



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATION**

SEPTEMBER 30, 2009

FILED JANUARY 26, 2010

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Management's discussion and analysis (MD&A) is current to January 25, 2010 and is management's assessment of the operations and the financial results together with future prospects of Hy Lake Gold Inc. ("Hy Lake", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited financial statements and related notes for the year ended September 30, 2009, prepared in accordance with Canadian generally accepted accounting principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Hy Lake's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. This MD&A should be read in conjunction with the most recent Annual Information Form ("AIF") on file with the provincial securities regulatory authority. Additional information relevant to the Company's activities, including the Company's Annual Report and audited financial statements can be found on SEDAR at www.sedar.com.

TABLE OF CONTENTS

1.	Description of Business.....	3
2.	Developments during and subsequent to the year ended September 30, 2009.....	4
3.	Exploration Activities.....	5
4.	Overall Performance.....	6
5.	Results of Operation.....	6
6.	Summary of Quarterly Results.....	9
7.	Share Capital.....	10
8.	Related-party Transactions.....	11
9.	Additional Disclosure for Companies without Significant Revenue.....	11
10.	Accounting Changes.....	16
11.	Financial Instruments and other Instruments.....	20
12.	Status Hy Lake's Transition to International Financial Reporting Standards ("IFRS").....	23
13.	Cautionary Note Regarding Forward Looking Statements.....	24
14.	Additional Funding Requirements.....	25
15.	Mineral Properties and Deferred Exploration Costs.....	25
16.	Management's Responsibility for Financial Information.....	26

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with Hy Lake Gold Inc. (the "Company") audited financial statements and notes thereto for the years ended September 30, 2009 and September 30, 2008, which were prepared in accordance with generally accepted accounting principles (GAAP) in Canada. Additional information regarding the Company can be found on SEDAR at www.sedar.com. All amounts following are expressed in Canadian dollars unless otherwise stated. This discussion and analysis is dated January 25, 2009.

Forward Looking Statements

Certain information in this MD&A and in other public announcements by the Company is forward-looking and is subject to important risks and uncertainties. Forward looking information includes information concerning the Company's future financial performance, business strategy, plans, goals and objectives.

Factors which could cause actual results to differ materially from current expectations include, among other things, the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the business in which the Company participates; general economic conditions and normal business uncertainty; fluctuations in foreign currency exchange rates; and changes in laws, rules and regulations applicable to the Company.

1. Description of Business

Hy Lake Gold Inc. is a junior exploration company focused on the gold exploration and development business in the prolific Red Lake Mining District in North-western Ontario, Canada. Hy Lake Gold Inc. has assembled a significant property package, totalling approximately 3,000 hectares, in west Red Lake, Ontario. The properties cover a twelve kilometre distance along the west Red Lake Trend, containing three former producing gold mines on the Pipestone Bay-St. Paul Bay deformation zone, and the Company intends to explore these properties both along strike and at depth.

The profitability and operating cash flow of the Company is affected by various factors, including the market price of gold, operating costs, interest rates, regulatory and environmental compliance, general and administrative costs, the level of exploration and development expenditures and other discretionary costs. While Hy Lake seeks to manage the level of risk associated with its business, many of the factors affecting these risks are beyond the Company's control.

As at January 25, 2010, the directors and officers of the Company were as follows:

Robert Seitz	President and Director
Andres Tinajero	Chief Financial Officer
Nadim Wakeam	Secretary
Stephen Jakob	Director
Greg Laing	Director
Michael Dehn	Director

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Rick Padulo

Director

2. Developments during and subsequent to the year ended September 30, 2009

Equity Financing

On December 4, 2009 the Company closed a non-brokered private placement of 5,000,000 Units at \$0.20 per Unit for gross proceeds of \$1,000,000 with Platoro West Holdings Inc. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.30 for a period of 18 months from the date of closing (the "Warrant Term"). If after the date that is nine months following closing, the common shares of Hy Lake Gold close at \$0.50 or more for 20 consecutive trading days, then the Warrant Term shall be automatically reduced to 30 days from the date that the Company provides the holders of Warrants with written notice of the new expiry date.

