

HY LAKE GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with Hy Lake Gold Inc. (the "Company") financial statements and notes thereto for the years ended September 30, 2005 and September 30, 2004, 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 August 16, 2006.

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 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.

The Company does not update forward-looking statements should circumstances or management's assumptions, expectations, or estimates change.

Overview

The Company obtained shareholder approval of the proposed reorganization on January 12, 2006 and subsequently completed the reorganization process during the quarter ended March 31, 2006, and during this quarter ending June 30, 2006 converted the remaining debt outstanding into shares. The Company is planning to commence an exploration program for gold on the recently optioned Jamie Frontier Property, located in the Red Lake region of northwestern Ontario. The Company anticipates raising additional funds by sale of common shares to continue with the planned exploration work on the Jamie Frontier property. To prepare for the Company's future exploration work on the Property the Company is carrying out a compilation of all of the available historical diamond drilling data. This compilation will include both surface and underground data and should be completed by the end of the third quarter of the calendar year. The Company has the option to earn a 75% interest in the Jamie Frontier property by spending \$1 million dollars over four years, which includes \$100,000 to be spent by January 12, 2007, the initial year of the property option agreement on property exploration and development work. The Company is also seeking new opportunities in the minerals industry.

Results of Operations

The Company had a net gain for the period of \$24,631. Most of the gain was a result of forgiveness of accounts payables of \$50,006 and the remainder of the loss was a result of management and consulting fees charged for the quarter.

Revenue

The Company earned no revenue during the quarter ended June 30, 2006.

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Expenses

	Three months ended June 30, 2006	Three months ended June 30, 2005	% Change
Management and Consulting	\$16,000	\$nil	
Interest	\$40	\$10,000	99.6%
Office and general	\$9,335	\$-	
Forgiveness of accounts payables	\$50,006	\$-	
Depreciation	\$nil	\$1,349	

Management and consulting fees increased by \$16,000 (June 30, 2005 - \$nil) due to the hiring of a CFO and a President during the previous quarter reflecting increased activity undertaken by the Company. Interest decreased \$9,960 to \$40 (June 30, 2005 - \$10,000) due to the conversion of the convertible debenture. Office and general increased by \$9,335 (June 30, 2005 - \$nil) due to the support necessary for the above activities. As a result of the reorganization that was completed in the third quarter, \$50,006 of accounts payables were forgiven. (June 30, 2005 - \$nil) The Company is actively pursuing mineral property opportunities.

Quarterly Financial Information (unaudited)

	June 30, 2006 Q3	March 31, 2006 Q2	December 31, 2005 Q1
(a) Revenue	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ 24,631	\$ (48,920)	\$ (7,165)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ 0.01	\$ (0.01)	\$ (0.00)

	September 30, 2005 Q4	June 30, 2005 Q3	March 31, 2005 Q2	September 30, 2005 Q1
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ 638,553	\$ (11,349)	\$ (11,349)	\$ (11,349)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ 0.02	\$ (0.00)	\$ (0.00)	\$ (0.00)

	September 30, 2004 Q4
(a) Revenue	\$ -
(b) Net Income (loss)	\$ (876,618)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.03)

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Liquidity and Capital Resources

At June 30, 2006 the Company had \$158,459 of cash compared to cash of \$nil as at September 30, 2005. The Company's June 30, 2006 short-term obligations consist of accounts payable of \$21,140 (September 30, 2005 - \$6,823), advances from officers, directors and shareholders of \$nil (September 30, 2005 - \$139,831) and a loan payable of \$nil (September 30, 2005 - 348,575). In addition, the Company had funds held in trust for the purchase of common shares of \$79,318 (September 30, 2005 - \$nil). The Company had no long-term obligations as at June 30, 2006 and September 30, 2005.

The Company's working capital at June 30, 2006 was a surplus of \$222,184 compared to a deficiency of \$493,026 as at September 30, 2005. The current amount of working capital is not sufficient for the planned mining activities. The Company will be 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.

Share Capital

- (a) Shares - As at June 30, 2006 the Company had 11,107,060 of common shares outstanding.
- (b) Warrants - As at June 30, 2006 there are no warrants outstanding.
- (c) Stock Options – As of June 30, 2006 there are no options outstanding.

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, which can not be controlled by management.

Related Party Transactions

- (a) Included in consulting are fees paid to directors of the Company and corporations related to them of \$7,500. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Dated this 16th of August, 2006.

"Alex Falconer"

Alex Falconer, CFO