

ValGold Resources Ltd.
Management Discussion and Analysis for the Year Ended
July 31, 2009

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1.1 Date

The effective date of this Annual Report is December 15, 2009.

1.2 Overview

ValGold Resources Ltd. (“ValGold” or the “Company”) is a mineral exploration company. The Company has a portfolio of mineral exploration projects.

This Management’s Discussion and Analysis (“MD&A”) contains certain “Forward-Looking Statements”. All statements, other than statements of historical fact included herein, including without limitation, statements regarding potential mineralization and resources, research and development activities, and future plans of the Company are forward-looking statements that may involve various risks and uncertainties including future changes in prices of gold and other metals; variations in ore reserves, grades or recovery rates, accidents, labour disputes and other risks associated with mining; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, technological obsolescence, and other factors. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Subject to applicable laws, the Company expressly disclaims any obligation to revise or update forward-looking statements in the event actual results differ from those currently anticipated.

This MD&A should be read in conjunction with the audited consolidated financial statements of ValGold for the year ended July 31, 2009. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

The following is a brief summary of its current activities.

- ValGold’s loss for the year ended July 31, 2009 (“fiscal 2009”) was \$922,948 or \$0.01 per share compared to a loss of \$14,395,837 (as restated) or \$0.19 per share in the year ended July 31, 2008 (“fiscal 2008”).
- In fiscal 2009, ValGold sold 25,000 common shares of Impact Silver Ltd., 768,000 common shares of Brigadier Gold Ltd. and 5,000 shares of Mediterranean Minerals Corp. The Company sold marketable securities it held and recorded a realized loss on its investments in marketable securities of \$222,956. The Company had securities with a fair value of \$88,690 at July 31, 2009, sold subsequent to the year end for net proceeds of \$65,355. In fiscal 2008, the Company sold 27,400 common shares of Northern Orion Resources Inc. for a gain of \$132,680.
- During fiscal 2009, cash used in operations was \$460,158, compared to \$4,546,487, as restated, in fiscal 2008. Exploration expenses totalled \$437,293 in fiscal 2009 compared to \$4,554,472 in fiscal 2008. Exploration activities were incurred on the following mineral properties in fiscal 2009, with the comparative figures for fiscal 2008 in parentheses: Tower Mountain - \$3,828 (\$157,169), Venezuelan properties - \$396,160 (\$2,553,400); Garrison Property - \$11,162 (\$209,163), and Guyana - \$25,969 (\$1,620,697).
- In fiscal 2009, the Company did not have any write-down of its mineral property interests, but in fiscal 2008, wrote-down acquisition costs on the following properties in fiscal 2008: Hunter Mine - \$3,350; Venezuela Properties - \$7,935,348; Manitoba Properties - \$117,088, and Guyana Properties of \$288,098, for a total write-down of \$8,343,884.

At July 31, 2009, the Company had a working capital deficiency of \$1,422,168, including \$574,756 owing to related parties. The Company’s ability to continue operations is contingent on its ability to

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obtain additional financing, as its current cash on hand is not sufficient to cover accounts payable, which are primarily accrued liabilities relating to operations in Venezuela.

In fiscal 2009, the Company issued 19,899,700 common shares at a deemed value for regulatory purposes of \$0.05 per common share to settle \$994,994 in accounts payable. The Company incurred a gain on the debt settlement of \$696,498, due to the value of the shares on the date of settlement. Quorum Management and Administrative Services Inc. (“Quorum”), formerly LMC Management and Administrative Services Inc., received 10,773,900 common shares in settlement of \$538,695 in debt, pursuant to the policies of the TSX Venture Exchange.

Although there are no assurances that management’s plan will be realized, management believes the Company may be able to secure the necessary financing to continue operations into the future. With current market conditions, financing may be in the form of equity offerings, sales of assets, joint ventures, or other form of corporate reorganization. The Company has sold its investment in common shares of public companies, which have been used as a source of working capital.

1.2.1 Venezuela Acquisition

In October 2007, ValGold completed its acquisition of all of the shares of Honnold Corp. (“Honnold”), a British Virgin Island company that, through a group of wholly-owned direct and indirect subsidiaries, held twenty-seven exploration licenses (the “Venezuelan Properties”) covering approximately 1,300 square kilometers (“km”) in Bolivar State, Venezuela. During the option period, the Company reduced the number of licenses to 21 concessions covering approximately 1,071 square km.

Exploration expenditures by Honnold from 1991 to 1999 amounted to US\$38 million and outlined several occurrences of significant gold mineralization. An extensive database was acquired including detailed airborne magnetic and radiometric surveys, soil surveys, drilling and geologic reports.

In the year ended July 31, 2008, ValGold wrote down the Venezuelan Properties acquisition costs by \$7,935,348, which leaves the acquisition costs not written off in prior years as a value for the remaining claims and the geologic database acquired, at \$1,322,558. The Company does not have the working capital to carry out any exploration programs on the property, although the Company has completed and filed an initial mineral resource estimate prepared by Micon International on the Los Patos gold deposit. The full NI 43-101 report dated April 10, 2008, on the main zone of the Los Patos gold deposit was filed on SEDAR. The Company had planned to resume its exploration work with diamond drilling to expand the limits of the Los Patos deposit in addition to testing the other high priority gold targets along the highly prospective Los Chivos shear zone.

The Company is continuing to pursue all avenues with respect to the properties, including joint venture, disposition or other forms of financing.

Fiscal 2009 exploration expenditures with the comparative fiscal 2008 figures on the Venezuelan Properties include assay and analysis costs - \$Nil (\$90,876); drilling - \$Nil (\$714,444); geological and geophysical - \$29,256 (\$206,767); land lease and property taxes - \$184,634 (\$216,676); site activities - \$176,871 (\$1,172,387); stock-based compensation - \$2,382 (\$35,621) and travel and accommodation - \$3,017 (\$116,629). The Company has curtailed all expenses in Venezuela, other than necessary accruals related to unpaid liabilities.

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Tax Treaties

Venezuela has entered into tax treaties with a number of countries including Canada.

Exchange Controls

The Company has been able to obtain bolivars at rates significantly better than the prevailing official exchange rates. As a result, the exchange rates realized by the Company in the parallel market have been used to translate the balances from bolivars to Canadian dollars.