On December 31, 2009 the Company closed a non-brokered private placement of 1,200,000 Flow Through shares at \$0.25 per Flow Through share for gross proceeds of \$300,000.

On December 4, 2009 the Company granted stock options to purchase 400,000 shares of the Company at an exercise price of \$0.20 for a 5 year period to directors of the Company. In addition, 170,000 stock options were cancelled subsequent to year end.

On October 2, 2009 the Company issued 115,000 common shares with a deemed value of \$0.15 to satisfy property acquisition commitments that were in arrears.

Exploration Developments

Subsequent to year end, the Company exercised its option to obtain a 100% interest in the Red Summit Mine Property from Claude Resources Inc. in Red Lake, Ontario. Claude retains a 3% NSR, of which 1% is buyable by the Company for \$500,000. The Red Summit Mine Property is surrounded by the Company's Rowan Property optioned from Goldcorp's Red Lake Gold Mines.

Prior to exercising the option, Hy Lake Gold completed a diamond drilling programme on the Shaft Zone of the Red Summit Property. The programme consisted of 8 diamond drill holes totalling 2259m. The primary purpose of the programme was to test the depth and strike extension of Red Summit Shaft Zone mineralization. Eight holes were drilled in the vicinity of the Red Summit underground workings, both along strike and below the workings. Additional drilling is being planned to target the extension of the Red Summit Mine veins both along strike and at depth.

3. Exploration Activities

Rowan Property:

The Rowan Property, optioned from Goldcorp's Red Lake Gold Mines, has been the subject of an extensive sampling and resampling programme subsequent to year end.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

The first two phases of the programme, managed by Hy Lake geologist Andrew Dalby and supervised by Hy Lake PGeo Ken Guy, were conducted at Goldcorp's Red Lake Complex core shack. A total of 43 holes, drilled by various companies between 1984 and 1993, were bracket sampled in order to obtain a two metre average horizontal width. Additionally, certain selected holes were sampled from top to bottom, selecting all sections not previously sampled. These selected holes all crossed the mineralized zone at Rowan.

The third phase of the programme, also directed by Mr. Dalby, was conducted at the Rowan Property and focused on the further re-examination and re-sampling of the diamond drill core from the 2006 drill programme conducted by King's Bay Gold Corp.

Gold analyses of samples collected by Hy Lake Gold are being made by SGS Canada Inc., Mineral Services in Red Lake, Ontario. Results of these sampling programs will be released when delivered to the Company and analyzed by its technical staff.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

4. Overall Performance

For the year ended September 30, 2009 the Company's cash and cash equivalent position decreased by \$350,975 to \$217,906 from \$568,881 at September 30, 2008.

The Company's operations involve exploration on its gold properties in Ontario, Canada. The Company has no income from operations. For the year ending September 30th, 2009, the Company had a net loss of \$507,246 (2008 - \$563,216).

The Company is engaged in the business of preliminary or early stage mineral exploration and mine development. The Company holds no interests in producing or commercial ore deposits. The Company has no production or other revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of ore containing economic concentrations of gold or other mineral resources are discovered. If in the future a discovery is made, substantial financial resources will be required to establish ore reserves. Additional substantial financial resources will be required to develop mining and processing for any ore reserves that may be discovered. If the Company is unable to finance the establishment of ore reserves or the development of mining and processing facilities it will be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development.

5. Results of Operations

Selected Annual Information

	Year Ended September 30, 2009	Year Ended September 30, 2008
	\$	\$
Loss before income taxes	466,810	1,603,347
Net Loss and comprehensive loss	507,246	563,216
Loss (Income)per weighted average share – basic and fully diluted	0.02	0.02
Total Assets	5,736,999	6,167,899
Total Liabilities	166,507	351,111
Total Equity	5,553,242	5,816,788

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Three month period ended September 30, 2009

Overall expenses for the three month period have decreased 64.70 %, as the Company reduced discretionary expenditures and exploration expenditures in order to conserve cash.

