses relates to an increase in consulting fees.

Exploration Expenditures

Three months ended September 30,

	Fuller		Davidson Tisdale		Buffalo Ankerite		Paymaster		Teefy		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Geological	$ 1,400	$ 5,601	$ 50,085	$ -	$ -	$ 8,632	$ -	$ 9,824	$ -	$ 9,100	$ 51,485	$ 33,157
Engineering	-	3,150	-	2,600	-	12,750	-	-	-	-	-	18,500
Drilling	-	-	165,698	-	-	900	-	-	-	-	165,698	900
Land & Holding	-	562	-	-	-	7,185	-	-	-	642	-	8,389
Recovery from joint venture partner	-	-	-	(987)	-	-	-	-	-	-	-	(987)
Other	655	1,294	3,640	249	-	1,848	-	-	-	52	4,295	3,443
December 31	$ 2,055	$ 10,607	$ 219,423	$ 1,862	$ -	$ 31,315	$ -	$ 9,824	$ -	$ 9,794	$ 221,478	$ 63,402

Nine months ended September 30,

	Fuller		Davidson Tisdale		Buffalo Ankerite		Paymaster		Teefy		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Geological	$ 15,902	$ 48,230	$ 67,063	$ 21,923	$ -	$ 63,329	$ -	$ 45,929	$ -	$ 11,200	$ 82,965	$ 190,611
Engineering	-	25,102	-	17,052	-	27,750	-	-	-	-	-	69,904
Drilling	-	-	168,984	-	-	2,280	-	-	-	-	168,984	2,280
Land & Holding	-	1,939	161,770	3,917	-	25,257	-	717	-	13,512	161,770	45,342
Recovery from joint venture partner	-	-	-	(15,539)	-	-	-	-	-	-	-	(15,539)
Other	1,518	8,366	9,685	1,956	-	6,151	-	-	-	52	11,203	16,525
December 31	$ 17,420	$ 83,637	$ 407,502	$ 29,309	$ -	$ 124,767	$ -	$ 46,646	$ -	$ 24,764	$ 424,922	$ 309,123

The Company's policy is to capitalize drilling and other exploration expenditures. Exploration expenditures capitalized for the three and nine months ended September 30, 2015, totaled $221,478 and $424,922 (for the three and nine months ended September 30, 2014 - $63,402 and $309,123). The expenditures for the nine month period primarily relate to the exploration program on the newly acquired claims part of the Davidson Tisdale property and on the Fuller property. The Company commenced an exploration program on the newly acquired claims of the Davidson Tisdale property and on the Fuller property, during the second quarter of 2015. Expenditures incurred during the comparative period relate primarily to the preparation of the PEA.

Summary of Quarterly Results

Selected financial information for the eight previous fiscal quarters:

	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	2013	2015	2014	2013
Net Loss	$ (142,491)	$ (116,439)	$ (144,719)	$ (674,788)	$ (437,657)	$ (758,430)
Net Loss per share (basic and diluted)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Liquidity and Capital Resources

As at September 30, 2015, the Company had cash of $196,914, compared to $232,322 at December 31, 2014, representing a decrease of $35,408. The cash decrease of $35,408 is made up of $686,203 generated from investing activities, offset by $721,611 used in operating activities.

Cash from investing activities was primarily related to $306,866 expenditures on exploration and evaluation assets offset by $993,069 proceeds from the redemption of short-term investments. The Company's short-term investments of $1,436,865 are a fixed income investment, registered with a Canadian Bank 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.

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 and prospects 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 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.

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 November 5, 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 months ended September 30, 2015 McEwen Mining reimbursed the Company $9,600 for net shared services, which include rent, personnel, office expenses and other administrative services. For the nine months ended September 30, 2015 the Company paid $1,300 to McEwen Mining for the net shared services. During the comparable periods in 2014, the Company paid $9,500 and $51,800, to McEwen Mining, respectively.

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

Off-Balance Sheet Arrangements

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

Recently Issued Accounting Pronouncements Not Yet Adopted

The International Accounting Standards Board ("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 International Financial Reporting Standards ("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 International Accounting Standards ("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 1, 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. Based on a review of its internal controls, management believes its internal controls and procedures are appropriately designed as at September 30, 2015. There were no changes in the Company's internal controls during the third quarter ended September 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.