Venezuela currently has exchange controls that affect the ability of companies doing business in Venezuela to convert Venezuelan source income into foreign currency. The Central Bank of Venezuela enacted such exchange control measures in 2003 to protect international reserves. The exchange rate, originally fixed at approximately 1.600 Bolivars/\$US, has been adjusted upwards twice since 2003, and presently stands fixed at 2.150 Bolivars/\$US. Continuance of exchange controls could adversely affect the Company's operations in Venezuela, including its ability to satisfy its obligations.

1.2.2 Guyana Shield Properties, Guyana

In October 2006 the Company entered into a letter of intent ("LOI") to enter into an agreement with Newmont Overseas Exploration Limited ("Newmont") to earn a 100% interest (subject to certain interests reserved by Newmont) in four highly prospective properties in northwest Guyana. The Company had also entered into an option agreement to acquire 100% of the Fish Creek PL in Guyana. The Company carried out exploration programs until mid-2008, at which time funding requirements curtailed further exploration. During the year ended July 31, 2008, the Company determined that it would likely not pursue the property and would relinquish its interests in all properties in Guyana, and all agreements were terminated in August 2008. Consequently, during the year ended July 31, 2008, the Company wrote off its entire acquisition costs in the Guyana PLs in the amount of \$288,098.

1.2.3 Garrison Property, Ontario

ValGold has a 100% right, title and interest in 35 mining claims located in Garrison Township, Kirkland Lake District, Larder Lake Mining Division in Northern Ontario. The property is located 40 km north of the Town of Kirkland Lake, 100 km east of Timmins and 8 km west of and on strike with St. Andrews Goldfields Ltd. Holloway and Holt-McDermott gold mines. Access to the property is by Ontario highway 101 that runs along the north boundary of the property. The mining leases cover approximately three kilometres of the famous Destor Porcupine Fault Zone ("DPFZ") and a major splay, the Munro Fault Zone ("MFZ").

Fiscal 2009 exploration expenditures with the comparative fiscal 2008 figures on the Garrison Property include assay and analysis costs - \$52 (\$23,111); geological and geophysical - recovery of \$996 (\$136,883); site activities - \$11,494 (\$25,343); stock-based compensation - \$612 (\$9,556) and travel and accommodation - \$Nil (\$14,270).

Subsequent to July 31, 2009, the Company finalized an agreement with Northern Gold Mining Inc. ("Northern Gold"), whereby Northern Gold may acquire an initial 50% undivided interest in the property by making cash payments to the Company of \$1,000,000 over four years, with all or part of the payments being made in Northern Gold common shares at Northern Gold's option, using a 20-day value weighted average price. To earn the 50% interest, Northern Gold must also complete exploration work on the property in the amount of \$4,000,000 over four years, with \$500,000 being spent on the property in the

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first year of the agreement and not less than \$750,000 to be expended in each of the subsequent years. After earning the initial 50% interest, Northern Gold may increase its interest to 80% by making additional cash payments of \$1,000,000 over four years, with all or part of the payments being made in Northern Gold common shares at Northern Gold's option, priced using a 20-day value weighted average price and completing additional exploration work on the property in the amount of \$4,000,000 over the next four years.

On October 21, 2009, Northern Gold obtained regulatory approval on the Garrison option agreement and paid \$25,000 cash and issued 2,187,500 Northern Gold common shares to the Company valued at \$0.08 per share as the initial payment on the transaction.

1.2.4 Tower Mountain Gold Project, Ontario

The following table summarizes drill programs and presents highlights of each of the eight drilling campaigns conducted by ValGold.

Highlights of Tower Mountain Gold Zones Drill Intersections

Program	Holes	Total	Best High-Grade Gold	Best Low-Grade Gold
	Drilled	Meters	Intersection	Intersection
2002 (Fall)	5	1,042	23.17g/Tonne /1.5m in TM02-02	1.05g/Tonne /73.5m in TM02-03
2003 (Spring)	5	1,085	11.77g/Tonne /3.0m in TM03-02	1.01g/Tonne /22.5m in TM03-03
2003 (Fall)	7	1,499	19.76g/Tonne /1.5m in TM03-11	0.62g/Tonne /12.0m in TM03-12
2004 (Winter)	10	2,601	304.0g/Tonne /3.0m in TM04-03	2.40g/Tonne /61.5m in TM04-09
2004 (Summer)	13	3,450	68.91g/Tonne /0.2m in TM04-19	1.93g/Tonne /37.5m in TM04-15
2004 (Fall)	13	3,418	41.35g/Tonne /1.5m in TM04-36	0.94g/Tonne /106.5m in TM04-31
2005 (Winter)	14	3,523	16.00g/Tonne /1.5m in TM05-38	0.77g/Tonne /21.0m in TM05-44
2007 (Summer)	8	1,661	58.20g/Tonne /1.5m in TM-07-56	0.59g/Tonne /21.0m in TM-07-56
Total	75	18,279		

An independent NI 43-101 compliant mineral resource estimation was completed for the U and V zones. This report can be found on the SEDAR website and was certified on February 9, 2006. In August 2008, the Company issued 250,000 common shares at \$0.10, in lieu of a cash payment for an annual pre-production royalty to the optionors of the Tower Mountain Property. The Company has the option to issue shares in lieu of a cash payment. The payment due in July 2009 has been accrued but remains unpaid.

Current Status:

In fiscal 2009, the Company entered into an agreement with HMZ Metals Inc. ("HMZ"), by which HMZ was granted an option to acquire 50% of the Company's interest in the property. Pursuant to the agreement, HMZ must issue to the Company 2,000,000 HMZ post-rollback common shares and incur a minimum of \$2,900,000 in expenditures on or in relation to the property over a period ending on August 31, 2013. HMZ has not yet completed its planned transactions, and the Company will be reviewing its plans with respect to the property. HMZ is currently under a cease trade order for its shares, and as a result, the Company is considering other options with respect to the Tower Mountain Gold Project, including further exploration by ValGold, subject to financing, joint venture with other parties or sale of the property will be considered.