	Three months ended September 30, 2009	Three months ended September 30, 2008	% Change
Management and Consulting	\$ 40,471	\$ 69,679	(41.92)%
Office, general and administration	6,189	24,460	(74.70)%
Interest and bank charges	333	16,286	(98.70)%
Professional fees	20,902	19,906	5.00%
Regulatory and filing fees	9,670	23,398	(58.70)%
Travel	3,869	5,744	(32.60)%
Insurance	4,535	1,822	148.80%
Depreciation	6,274	145	4,230%
Stock-based compensation	58,000	274,148	(78.80)
Capital tax	NIL	NIL	n/a
Advertising / promotion / shareholder relations	3,629	NIL	(100.00)%
Interest and other income	NIL	(76)	(96.93)%
Total	\$ 153,872	\$ 435,512	

During the three month period ending September 30, 2009, the Company incurred total expenses in the amount of \$153,872 (2008 – \$435,512). Notable expense items and material variance are noted in the table above. Overall net reduction is due to lower exploration costs.

Management and consulting fees decreased by \$29,209 (41.92) % as the 2008 comparative included a one time payment. Office, general and administrative decreased \$18,271 (74.70) % and Professional fees increased \$996 (5.00) % and advertising / promotion / shareholder relations increased \$3,629 (100.00) %. The 2008 Capital tax charge was a one time cost associated to a prior year. The 2008 interest and bank charges were abnormally high as it included interest charged on the Capital tax owing.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Year ended September 30, 2009

Overall expenses for the year have decreased 71.08 %, as the Company reduced discretionary expenditures and exploration expenditures in order to conserve cash.

	Year ended September 30, 2009	Year ended September 30, 2008	% Change
Management and Consulting	\$ 216,176	\$ 280,334	(22.89)%
Office, general and administration	59,645	137,403	(56.59)%
Interest and bank charges	263	22,079	(98.81)%
Professional fees	29,718	46,210	(35.69)%
Regulatory and filing fees	33,555	22,990	45.95%
Travel	10,495	29,190	(64.05)%
Insurance	18,542	14,175	30.81%
Depreciation	27,618	11,787	134.31%
Stock-based compensation	58,000	993,195	(94.16)
Capital tax	NIL	23,372	n/a
Advertising / promotion / shareholder relations	13,175	34,909	(62.26)%
Interest and other income	(377)	(12,297)	(96.93)%
Total	\$ 466,810	\$1,603,347	(70.89)%

During the year ending September 30, 2009, the Company incurred total expenses in the amount of \$466,810 (2008 – \$1,603,347). Notable expense items and material variance are noted in the table above.

Management and consulting fees decreased by \$64,158 (22.89) % as the 2008 comparative included a one time payment. Office, general and administrative decreased \$77,758 (56.59) % and Professional fees decreased \$16,492 (35.69) % and advertising / promotion / shareholder relations decreased 21,734 (62.26) % as the Company has reduced discretionary expenditures to conserve cash. The 2008 Capital tax charge was a one time cost associated to a prior year. The 2008 interest and bank charges were abnormally high as it included interest charged on the Capital tax owing.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

6. Summary of Quarterly Results

Selected financial information for the eight quarters are as follows:

	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
	Q4	Q3	Q2	Q1
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss) before tax	\$ (\$153,991)	\$ (\$91,196)	\$ (105,939)	\$ (115,684)
(c) Future income (tax) recovery	\$ (40,436)			
(d) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)

	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
	Q4	Q3	Q2	Q1
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss) before tax	\$ (435,894)	\$ (190,529)	\$ (149,862)	\$ (827,062)
(c) Future income (tax) recovery	971,541	68,590		
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Working Capital

As at September 30, 2009, the Company had a net working capital of \$198,506 compared to \$384,329 as at September 30, 2008.

A summary of the Company's cash position and changes in cash and cash equivalents for the years ended September 30, 2009 and 2008, are provided below:

	Year ended September 30,	
	2009	2008
Cash provided by operating activities – gross	\$(381,192)	\$ (598,365)
Changes in non-cash operating working capital	(165,152)	(127,125)
Cash provided by operating activities - net	(546,344)	(725,490)
Cash used in investing activities	(92,631)	(2,273,354)
Cash provided by (used in) financing activities	288,000	2,488,096
(Decrease) increase in cash and cash equivalents	(350,975)	(510,748)
Cash and cash equivalents, beginning of period	568,881	1,079,629
Cash and cash equivalents, end of period	\$ 217,906	\$ 568,881

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Year ended September 30, 2009 vs. September 30, 2008

Operating Activities

Cash flow used by operating activities before changes in non-cash working capital during the year ended September 30, 2009 was \$381,192 compared to \$598,365 during the same period 2008.

