

Shares: 139,708,514

VG GOLD CORP.

VG COMPLETES SECOND TRANCHE OF PREVIOUSLY ANNOUNCED PRIVATE PLACEMENT WITH LEXAM EXPLORATIONS INC.

FOR IMMEDIATE RELEASE, September 1, 2009, Toronto, Ontario.

VG Gold Corp., (TSX:VG), (FRANKFURT:VN3) (“**VG Gold**”), is pleased to announce that it has completed the second tranche of a \$3,000,000 offering with Lexam Explorations Inc. (“**Lexam**”). VG Gold has issued to Lexam an aggregate of 37,500,000 units by way of a private placement. Each unit was priced at C\$0.08 and included one common share and one common share purchase warrant exercisable at \$0.15 per share for a period of eighteen months. Lexam now owns approximately 27% of VG Gold’s outstanding shares and 42% on a partially diluted basis. Lexam is VG Gold’s largest shareholder.

The first tranche of the private placement to Lexam consisted of 12,594,814 units for gross proceeds of \$1,007,585 and was completed on July 21, 2009. The second tranche of the private placement to Lexam consisting of an aggregate of 24,905,186 units was conditional upon disinterested shareholder approval. On August 31, 2009 the disinterested shareholders of VG Gold ratified and approved the completion of the second tranche of the private placement to Lexam at VG Gold’s annual and special meeting of shareholders.

On September 1, 2009 VG Gold and Lexam completed the second tranche of the Private Placement by issuing an additional 24,905,186 units to Lexam. VG Gold also issued 1,450,000 units to other arm’s length subscribers and VG Gold realized aggregate gross proceeds of \$2,108,414.88.

Under terms of the arrangement Lexam has the right to nominate a director and the right to participate pro-rata in future VG Gold financings, provided Lexam’s aggregate interest remains above 10% of the common shares outstanding. Lexam may increase or reduce its investment in VG Gold according to market conditions or other relevant factors.

For further information contact David Black, Investor Relations or Tom Meredith, President of VG Gold, 416-368-0099.

To learn more about VG Gold (TSX:VG), visit our website: www.vggoldcorp.com

Statements in this release that are forward-looking reflect the Company’s current views and expectations with respect to its performance, business, and future events. Such statements are subject to various risks and assumptions, some, but not necessarily all, are disclosed elsewhere in the Company’s periodic filings with Canadian securities regulators. Such statements and information contained herein represent management’s best judgment as of the date hereof based on the information currently available; however actual results and events may vary significantly. The Company does not assume the obligation to update any forward-looking statement.

This News Release is not for dissemination in the United States or to any United States news services