Fiscal 2009 exploration expenditures with comparative fiscal 2008 figures on the 100% owned Tower Mountain Gold Project include the following: assays and analysis - \$Nil (\$20,739); drilling - \$Nil

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(\$83,575); geological and geophysical - \$1,165 (\$34,516); travel and accommodation - \$Nil (\$3,210) and site activities - \$2,663 (\$10,692).

Mr. Tom Pollock, P.Geo., PGC Consulting, is the Qualified Person for all of the Company's mineral property interests, and is responsible for all of the technical reporting in compliance with NI 43-101. Mr. Pollock instituted and is responsible for ValGold's program of QC/QA, using assay control samples and duplicates, during exploration programs.

1.2.5 Mineral Property Option Payments Due In the Twelve-Month-Period Ended July 31, 2010

In order to maintain existing mineral property option agreements, the Company will be required to make advance royalty and/or property tax payments on claims during the year totalling an estimated \$200,000. There is one option payment of cash or payment in common shares for a total \$25,000 that is required to be issued in the year ended July 31, 2010, in addition to the payment due in July 2009 which has not been paid on the Tower Mountain property.

1.2.6 Market Trends

In 2008 the price of gold increased, continuing an overall uptrend that commenced in 2001. The gold price in 2006 averaged US\$603 per ounce while in 2007 the gold price averaged US\$695 per ounce. The 2008 gold price averaged US\$872 per ounce, and the average price for 2009 has risen to \$959 to the end of November.

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1.3 Selected Annual Information

The following selected financial information has been extracted from the Company's audited consolidated financial statements for the years ended July 31, 2009, 2008 (restated) and 2007 (restated), which have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars.

	As at July 31, 2009	As at July 31, 2008 (restated)	As at July 31, 2007 (restated)
Current assets	\$ 117,789	\$ 362,020	\$ 3,748,462
Mineral property interests	1,757,882	1,705,650	3,885,595
Other assets	52,863	317,484	510,706
Total assets	1,928,534	2,385,154	8,144,763
Current liabilities	1,539,957	1,550,914	1,776,109
Shareholders' equity	388,577	834,240	6,368,654
Total shareholders' equity and liabilities	1,928,534	2,385,154	8,144,763
Working capital deficiency	\$ (1,422,168)	\$ (1,188,894)	\$ 1,972,353

	Year ended July 31, 2009	Year ended July 31, 2008 (restated)	Year ended July 31, 2007 (restated)
Expenses (Recoveries)			
Administrative expenses	959,822	1,706,282	1,467,127
Exploration expenses	437,293	4,554,472	5,695,753
Other (income and recoveries) costs	(625)	(76,121)	25,105
Write-down of mineral property interests	--	8,343,884	160,439
Gain on debt settlement	(696,498)	--	**
Impairment write-down on investments	105,595		
Loss (gain) on sale of marketable securities and investments	116,971	(132,680)	(1,087,432)
Loss before future income tax recovery	(922,948)	(14,395,837)	(6,260,992)
Future income tax recovery	--	--	656,513
Loss for the year	(922,948)	(14,395,837)	(5,604,479)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.19)	\$ (0.15)
Weighted average number of common shares outstanding – basic and diluted	93,727,243	76,657,349	37,808,293

During the year ended July 31, 2009, the Company retrospectively changed its accounting policy for exploration expenditures to align itself with policies adopted by other exploration stage mining companies. In previous years, the Company had capitalized all such costs to mineral property interests held directly or through an investment, and only wrote down capitalized costs when the property was abandoned or determined to be impaired.

On March 27, 2009 the Emerging Issues Committee ("EIC") of the CICA issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties, in particular, and on impairment of long-lived assets in general.

The Company has retrospectively changed its accounting policy to expense exploration costs until the mineral property interest is deemed to reach the development stage, at which time it will commence

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capitalizing development costs. Significant costs related to mineral property acquisitions, including allocations for undeveloped mineral property interests, are capitalized until the viability of the mineral property interest is determined. After an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. The impact of this change on the previously reported July 31, 2008, consolidated financial statements is as follows:

	As Previously Reported	Restatement	As Restated
Mineral properties interests at July 31, 2008	\$ 11,181,332	\$ (9,475,682)	\$ 1,705,650
Deficit at July 31, 2008	44,505,556	9,475,682	53,981,238
Cumulative changes in deficits prior to July 31, 2008	28,928,037	10,657,364	39,585,401
Changes to the statement of operations in the year ended July 31, 2008			
Exploration expenses	--	4,554,472	4,554,472
Future income tax recovery reversed	(56,811)	56,811	--
Write-down of mineral property interests	14,136,849	(5,792,965)	8,343,884
Loss for the year ended July 31, 2008	15,577,519	(1,181,682)	14,395,837
Loss per share for the year ended July 31, 2008	\$0.20	(0.01)	\$0.19
Cumulative changes in deficit and mineral property interests		9,475,682	
Change in cumulative deficit, restated, 2008	\$ 39,585,401	\$ 14,395,837	\$ 53,981,238

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1.4 Results of Operations

ValGold incurred a loss of \$922,948 or \$0.01 per common share in fiscal 2009, compared to a loss of \$14,395,837(restated) or loss per share of \$0.19 (restated) in fiscal 2008.

	2009	2008 (restated)
Expenses		
Amortization	\$ 12,520	\$ 4,179
Exploration expenses	437,293	4,554,472
Foreign exchange loss (gain)	46,572	(24,032)
Interest expense	40,342	--
Legal, accounting and audit	83,655	183,869
Management fees	49,874	93,646
Office and administration	220,722	370,102
Salaries and benefits	409,981	486,000
Shareholder communications	63,176	268,961
Stock-based compensation	13,970	221,082
Travel and conferences	19,010	102,475
	1,397,115	6,260,754
Property investigation (recoveries)	--	(8,414)
Write-down of mineral property interests	--	8,343,884
Gain on debt settlement	(696,498)	--
Loss/(gain) on marketable securities and investments	116,971	(132,680)
Impairment write-down on investments	105,985	--
Interest and other income	(625)	(67,707)
Loss for the year	\$ (922,948)	\$ (14,395,837)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.19)
Weighted average number of common shares outstanding – basic and diluted	93,727,243	76,657,349

The Company conducts business in foreign jurisdictions which involve foreign exchange risks. Certain of the Company's expenditures are also denominated in United States dollars, and the Company did not have sufficient cash on hand to pay its current liabilities which included approximately US\$550,000 for most of fiscal 2009 in accounts payable. As a result, foreign exchange changed from a gain of \$24,032 in fiscal 2008 to a loss of \$46,572 in fiscal 2009. Foreign exchange losses directly attributable to a mineral property interest were capitalized and were written off in the current period.