Investing Activities

During the year ended September 30, 2009, the Company spent \$92,631 on mineral properties and deferred costs and \$Nil on Fixed assets for a total of \$92,631 compared to \$2,210,635 on mineral properties and deferred costs and \$ 62,179 for a total of \$2,273,354 in the year ended September 30, 2008.

Financing Activities

Cash flow provided by financing activities during the year ended September 30, 2009 was \$288,000 compared to \$2,488,096 in 2008. During 2009, the Company raised \$310,000 through a non-brokered private placement and incurred \$22,000 in share issuance costs in doing so.

Liquidity and Capital Resources

At September 30, 2009 the Company held \$217,906 of cash and cash equivalents compared to cash and cash equivalents of \$568,881 as at September 30th, 2008. The Company's September 30th, 2009 short-term obligations consist of accounts payable of \$23,771 (2008 – \$351,111). The Company had future income tax liabilities in the amount of \$112,167 as at September 30, 2009 compared to \$NIL at September 30, 2008.

The Company's working capital at September 30, 2009 was \$198,506 compared to \$384,329 as at September 30th, 2008. The current amount of working capital is not sufficient for the planned mining activities. The Company will be further accessing the equity market to fund expansion of the Company's agenda and while there is no guarantee that this will be available, management has no reason to expect that this capability will not be accessible.

7. Share Capital

- (a) Shares - As at September 30, 2009 the Company had 27,869,195 common shares outstanding.
- (b) Warrants - As at September 30, 2009 there are 6,785,000 warrants outstanding.
- (c) Stock Options – As at September 30, 2009 there are 2,240,000 options outstanding.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

8. Related Party Transactions

- (a) Officers, directors and companies controlled by officers and directors of the Company and individuals related to them charged management and consulting fees in the amount of \$158,917 (2008 - \$200,262) to the Company during the year.
- (b) Legal fees of \$593 (2008-\$Nil) were charged by a law firm of which an officer of the Company is a partner during the quarter.

The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Company believes that, due to the size and relative simplicity of the operations of the Company, it is more economical to use related parties for the business transactions contemplated.

9. Additional Disclosure for Companies without Significant Revenue

	September 30, 2009	September 30, 2008
Mineral Properties		
Capitalized mineral properties and deferred expenditures	\$ 5,408,525	\$ 5,298,644
Expensed development and exploration		
Corporate expenses	\$ 466,810	\$ 1,603,347
Total assets	\$ 5,736,999	\$ 6,167,899

	September 30, 2009	September 30, 2008
Mineral properties and deferred costs	Capitalized	Capitalized
Acquisition costs	\$ 1,673,250	\$ 1,630,000
Exploration costs	3,735,275	3,668,644
	\$ 5,408,525	\$ 5,298,644

Corporate Expenses	September 30, 2009	September 30, 2008
Stock-based compensation	\$ 58,000	\$ 993,195
Office and general	59,908	159,482
Depreciation	27,618	11,787
Insurance	18,542	14,175
Management and consulting	216,176	280,334
Professional fees	29,718	46,210
Promotion and travel	10,495	29,190
Shareholder information	46,730	57,899
Interest and other income	(377)	(12,297)
Licenses, taxes and fees	-	23,372
	\$ 466,810	\$ 1,603,347

Outstanding share data	September 30, 2009	September 30, 2008
-------------------------------	---------------------------	---------------------------

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Issued and outstanding common shares	27,869,195	24,769,195
Outstanding options to purchase common shares	2,240,000	2,340,000
Outstanding warrants to purchase common shares	6,785,000	5,408,550

Off-Balance Sheet Arrangements

As at September 30, 2009, the Company does not have off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, sundry receivables, GST, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Assessment of Recoverability of Mineral Property Costs

The Company's recorded value of its exploration properties is based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

Assessment of Recoverability of Future Income Tax Assets

In preparing the financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered "more likely than not," a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the consolidated income statement.

