

HY LAKE GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 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, 2006 and September 30, 2005, 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 19, 2007.

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 \$250,000 to be spent by January 15, 2008, the initial two-years of the property option agreement on property exploration and development work. The Company is also seeking new opportunities in the minerals industry.

Subsequent to year end, the Company announced the initial closing of a non-brokered private placement of 1,607,928 flow-through common shares of the company at \$0.35 per share, for gross proceeds of \$562,774.80. This private placement financing of up to 2,000,000 flow-through common shares was previously announced on the 7th November, 2006. The Company anticipates the final closing of the balance of the private placement to take place in late January for subscribers who wish to participate in the 2007 flow-through year.

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Further to this, the Company has announced plans to commence exploration drilling on the 9-claim Mount Jamie Property in the Red Lake mining camp. Major Drilling Group International Inc. of Winnipeg has been contracted for the first phase of the 2007 exploration program, with drilling scheduled to begin the last week in January. The exploration work, to consist of an estimated 2,000 metres of diamond drilling, is designed to re-confirm and expand on what is currently known of the geology and mineral potential of the property. Previous work at Mount Jamie has explored portions of the property from surface to a depth of approximately 150 m. The most recent work on the property, carried out in August of 2003 by Zenda Capital Corp., confirmed the presence of high-grade gold-bearing zones. Hy Lake has recently completed a three-dimensional digital database of all the available diamond-drill data in order to improve the understanding of the occurrence's geometry, providing the basis for future goal-oriented exploration. The estimated budget for the first phase of planned exploration is \$250,000. This work will be funded by the recent private placement of flow-through common shares.

Results of Operations

The Company had a net loss for the period of \$56,518. Included in that loss was a forgiveness of advances from officers, directors, and shareholders of \$50,006. The total loss, less the forgiveness of \$50,006, totaled \$106,524. This loss was mainly due to the management fees and consulting fees of \$71,850 charged for the year.

Revenue

The Company earned no revenue during the year ended September 30, 2006.

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Expenses

	Year ended September 30, 2006	Year ended September 30, 2005	% Change
Management and Consulting	\$71,850	\$9,250	676%
Financing costs	\$-	\$48,575	
Office and general	\$6,403	\$4,068	57%
Professional fees	\$10,281	\$13,310	-23%
Transfer agent and filing fees	\$15,620	\$-	
Travel and promotion	\$2,370	\$-	

Management and consulting fees increased by \$62,600 (September 30, 2005 - \$9,250) due to the hiring of a CFO and a President during the first quarter reflecting increased activity undertaken by the Company. Office and general increased by \$2,335 (September 30, 2006 - \$4,068) 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 advances from officers, directors, and shareholders was forgiven. (September 30, 2005 - \$nil) The Company is actively pursuing mineral property opportunities.

Quarterly Financial Information (unaudited)

	September 30, 2006	June 30, 2006 Q3	March 31, 2006 Q2	December 31, 2005 Q1
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (56,518)	\$ 24,631	\$ (48,920)	\$ (7,165)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.005)	\$ 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)

Liquidity and Capital Resources

At September 30, 2006 the Company had \$187,624 of cash compared to cash of \$nil as at September 30, 2005. The Company's September 30, 2006 short-term obligations consist of accounts payable of \$20,994 (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). The Company had no long-term obligations as at September 30, 2006 and September 30, 2005.

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The Company's working capital at September 30, 2006 was a surplus of \$174,070 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. Subsequent to year end the company completed the first tranche of a financing raising a total of \$562,774 by issuing 1,607,928 shares. 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.

Share Capital

- (a) Shares - As at September 30, 2006 the Company had 11,307,060 common shares outstanding.
- (b) Warrants - As at September 30, 2006 there are no warrants outstanding.
- (c) Stock Options – As of September 30, 2006 there are no options outstanding.

Subsequent to year end, the Company issued 1,607,928 shares for \$562,774. The Company also granted options to purchase one million shares to officers, directors and consultants of the Company at an exercise price of \$0.30 per share for a period of five years.

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&As, 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, 2006. 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, 2006.

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

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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 \$44,500.
- (b) Exploration expenditures totaling \$20,000 were charged by a director of the Company.
- (c) Legal fees of \$5,656 were charged by a law firm of which an officer of the Company is a partner.

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.

Dated this 19th of January, 2007.

"Alex Falconer"

Alex Falconer, CFO