Legal, accounting and audit expenses decreased from \$183,869 in fiscal 2008 to \$83,655 in fiscal 2009.

Management fees of \$3,000 per month were paid to Glencoe Management Ltd. for the services of Andrew F.B. Milligan as Chairman of the Company until February 2009. Mr. Milligan did not stand for re-election at the Company's Annual General Meeting held in February 2009, and has been replaced by Mr. Stephen J. Wilkinson. Mr. Wilkinson is currently Chairman, President and Chief Executive Officer. Management fees paid or payable to Mr. Milligan in fiscal 2008 totalled \$36,000, compared to \$19,874 in fiscal 2009. Also included in management and consulting fees for fiscal 2009 and 2008 is \$30,000 paid or payable indirectly to Kent Avenue Consulting Ltd., a private company controlled by a director, Sargent H. Berner. The amounts are included in balances payable to related parties.

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Office and administration costs decreased from \$370,102 in fiscal 2008 to \$220,722 in fiscal 2009 as a result of the significantly lower level of activity in fiscal 2009. The office and administration costs include rent, shared office services and other costs.

Salaries and benefits have decreased from \$486,000 in fiscal 2008 to \$409,981 in fiscal 2009. Salaries and benefits are primarily paid by Quorum. The services of two employees of Quorum that worked directly for ValGold were terminated, one in November and one in December 2008. Effective November 1, 2008, the salary of the president and chief executive officer has been deferred until the Company has sufficient funding for payment of his salary, but has been accrued.

In fiscal 2008, there was \$221,082 incurred relating to stock-based compensation compared to \$13,970 in fiscal 2009, calculated in accordance with the B-S option valuation model. The Company's stock options are not transferable and cannot be traded. The B-S model also requires an estimate of expected volatility. The stock-based compensation expense relates to the vesting of options granted in the year ended July 31, 2007, that vest over a period of eighteen months. In addition, \$2,935 (2008 - \$110,143) in stock-based compensation was included in exploration costs.

Shareholder communications have decreased from \$268,961 in fiscal 2008 to \$63,176 in fiscal 2009. Shareholder activities consist of website maintenance, transfer agency fees, shareholder inquiries and all costs associated with timely disclosure of information, and have virtually been curtailed in fiscal 2009 for other than statutory requirements and maintenance costs.

Travel and conference expenses have decreased from \$102,475 in fiscal 2008 to \$19,010 in fiscal 2009.

In fiscal 2009, ValGold sold 25,000 common shares of Impact Silver Ltd., 768,000 common shares of Brigadier Gold Ltd. and 5,000 shares of Mediterranean Minerals Corp. The Company has recognized all losses on its marketable securities and recorded a realized loss of \$222,956. The Company had securities with a fair value of \$88,690 at July 31, 2009, which were sold subsequent to the year end for net proceeds of \$65,355. In fiscal 2008, the Company sold 27,400 common shares of Northern Orion Resources Inc. for a gain of \$132,680.

Interest and other income decreased from \$67,707 in fiscal 2008 to \$625 in fiscal 2009, due to a lack of cash for investment in fiscal 2009.

Exploration expenses of \$4,554,472 were incurred in fiscal 2008, compared with \$437,293 in fiscal 2009.

In fiscal 2009, the Company issued 19,899,700 common shares at a deemed value for regulatory purposes of \$0.05 per common share to settle \$994,994 in accounts payable. The Company incurred a gain on the debt settlement of \$696,498, due to the market value of the common shares on the date of settlement.

In fiscal 2008 the Company wrote down its Venezuelan mineral property interests and the mineral property interests in Guyana by \$8,343,884 (restated). There were no write-downs of mineral property interests in fiscal 2009.

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1.5 Summary of Quarterly Results (unaudited)

The tables below provide for each of the most recent eight quarters, a summary of property acquisition and exploration costs on a project-by-project basis, and a table of corporate expenses:

	Tower Mountain Ontario	Manitoba Claims, Manitoba	Guyana Properties Guyana	Hunter Mine, Ontario	Garrison Property, Ontario	Venezuela Properties Venezuela
Fiscal 2008						
First Quarter	116,484	--	512,703	33,100	86,009	7,934,525
Second Quarter	31,226	--	467,605	--	27,297	945,419
Third Quarter	8,325	--	440,008	--	84,244	334,334
Fourth Quarter	6,470	14,043	389,962	(29,750)	12,404	420,994
Fiscal 2009						
First Quarter	26,808	94	22,120	--	6,315	181,582
Second Quarter	770	48	403	--	3,937	117,525
Third Quarter	1,128	32	3,446	--	(371)	8,071
Fourth Quarter	25,625	--	--	--	3,010	88,982

	Loss (earnings) per quarter (restated)	Basic loss per share	General and adminis- trative expenses	(Gain) loss on investments, interest and other	Mineral property and other write- downs (recovery)	Exploration costs	Stock- based compen- sation
Fiscal 2008							
First Quarter	1,962,924	(0.03)	461,426	(151,808)	--	1,544,373	108,933
Second Quarter	1,653,911	(0.02)	294,357	(5,116)	--	1,328,402	36,268
Third Quarter	1,183,355	(0.01)	348,115	(42,374)	--	833,253	44,361
Fourth Quarter	*9,595,647	(0.12)	381,302	(1,089)	8,343,884	840,030	31,520
Fiscal 2009							
First Quarter	565,421	(0.01)	339,997	(462)	--	211,919	13,967
Second Quarter	446,712	(0.00)	296,474	29,057	--	121,181	--
Third Quarter	278,193	(0.00)	182,677	83,934	--	11,579	3
Fourth Quarter	(348,368)	(0.00)	126,704	(586,696)	--	92,614	--

*includes write-downs of mineral property interests relating to decisions made by the Company in the fourth quarter of fiscal 2008.