Estimate of Stock Based Compensation and Associated Assumptions

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This accounting required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 7 of the September 30, 2009, audited financial statements for a full disclosure.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Assessment of Recoverability of Receivables

The carrying amount of accounts receivables, and Goods and Services Tax are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

Critical Accounting Policies

Income Tax

The Company accounts for income taxes in accordance with the asset and liability method. The determination of future income tax assets and liabilities is based on the differences between the financial statement and the income tax bases of assets and liabilities, using substantively enacted tax rates in effect for the period in which the differences are expected to reverse. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

Exploration and Evaluation Costs

Exploration and evaluation expenditure costs incurred by the Company are accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead and foreign exchange movement on loans directly attributable to the project, but does not include general overheads or administrative expenditure. Mineral property acquisition costs are capitalized. Exploration and evaluation expenditure for each area of interest is expensed as incurred, unless such costs are expected to be recovered through successful development and exploitation of the area of interest or, alternatively, by its sale. Expenditure is not deferred in respect of any area of interest or mineral resource unless the Company's rights of tenure to that area of interest are current.

Foreign Currency Translation

The Company employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized in income, with the exception of amortization which is translated at the historical rate for the associated asset. Realized exchange gains and losses and currency translation adjustments are included in income. The Company does not have any self sustaining operations.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Capital Assets

Capital Assets are stated at cost. Depreciation is provided on the diminishing balance basis at the following annual rates:

Computer Equipment	30%
Machinery and equipment	20%
Vehicle	30%

The carrying value of capital assets is reviewed and where there is an indication of impairment and the carrying values exceed their recoverable amount, they are written down to fair value.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid investments with maturity of three months or less at the date of original issue.

Loss per Share

Basic loss per share is determined by dividing the net loss by the weighted average number of ordinary shares outstanding during the financial period. Diluted loss per share is the same as basic loss per share as the effect of potential issues of shares under option or from warrant exercises would be anti-dilutive.

Asset Retirement Obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment, and monitoring of the site are recognized and recorded as a liability at fair value. The liability is accreted, over time through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life.

The Company is evaluating possible obligations relating to retirement of its assets as at September 30, 2009 and no liability has been recognized.

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. The Company has evaluated the impact of EIC 166 and determined that no adjustments are currently required.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Changes in Accounting Policies Including Initial Adoption

Comprehensive Income, Equity, Financial Instruments and Hedges

On October 1, 2006, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251 "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3865, "Hedges."

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustment as part of other comprehensive income.

Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

The adoption of these Handbook Sections had no impact on the opening deficit.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

10. Accounting Changes

Accounting Changes

New Accounting Policies:

Capital Disclosures and Financial Instruments - disclosures presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosure (Handbook Section 1535); Financial Instruments Disclosures Handbook Section 3862); and Financial Instruments Presentation (Handbook Section 3863). These new standards became effective for the Company on October 1, 2007.

Capital Disclosures

Handbook Section 1535 specifies the disclosures of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The current capital structure consists of cash and shareholders' equity excluding accumulated other comprehensive income (loss). The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The application of this new standard had no impact on the Company's operating results or financial position.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Mining Exploration Costs

On March 27, 2009, the CICA approved EIC 174, "Mining Exploration Costs". This 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 applied this new abstract for the three months ended March 31, 2009 resulting in no significant impact on its financial statements.

General Standards on Financial Statement Presentation

CICA Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The Company has disclosed the material uncertainties that cast significant doubt on its ability to continue as a going concern in note 1 of these financial statements.

Financial Instruments

Handbook Section 3862 and 3863 replaces HB s.3861, Financial Instruments Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risk arising from financial instruments and how the entity manages those risks. All financial instruments are classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash	Held for trading
Accounts Receivable	Other Receivables
Accounts payable and accrued liabilities	Other liabilities

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are expensed on initial recognition.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

A) Credit Risk

The Company is not exposed to major credit risk attributable to customers. Additionally, the majority of the Company's cash and cash equivalents are held with a high rated Canadian financial institution in Canada.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

B) Market Risk

i.) Interest Rate Risk

The Company does not have any interest bearing debt. The Company invests cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian Bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

ii.) Foreign Currency Risk

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution.

iii.) Sensitivity analysis

The Company has designated its cash and cash equivalents as held for trading, which is measured at fair value; the carrying amount of the financial instruments equals fair market value.

