

NEWS RELEASE

Shares: 177,654,764

VG GOLD CORP.

EARLY EXERCISE OF WARRANTS BY LEXAM CASHES UP VG GOLD

FOR IMMEDIATE RELEASE, October 21, 2009, Toronto, Ontario.

VG Gold Corp. (TSX: VG, FRANKFURT: VN3) (“VG Gold” or the “Company”) is pleased to announce that on October 20, 2009 Lexam Explorations Inc. made an early exercise of all its warrants and purchased 37,500,000 common shares of VG Gold for gross proceeds of \$5,625,000. The exercise price of the warrants was \$0.15 per share.

The warrants were acquired pursuant to a private placement in two tranches, through which Lexam acquired 37,500,000 units, each unit consisting of one common share and one warrant of VG Gold. The acquisition of the units was pursuant to an agreement disclosed in Lexam’s Early Warning Reports dated July 23, 2009 and September 2, 2009.

Immediately prior to giving effect to exercise of the warrants, Lexam held 37,500,000 common shares or approximately 27% of the issued and outstanding common shares in VG Gold on a non-diluted basis. After giving effect to the exercise of the warrants, Lexam will hold 75,000,000 common shares or approximately 42% of the issued and outstanding common shares in VG Gold on a non-diluted basis.

After exercising the warrants, VG Gold will have approximately \$8.0 million in cash with no debt. VG Gold plans to use the proceeds to explore its gold projects in Timmins, Ontario. The Company is now fully funded and anticipates having two drills working continuously over the next twelve months.

VG Gold is exploring and developing four gold projects in Timmins, Ontario, Canada. The Company is currently carrying out exploration drilling of the Paymaster West Porphyry deposit, situated immediately east of the Dome Mine.

To find out more about VG Gold Corp. (TSX: VG), visit our website at www.vggoldcorp.com

For further information contact Tom Meredith, President of VG Gold Corp, 416 368 0099 x 4100.
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The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

This press release contains certain forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations; risks related to joint venture operations; actual results of current exploration activities; changes in project parameters as plans continue to be refined, future prices of resources; possible variations in reserves, grade or recovery rates, accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.