Three Months Ended July 31, 2009 (“Q4 2009”) Compared to Three Months Ended July 31, 2008 (“Q4 2008”)

In Q4 2009, the Company had earnings of \$348,368, or \$0.00 per common share, compared to a restated loss in Q4 2008 of \$9,595,647 or \$0.12 per common share.

Interest and other income have decreased from \$1,089 in Q4 2008 to \$100 in Q4 2009, due to the lack of any significant cash balances held by the Company. The Company also realized a loss of \$3,917 in Q4 2009 on the disposition of common shares that it had held for sale. There were no common shares sold in Q4 2008. The most significant changes in Q4 2009 from Q4 2008 were in office and administration expenses which decreased from \$131,990 to \$26,104, due to lower expenses due to the level of activity in the Company and the cancellation of directors’ fees, which are included in office and administration.

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Interest and finance charges have increased from \$Nil in Q4 2008 to \$1,150 in Q4 2009. Interest and finance charges have been accrued as per the management services agreement for arrears with Quorum, and have been accrued on loans from three directors included in due to related parties. Salaries and benefits have decreased from \$122,629 in Q4 2008 to \$64,210 in Q4 2009.

Other expenses with significant decreases include shareholder communications which decreased from \$47,328 in Q4 2008 to \$6,989 in Q4 2009. Website maintenance, filing fees and transfer agent fees make up the majority of the expenses in Q4 2009. There was no stock-based compensation in Q4 2009, compared to \$31,520 in Q4 2008. Travel expense totalled \$19,010 in Q4 2009, compared to \$26,061 in Q4 2008.

In Q4 2009, exploration costs totalled \$92,614, compared to \$840,030 (restated) in Q4 2008. In Q4 2008 the Company wrote down its Venezuelan mineral property interests and the mineral property interests in Guyana by \$8,343,884 (restated). There were no write-downs of mineral property interests in Q4 2009.

In Q4 2009, the Company issued 19,899,700 common shares at a deemed value for regulatory purposes of \$0.05 per common share to settle \$994,994 in accounts payable. The Company incurred a gain on the debt settlement of \$696,498, due to the value of the shares on the date of settlement.

The Company has recorded an other than temporary loss on its investments of marketable securities of \$109,902 in Q4 2009, with no comparative loss in Q4 2008.

1.6 Liquidity

Historically, the Company's sole source of funding was the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

The current market conditions, the challenging funding environment and the low price of ValGold's common shares make it difficult to raise funds by private placements of shares. Therefore the Company must rely on its ability to market its projects and thereby raise cash in order to remain solvent, in addition to limited private placements that will be necessary to provide working capital. There is no assurance that the Company will be successful with any financing ventures. Please refer to the "Financial Instruments and Risk Management" section of this document.

At July 31, 2009, the Company had a working capital deficiency of \$1,422,168, compared to a working capital deficiency of \$1,188,894 at July 31, 2008, defined as current assets less current liabilities. The Company's liabilities are comprised of amounts due to related parties of \$574,756, and accounts payable and accrued liabilities of \$965,201. Most of the accounts payable relate to accruals of unpaid severance and accrued property taxes relating to its mineral property interests.

The Company's ability to continue operations is contingent on its ability to obtain additional financing. The Company has entered into an option agreement on its Garrison property and is pursuing other sources of financing including equity financing. The junior resource industry has been severely impacted by the world economic situation, as it is considered to be a high-risk investment. There is no assurance that the Company will be successful with any financing ventures.

The continuation of the Company is also dependent upon the continuing financial support of shareholders and obtaining financing to continue exploration of its mineral property interests. During the year, the Company was able to settle \$994,994 of its current liabilities payable to the majority of its significant

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creditors by the issuance of 19,899,700 common shares at a deemed value of \$0.05. The market value of the shares on the date of approval by regulatory authorities was \$0.015, resulting in a gain on debt settlement of \$696,498 in fiscal 2009.

While the Company is expending its best efforts to achieve its plans by examining various financing alternatives including reorganizations, mergers, sales of assets, and settlement of debts by share issuances, or other form of equity financing, there is no assurance that any such activity will generate funds that will be available for operations.

Investing Activities

At July 31, 2009, the Company had capitalized \$1,757,882 in mineral property acquisition costs, compared to \$1,705,650 at July 31, 2008, representing costs associated with the acquisition of its mineral property interests in Venezuela and Ontario.

At July 31, 2009, the Company held 665,000 common shares of Sultan Minerals Inc., 400,000 common shares of Emgold Mining Corporation and 507,000 shares of Brigadier Gold Ltd. The fair value of these shares at July 31, 2009, was \$88,690. Subsequent to July 31, 2009, the Company sold all of the shares noted above for net proceeds of \$65,355.

See the mineral property section for information on exploration work during the period and other information on the Company's mineral property interests.

1.7 Capital Resources

During the year ended July 31, 2009, 850,000 stock options were cancelled with an average exercise price of \$0.42, 985,000 stock options expired, unexercised with an average exercise price of \$0.26, and 18,642,322 share purchase warrants and agent's warrants with exercise prices ranging from \$0.275 to \$0.50 expired, unexercised.

The Company has 2,187,500 common shares of Northern Gold which will be available for sale by the Company in late February 2010, which were received under the option agreement on the Garrison property in Ontario in consideration of \$175,000 of the initial option payment. These shares were received in October 2009 priced at \$0.08 per share and are subject to a four-month hold under regulatory policies.

Going Concern

At July 31, 2009, and subsequent to that date, the Company has had a working capital deficiency. It is estimated that it may require approximately \$1.75 million in total working capital to continue to operate the Company and pay the liabilities of the Company, including all accrued liabilities. Two employees in Canada were terminated and the president and chief executive officer's salary is being deferred voluntarily, together with the cancellation after the third quarter of fiscal 2009 of directors' fees. The ability to raise working capital directly impacts the ability of the Company to undertake any planned exploration programs. Currently sufficient work has been undertaken on all of its current mineral property interests for several years, but if the Company is unable to perform sufficient exploration work in future years or with exploration partners, it may be necessary to write-down additional mineral property interests in future periods.