Management believes that, based on their knowledge and experience of financial markets, the following sensitivity analysis is appropriate for its cash and cash equivalents and its exposure to foreign exchange risk: The Company's funds are held primarily in short term investments grades deposits, the rates of which are fixed for a period not exceeding three months.

iv.) Political Risk

The properties are located in Canada, and accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada. Therefore the Company is not exposed to significant political risks.

The Company's ability to conduct future exploration and development activities is subject to changes in government regulations and shifts in political attitudes over which Hy Lake Gold Inc. has no control.

v.) Business Risk

The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

The success of the operations and activities of Hy Lake is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. Hy Lake does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect Hy Lake's operations and financial performance.

vi.)Commodity Price Risk

The price of the common shares in the capital the Company ("Common Shares"), its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

vii.)Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2009, the Company had current assets of \$222,277 (2008 - \$735,440) and current liabilities of \$23,771 (2008 - \$351,111). All of the Company's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital of the Company is \$198,506 (2008 - \$384,329).

Section 3064 - Goodwill and intangible assets

Effective January 1, 2009, the Company will adopt Section 3064 "Goodwill and intangible assets" which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company presently does not have any goodwill and therefore the adoption of this new policy will have no impact on the Company at the present time.

Convergence with International Financial Reporting Standards

The Canadian Institute of Chartered Accountants plans to transition Canadian GAAP for public companies to International Financial Reporting Standards ("IFRS"). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Corporation's financial statements is not yet determinable.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Other Standards

The CICA issued new accounting standard Section 3031 Inventory which becomes effective for the fiscal year beginning on or after October 1, 2008. Section 3031 establishes standards for the measurement of inventories, allocations of overhead, accounting for write-downs and disclosures. The Corporation has determined that this new standard will have no material impact on the financial statements.

11. Financial Instruments and other Instruments

Net Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

Cash and cash equivalents have been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and are classified as other financial liabilities, which are measured at amortized cost. The Company has no available for sale instruments.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and Permitting

All phases of Hy Lake Gold Inc.'s mineral exploration operations are subject to environmental regulations pertaining to the Municipality of Red Lake, the province of Ontario and Canada. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Companies operations.

Environmental hazards may exist on the properties on which Hy Lake Gold Inc. holds interests, which are unknown to Hy Lake Gold Inc. at present and which may have been caused by previous or existing owners or operators of the properties. Hy Lake Gold Inc. may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently and may in the future be required in connection with Hy Lake Gold Inc.'s operations. To the extent such approvals are required and not obtained; Hy Lake Gold Inc. may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

which may cause operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The future costs of retiring mining assets include dismantling, remediation, ongoing treatment and monitoring of the site. These are reconciled and recorded as a liability at fair value. The liability is accreted, over time, through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life. As the Corporation has not yet begun mining or milling operations, the Company currently has no identifiable obligations in relation to the retirement of its assets.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Hy Lake Gold Inc. and cause increases in exploration expenses, capital expenditures and production costs. They may also cause a reduction in levels of production at producing properties or they may require abandonment or delays in development of new mining properties. Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the environment, Hy Lake Gold Inc., may become subject to liability for hazards against which it cannot be insured. The Company is subject to all environmental acts and regulations at the federal and provincial levels.

These include, but are not limited to, the following:

- Federal Level (Canada) Provincial Level (Ontario)
- Canadian Environmental Protection Act
- Environmental Protection Act
- Fisheries Act
- Mining Act
- Navigable Waters Protection Act and Regulations

To the Company's knowledge, there are no liabilities to date which relate to environment risks or hazards.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company can not assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Proposed Transactions

In the normal course of business, as and ongoing part of the exploration process, the Company investigates mineral properties which are submitted to the Board of Directors for consideration. As well there are transactions listed in the "Subsequent to the end of the period" section of the Financial Statements. However, the Company continues to evaluate, review and negotiate a number of other prospective projects.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the year covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

12. Status Hy Lake's Transition to International Financial Reporting Standards ("IFRS")

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended December 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress, expected to be complete during Q4 2010
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Throughout 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q4 2010 – Q1 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 2010 – Q2 2011
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout 2011

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

The Company continues to monitor the deliberations and progress on plans to converge to International Financial Reporting Standards ("IFRS") by accounting standard setting bodies and securities regulators in Canada.

