



MANAGEMENT'S EXPLORATION PLANS FOR VG GOLD IN 2010

Dear Fellow VG Gold Shareholders,

We believe **2010 WILL BE A VERY IMPORTANT YEAR FOR OUR COMPANY!** We will continue to look for ways to accelerate our exploration in order to become the next major success story in northern Ontario. Our goal is to deliver you a much higher share price. Never before has our company been better positioned to accomplish this objective. This letter is designed to provide you with an in-depth look at our exploration and the reason why we are very excited about the future of our company.

TIMMINS HAS BECOME ONE OF THE MOST ACTIVE AREAS FOR GOLD EXPLORATION in Canada and for good reason. The recent merger of Lake Shore Gold and West Timmins Mining has created a new exploration powerhouse with a reported 24 drills operating, multiple new discoveries and a \$1.2 billion market capitalization. In addition, Goldcorp, the world's second largest gold company, just announced that their Timmins mines had their highest quarterly production in nearly three years. These are extremely positive developments for the Timmins area.

Our plan is to have two drills operating continuously on our Timmins gold projects over the next twelve months. **THIS WILL BE THE LARGEST DRILL PROGRAM IN VG GOLD'S HISTORY.** Below are three of the key reasons why VG Gold's management and geologists think we have an excellent chance at real exploration success.

1. Paymaster West Project

As many of you know, VG Gold is earning an interest in this project from Goldcorp. By car the **PAYMASTER WEST PROJECT IS RIGHT BESIDE GOLDCORP'S 17 MILLION OUNCE DOME MINE.** Dome is the second largest gold mine in Canadian history. Hollinger also in Timmins, with 19.3 million ounces of past production, is the largest situated 2 miles from VG Gold. The best place to find gold is next to a gold mine and VG Gold couldn't be better positioned!

Early results have been very encouraging. We continue to outline good grades down to a depth of 1,500 ft., such as **1,390.0 gpt (40.54 opt) over 0.9 m (3.0 ft) and 41.67 gpt (1.22 opt) over 1.8 m (5.9 ft).** We are seeing potential for open pit and underground mining scenarios. Our understanding of the geology is improving every day and that is allowing us to better target our drilling. Drilling is ongoing at the project where we anticipate continuous news coming from Paymaster West through 2010.

The Company recently reviewed additional historical drilling at Paymaster and it shows what may be the start of a new higher grade exploration on strike from VG Gold's Fuller Property gold zones, at depth of 1,000 metres or 3,300 ft below surface. This area is located 500 metres or 1,500 feet north of the Paymaster West Porphyry Zone. This is very good news, as it represents an attractive exploration

target. These historical results should be followed up to confirm the existence of the zone which is deeper than our current drills can reach. In January we will be trading one of our drills for one with deeper capacity in order to explore the potential of this zone.

2. Davidson-Tisdale

Impressive high-grades and untested potential at depth is the reason we will be drilling this project starting early 2010. We are not the only ones who like Davidson-Tisdale: in October San Gold announced they signed a Letter of Intent to acquire the 31.5% ownership not owned by VG Gold from Laurion Minerals. San Gold subsequently announced that they were going to spinout their Timmins assets into a new company, except for Davidson-Tisdale which they shall keep and explore jointly with VG Gold. We think this lends even more credibility to the project's potential.

Although management would have liked to purchase the minority interest and consolidate ownership of the project, we are happy to have San Gold as a partner.

Our drilling will focus on three goals: 1) expanding the known high grade 2) looking for new high grade zones at depth and 3) testing areas that were previously drilled, but appear to have missed the mineralized structure. Some of the results that we will be following up include: ***341.1 gpt gold (9.95 opt) over 3.4 m (11.2 ft) and 64.18 gpt (1.87 opt) over 4.0 m (13.1 ft).***

If we are fortunate enough to materially expand the high grade gold system, it could be a thrilling development for the Company and for shareholders! We are eager to explore during 2010 for more significant results.

3. Buffalo-Ankerite

VG Gold has drilled Buffalo Ankerite extensively at relatively shallow depths over the years, but it was one of the last holes that got our attention. In September 2008 we announced that one of our deepest holes on the project interested 72.07 gpt (2.10 opt) over 1.5 m (5.0 ft). With virtually no drilling around this result we plan to pursue the deeper exploration potential at Buffalo Ankerite, a historic mine that has produced over 1 million gold ounces from shallower depths.

Now that VG Gold is well funded, the Company can begin exploration drilling of the deep potential around this high grade intersection in order to expand the mineralization. A review of old data shows that historical drill holes encountered similar high grades down plunge of the September 2008 high grade result. The result supports the validity of historic drill holes with high grade results that are several hundred feet further down-plunge.

VG Gold is pursuing a course of success proven by other successful junior explorers by drilling excellent geology in established gold districts. With early success from Paymaster West, a strong financial position, and four excellent properties in a Major gold region that is regaining significant investor interest, we look forward to delivering a higher share value for our investors in 2010.

Thomas Meredith,
President and CEO