The Company's exploration activities and its potential mining and processing operations are subject to various laws governing land use, the protection of the environment, prospecting, development,

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production, contractor availability, commodity prices, exports, taxes, labour standards, occupational safety and health, waste disposal, toxic substances, mine safety and other matters. ValGold believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There is no assurance that the Company will be able to obtain all permits required for exploration, any future development and construction of mining facilities and conduct of mining operations on reasonable terms or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

The Company has been performing reclamation activities on an on-going basis. As such, management feels that there is no significant reclamation liability outstanding on properties owned by the Company.

The low price of ValGold's common shares limits its ability to raise capital by issuing shares. There are several reasons for these effects. First, the internal policies of certain institutional investors prohibit the purchase of low-priced stocks. Second, many brokerage houses do not permit low-priced stocks to be used as collateral for margin accounts or to be purchased on margin. Third, some brokerage house policies and practices tend to discourage individual brokers from dealing in low-priced stocks. Finally, broker's commissions on low-priced stocks usually represent a higher percentage of the stock price than commissions on higher priced stocks. As a result, ValGold's shareholders pay transaction costs that are a higher percentage of their total share value than if ValGold's share price were substantially higher.

The Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. Several adverse conditions cast significant doubt on the validity of this assumption. The current financial equity market conditions, the inhospitable funding environment and the low price of the Company's common shares make it difficult to raise funds by private placements of shares. The junior resource industry has been severely adversely affected by the world economic situation, as it is considered to be a high-risk investment. While the Company is expending its best efforts to achieve its plans by examining various financing alternatives including reorganizations, mergers, sales of assets, and settlement of debts by share issuances, or other forms of equity financing, there is no assurance that any such activity will generate funds that will be available for operations.

The Company received \$38,349 from the sale of its investment in marketable securities in fiscal 2009. The Company has been able to survive due to loans from related parties and the accrual and deferral of costs. Subsequent to July 31, 2009, the Company received \$65,355 from the sale of its remaining investment in marketable securities. During the year ended July 31, 2009, the Company issued 19,899,700 common shares to creditors for settlement of liabilities totalling \$994,994. The common shares were issued a price of \$0.015, resulting in a gain on debt settlement of \$696,498 in fiscal 2009. The Company currently holds 2,187,500 common shares of Northern Gold which will be available for sale by the Company in late February 2010, which were received under the option agreement on the Garrison property in Ontario in consideration of \$175,000 of the initial option payment. These shares were received in October 2009 priced at \$0.08 per share and are subject to a four-month hold under regulatory policies. At December 4, 2009, the common shares of Northern Gold had a market price of \$0.22. If this market price continues to remain at this level, the quoted closing price could provide the Company with working capital of approximately \$481,250, less costs of disposition.

The consolidated financial statements do not include any adjustments to the recoverability and classification of recorded assets, or the amounts of, and classification of liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

The amounts shown as mineral properties and related deferred costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable

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mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

Refer to measurement uncertainty regarding the mineral property interest in Section 1.12.

Outlook

During all of fiscal 2009, the shares of junior mineral exploration companies experienced substantial volatility, often based on factors unrelated to their financial performance or the prospects of the companies involved. Macroeconomic developments such as the US-focused financial crisis culminating in deep recession have impacted and altered market perceptions of the attractiveness of our industry sector. The Company's share price has floundered through this malaise as global events have been reshaping and recreating major parts of all capital markets. In addition, these factors have impacted the ability of the Company to obtain equity or debt financing. If these increased levels of volatility and market turmoil were to continue without change, the Company's operations could be adversely affected and the value and the price of the common shares would be negatively driven.

ValGold has so far survived the worst of the recession. Recently we have witnessed a possible turnaround in the market for ValGold's shares. The most likely reason for this turnaround is a general improvement in sentiment driven by short-term changes in commodity prices – in particular the upward trend in the spot and futures prices for gold, silver and copper. Management is of the opinion that this upward price trend for metals is likely to continue and in order to capitalize on it, is planning to focus on managing costs; improving shareholder communications; optioning its mineral properties and seeking valuable projects to acquire.

As work progresses on its Garrison Property, we anticipate an increase in news that could positively influence the market sentiment toward our Company. The Garrison Property hosts a fine exploration target that could be developed into successful gold operation. During the time that this work is being undertaken by Northern Gold, ValGold may benefit as the value of the property increases. We intend to deliver news of the progress of the exploration work as expeditiously and accurately as possible.

ValGold plans to review its Tower Mountain property and to evaluate various strategies for that asset. We will select the best suited alternative from such possible paths forward as seeking a new optionor for the property, seeking new financing for continuing the exploration work and potential for the sale of the asset.

Management is considering the potential of increasing our market valuations by looking at several possible transactions that could result in one or more new property acquisitions, a business combination and alternative financings.

1.8 Off-Balance Sheet Arrangements

None.

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1.9 Transactions with Related Parties

	Years ended July 31,	
	2009	2008
Services provided by:		
Glencoe Management Ltd. (c)	19,874	36,000
Quorum Management and Administrative Services Inc. (a)	434,132	861,508
Kent Avenue Consulting Ltd. (d)	30,000	42,750
Balances payable to:		
Quorum Management and Administrative Services Inc. (a)	(85,778)	(214,119)
Officer and directors	(452,360)	(121,439)
Glencoe Management Ltd. (c)	(36,618)	(15,750)
Total balances payable	\$ (574,756)	\$ (351,308)