Due to resource constraints the Company has not performed any additional assessment work related to its IFRS conversion project during the period ended September 30, 2009. The Company must still establish a team that will focus its efforts on this initiative. The Company's search for additional staff for this project is on-going and more IFRS training will be needed for all levels of management. Despite these limitations in personnel, Management has made an initial assessment of the accounting standards that will be impacted by the transition to IFRS.

The Company will follow the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, and continue its assessment of accounting policies with reference to IFRS and plan for convergence to be ready for the 2011 changeover.

13. Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Hy Lake to fund the capital and operating expenses necessary to achieve the business objectives of Hy Lake, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

14. Additional Funding Requirements

As discussed, the mineral properties of Hy Lake Gold Inc. are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The Company intends to raise such additional funds to complete its projects. There is no assurance that Hy Lake Gold Inc. will be able to raise additional funds on reasonable terms. The development of any ore deposits found on the exploration properties of Hy Lake Gold Inc. depends on the ability of the Company to obtain financing through debt financing, equity financing or other means. If the exploration and development programs of Hy Lake Gold Inc. 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 Hy Lake Gold Inc. is the sale of equity capital of Hy Lake Gold Inc. or the sale by Hy Lake Gold Inc. of an interest in any of its properties in whole or in part. The ability of Hy Lake Gold Inc. to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as on the business performance of the Company. There can be no assurance that Hy Lake Gold Inc. will be successful in its efforts to arrange additional financing if needed on terms satisfactory to Hy Lake Gold Inc. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of Hy Lake Gold Inc. may change and shareholders may suffer additional dilution. If adequate financing is not available, Hy Lake Gold Inc. 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 Hy Lake Gold Inc. to forfeit its interests in some or all of its properties and to reduce or terminate its operations.

15. Mineral Properties and Deferred Exploration Costs

The Company defers the costs of exploration and capital assets in existing projects and carries them as assets until production begins. Mineral properties and deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration ceases because continuation is not economically feasible, the mineral properties and related exploration expenditures are written off. Senior management periodically reviews the carrying value of the mineral properties and deferred exploration expenditures to consider whether there are any conditions that may indicate impairment.

Where estimates of future cash flows are available, a reduction in carrying value is recorded to the extent the net book value of the investment exceeds the estimated future cash flows. Where estimates of the future cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered and provides for impairment.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

SEPTEMBER 30, 2009

16. Management's evaluation of disclosure controls and procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported, on a timely basis, to senior management, including the President and the Chief Financial Officer (CFO), so that appropriate decisions can be made by them regarding public disclosure.

The system of disclosure controls and procedures includes, but is not limited to, our Disclosure Policy, our Code of Business Ethics, the effective functioning of our Disclosure and Audit Committees, procedures in place to systematically identify matters warranting consideration of disclosure by the Disclosure Committee and verification processes for individual financial and non-financial metrics and information contained in annual and interim filings, including the financial statements, MD&A, Annual Information Forms and other documents and external communications.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted, under the supervision of Management, including the President and CFO, as of September 30, 2009. The evaluation included documentation review, enquiries and other procedures considered by Management to be appropriate in the circumstances.

Based on that evaluation, the President and the CFO have concluded that the design and operation of the system of disclosure controls and procedures was effective as of September 30, 2009.

Risk Factors and Risk Management

The Company's business is highly uncertain and risky by its very nature. Future business opportunities pursued by the Company may be in other fields, and are also likely to be risky. In addition, the ability to raise funding in the future to maintain the Company's search for new business opportunities, and to carry through with the ensuing activities is dependant on financial markets that 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 successful business proposal is developed, there is no assurance that it will ever be carried out or be profitable, as its potential economics are influenced by many key factors such as the general state of the economy, foreign exchange rates, equity markets and political interference, permitting approvals, which can not be controlled by management.

Dated this 26th day, of January, 2010.

"Andres Tinajero"

Andres Tinajero
Chief Financial Officer