- (a) Management, administrative, geological and other services have been provided by Quorum Management and Administrative Services Inc. (“Quorum”), formerly LMC Management Services Ltd. since August 1, 2001. Quorum is a private company held jointly by the Company and other public companies, to provide services on a full cost recovery basis to the various public entities currently sharing office space with the Company. At July 31, 2009, the Company has a 25% interest in Quorum. There is no difference between the cost of \$1 and equity value. Three months of estimated working capital is required to be on deposit with Quorum under the terms of the services agreement, and at July 31, 2009, the Company did not have three months of fees advanced to Quorum, and was in arrears on its monthly payments. The contractual agreement provides for the issuance of shares in the capital of the Company to Quorum, cessation of services, or provision of security to the non-defaulting shareholders of Quorum. During the year ended July 31, 2009, the Company issued 10,773,900 common shares to Quorum at a price of \$0.05 for settlement of \$538,695 in debt, of which \$377,086 was recorded as a gain, the difference between the settlement price and the market price on the date the common shares were issued.
- (b) Directors’ fees are paid to non-executive directors on a quarterly basis and for meetings attended during the year. Directors’ fees have been accrued but not paid since December, 2007, and since the third quarter of the year ended July 31, 2009, are no longer accrued, until such time as the Company is able to pay directors’ fees.
- (c) Glencoe Management Ltd. is a private company controlled by Andrew F.B. Milligan, Chairman of the Company. Since August 1, 2004, management fees of \$3,000 (2007 - \$2,500) per month were paid to Glencoe Management Ltd. for the services of the Chairman. Fees of \$36,618 have been accrued but not paid at July 31, 2009. Mr. Milligan did not stand for re-election in February 2009 and fees for his services as Chairman were terminated at that time.
- (d) Consulting fees of \$30,000 (2008 - \$42,750) are paid indirectly to Kent Avenue Consulting Ltd., a private company controlled by a director, Sargent H. Berner. These fees are paid through Quorum, and are also included in the balance for ‘services provided by Quorum’. Any amount owing to Kent Avenue Consulting Ltd. is owed by Quorum, and so is included in the net payable to Quorum.

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- (e) The Company's investments include shares of two companies with directors and/or management in common with the Company throughout the fiscal year.
- (f) Transactions with related parties are recorded at their exchange values which are the amounts entered into and agreed by both parties.

1.10 Fourth Quarter Results

See Section 1.5 – Summary of Quarterly Results (unaudited).

1.11 Proposed Transactions

There are no proposed asset or business acquisitions or dispositions before the board of directors for consideration other than those in the ordinary course of business or as described in item 1.2 above.

1.12 Critical Accounting Estimates

As at July 31, 2009, the Company was a venture issuer. Management prepares and reviews estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates may include the determination of impairment of equipment and mineral property interests, investments, reclamation obligations, rates of amortization, securities issued for non-cash consideration, allocating proceeds from issuance of units to the component securities and future income taxes. The use of such judgment includes, but is not limited to future mineral prices and project capital, and operating and reclamation costs. Actual results could differ from those estimated.

The Company's recoverability of the recorded value of its mineral properties is based on market conditions for minerals, independent NI 43-101 reports of the underlying mineral resources associated with mineral property interests held by the Company completed in the year ended July 31, 2009, transactions entered into on the Tower Mountain and Garrison properties during that period and any future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof. The Company is continually reviewing its mineral property interests and write-downs are taken on a timely basis when the Company believes that there is no recoverability of the recorded value of its mineral properties, or no further exploration activity is planned, when the mineral property interest is written down to a nominal carrying value of \$1 or written off if the mineral property interest is not in good standing.

The operations in Venezuela are subject to the effects of changes in legal, tax and regulatory regimes, national and local political, labour and economic developments or unrest, currency and exchange controls and import/export restrictions, government bureaucracy and other political risks and uncertain legal enforcement. The Company has not experienced any property specific adverse consequences to date on its operations in Venezuela or Canada, but general mining market conditions have deteriorated, resulting in a decrease in the price of the Company's common shares subsequent to the year-end, and creating difficulty in raising sufficient equity capital to effectively explore or develop the Company's mineral property interests.

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One or more of the issues described herein, or other factors beyond our control in future periods, could adversely affect the Company's operations and investment in Venezuela and/or Canada in the future, and result in further mineral property write-downs. Such write-down amounts could be material.

1.13 Critical accounting policies and changes in accounting policies

Changes in accounting policy and adoption of recent accounting pronouncements

(a) Exploration expenditures

During the year ended July 31, 2009, the Company retrospectively changed its accounting policy for exploration expenditures to align itself with policies adopted by other exploration stage mining companies. In previous years, the Company had capitalized all such costs to mineral property interests held directly or through an investment, and only wrote down capitalized costs when the property was abandoned or determined to be impaired.

On March 27, 2009 the Emerging Issues Committee ("EIC") of the CICA issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties, in particular, and on impairment of long-lived assets in general.

The Company has retrospectively changed its accounting policy to expense exploration costs until the mineral property interest is deemed to reach the development stage, at which time it will commence capitalizing development costs. Significant costs related to mineral property acquisitions, including allocations for undeveloped mineral property interests, are capitalized until the viability of the mineral property interest is determined. After an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. The impact of this change on the previously reported July 31, 2008, are noted in Section 1.4 of the Annual Report.

(b) Financial instruments

In June 2009, Handbook Section 3862 was further amended to include additional disclosures about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

These amendments are required to be adopted for fiscal years ending after September 30, 2009, but early adoption is permitted. The Company has adopted these amendments for the fiscal year ended July 31, 2009.

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Financial instruments and risk management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these consolidated financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at July 31, 2009, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	Fair Value	2009 Carrying Value	Fair Value	2008 Carrying value
Held-for-trading				
Cash and cash equivalents	\$ 10,892	\$ 10,892	\$ 236,485	\$ 236,485
	10,892	10,892	236,485	236,485
Available-for-sale				
Investments	88,690	88,690	213,110	213,110
	\$ 88,690	\$ 88,690	\$ 213,110	\$ 213,110

The fair values of the Company's held-for-trading financial liabilities, such as accounts payable and accrued liabilities may be below carrying values due to the liquidity issues of the Company, as indicated by the \$1,422,168 working capital deficiency at July 31, 2009. The fair values of the Company's held-for-trading financial assets, such as Goods and Services Tax and other receivables, approximate their carrying values at July 31, 2009.

The fair values of the Company's financial instruments measured at July 31, 2009, constitute Level 1 measurements for its investments within the fair value hierarchy and Level 2 measurements for its cash and cash equivalents defined under Canadian GAAP.

The Company recognized interest income during the year ended July 31, 2009, totalling \$625, which represents interest income from the Company's held-for-trading investments. This balance represents interest income from all sources.

In addition, the Company recorded realized losses of \$116,971 from the disposition of investments in marketable securities and the recognition of the impairment write-down on fair value of investments available-for-sale of \$105,985.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the balance sheet date under its financial instruments is summarized as follows:

	2009
Accounts and other receivables -	
Currently due	\$ 18,207
Past due by 90 days or less, not impaired	--
Past due by greater than 90 days, not impaired	--
	18,207
Cash and cash equivalents	10,892
Investments	88,690
	\$ 117,789

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Substantially all of the Company's cash and cash equivalents are held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company has increased its focus on credit risk given the impact of the current economic climate. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. In the year ended July 31, 2009, no material provision has been recorded in respect of impaired receivables. The Company's maximum exposure to credit risk as at July 31, 2009, is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process in normal circumstances. Due to the lack of liquidity and working capital deficiency, management has increased its focus on liquidity risk given the impact of the current economic climate on the availability of finance. During the year ended July 31, 2009, the Company was able to complete a debt settlement of 19,899,700 common shares at a fair value of \$298,496 at the time of issuance, to remove \$994,994 in current liabilities from the balance sheet. The Company recorded a gain on the debt settlement of \$696,498. The Company's financial liabilities are comprised of its accounts payable and accrued liabilities and amounts due to related parties, the contractual maturities of which at July 31, 2009, are summarized as follows:

	2009
Accounts payable and accrued liabilities with contractual maturities –	
Within 90 days or less	\$ 965,201
In later than 90 days, not later than one year	--
Due to related parties with contractual maturities	
Within 90 days or less	574,756
In later than 90 days, not later than one year	--

Market risks

The significant market risks to which the Company is exposed include commodity price risk, interest rate risk and foreign exchange risk.

- Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of gold and the outlook for these metals, as the Company's ability to raise capital is affected by the commodity prices that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for gold historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

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- Interest rate risk
 The Company has no significant exposure at July 31, 2009, to interest rate risk through its financial instruments.

- Currency risk
 The Company's currency risk arises primarily with fluctuations in United States dollar and the Venezuelan bolivar. The Company has no revenue and any exposure to currency risk is related to expenditures by the Company in United States dollars or the Venezuelan bolivar, as the majority of operating expenses are payable in Canadian dollars. The currency risk by the Company relates to unpaid liabilities of the Company payable in United States dollars or Venezuelan bolivars.

The Company has not hedged its exposure to currency fluctuations. At July 31, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in United States dollars and Venezuelan bolivars, but presented in Canadian dollar equivalents. The Company uses the parallel market rates when converting its transactions and assets and liabilities in Venezuelan bolivars.

	2009
United States dollars	
Cash and cash equivalents	68
Accounts payable and accrued liabilities	(302,785)
Venezuelan bolivars	
Cash and cash equivalents	--
Accounts payable and accrued liabilities	(458,180)

Based on the above net exposures at July 31, 2009, and assuming that all other variables remain constant a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in an increase/decrease of \$30,272 in the Company's loss from operations, and a 10% appreciation or depreciation of the Canadian dollar against the Venezuelan bolivar would result in an increase/decrease of \$45,818 in the Company's loss from operations. The Company's exposure will primarily be due to changes in the Venezuelan bolivar, as a significant portion of its accrued liabilities are in Venezuelan bolivars.

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests in Ontario and Venezuela and to maintain a flexible capital structure which will optimize the costs of capital at an acceptable risk.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and

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optimize its costs of capital while maintaining an acceptable level of risk. The Company currently does not have sufficient funds for operations and must rely on equity financings, or forms of joint venture or other types of financing to continue exploration and development work and to meet its administrative overhead costs for the coming year.

There are no externally imposed capital requirements to which the Company is subject.

1.15 Other MD&A Requirements

See the Company's audited consolidated financial statements for the year ended July 31, 2009 and 2008.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

1.15.2 Additional Disclosure for Venture Issuers without Significant Revenue

- (a) capitalized or expensed exploration and development costs

The required disclosure is presented in the schedule of mineral property interests attached to the annual audited consolidated financial statements.

- (b) expensed research and development costs

Not applicable.

- (c) deferred development costs

Not applicable.

- (d) general administrative expenses

The required disclosure is presented in the Consolidated Statements of Operations for the year ended July 31, 2009.

- (e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d).

None.

1.15.3 Disclosure of Outstanding Share Data

The following details the share capital structure as of December 15, 2009, the date of this MD&A, subject to minor accounting adjustments:

Outstanding share information at December 15, 2009

Authorized Capital

Unlimited number of common shares without par value.

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Issued and Outstanding Capital

109,774,536 common shares are issued and outstanding

Stock Options Outstanding

Number of Options	Exercise Price (\$)	Expiry Dates
1,205,000	0.25	January 25, 2011
100,000	0.25	July 18, 2011
470,000	0.25	December 20, 2012
580,000	0.25	November 14, 2013
1,635,000	0.35	April 12, 2012
150,000	0.62	June 20, 2012
4,140,000		

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Dates
4,306,000	\$0.20	July 4, 2010
24,000	\$0.20	July 4, 2010
2,942,000	\$0.20	July 24, 2010
20,000	\$0.20	July 24, 2010
7,292,000		

Other Information

The President and Chief Executive Officer and the Chief Financial Officer of ValGold Resources Ltd., have reviewed the annual consolidated financial statements and annual MD&A, of ValGold Resources Ltd. (the “issuer”) for the year ended July 31, 2009.

Based on their knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

Note to Reader

In contrast to the certificate required under National Instrument 52-109 *Certificate of Disclosure in Issuers’ Annual and Interim Filings* (“NI 52-109”), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

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The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval

The Board of Directors of ValGold Resources Ltd. has approved the disclosure contained in the Annual MD&A. A copy of this Annual MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.

Caution on Forward-Looking Information

This Annual MD&A contains "forward-looking statements". These forward-looking statements are made as of the date of this Annual MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements may include, but are not limited to, statements with respect to future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, requirements for additional capital and sources and uses of funds.

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 actual results of exploration activities; actual results of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other commodities; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration and development activities.