

**HY LAKE GOLD INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDING MARCH 31, 2007**

**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](http://www.sedar.com). All amounts following are expressed in Canadian dollars unless otherwise stated. This discussion and analysis is dated May 30, 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 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.*

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

**Overview**

During the quarter the Company commenced 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

**Results of Operations**

The Company had a net loss for the quarter ended March 31, 2007 of \$181,363 compared to a loss of \$48,920 for the quarter ended March 31, 2007.

**Revenue**

The Company earned no revenue during the quarter ended March 31, 2007.

**Expenses**

	Three Months March 31, 2007	Three Months March 31, 2006	% Change
Consulting	\$53,444	\$30,625	75%

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General and Administrative	\$102,342	\$3,849	2558%
Professional fees	\$NIL	\$6,854	-%
Advertising and promotion	\$10,114	\$NIL	-%
Management	\$8,250	\$NIL	-%

Consulting fees were \$53,444 for the three month period ended March 31, 2007 (March 31, 2006 - \$30,625) reflecting increased activity undertaken by the Company. Professional fees of \$NIL for the quarter ended March 31, 2007 (March 31, 2006 - \$6,854) as no legal or audit transactions occurred. Management and advertising and promotion fees have risen for the quarter ending March 31, 2007 compared to the quarter ended March 31, 2007 (\$NIL) as the Company has become active pursuing mineral property opportunities.

**Quarterly Financial Information (unaudited)**

	March 31, 2007 Q2	December 31, 2006 Q1	September 30, 2006 Q4	June 30, 2006 Q3
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (181,363)	\$ (45,674)	\$ (56,518)	\$ 24,631
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.016)	\$ (0.004)	\$ (0.005)	\$ 0.01

	March 31, 2006 Q2	December 31, 2005 Q1	September 30, 2005 Q4	June 30, 2005 Q3
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (48,920)	\$ (7,165)	\$ 638,553	\$ (11,349)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.01)	\$ (0.00)	\$ 0.02	\$ (0.00)

**Liquidity and Capital Resources**

At March 31, 2007 the Company's cash has increased to \$467,047 compared to cash of \$187,624 as at September 30, 2006 due to the final tranche (the first was in the first quarter) of a non-brokered private placement of 392,072 common shares, netting \$137,225. The Company's March 31, 2007 short-term obligations consist of accounts payable of \$5,605 (September 30, 2006 - \$20,994). The Company had no long-term obligations as at March 31, 2007 and September 30, 2006.

The Company's working capital at March 31, 2007 was \$496,820 a compared to \$187,624 as at September 30, 2006. The current amount of working capital is not sufficient for the planned mining activities. During the quarter the company completed the final tranche of a financing raising a total of \$187,624 by issuing 392,072 non-brokered common shares. An additional 50,000 common stock shares were issued as part of an option to purchase the Golden Tree property. An additional 50,000 shares were exercised through options raising a further \$24,000. 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.

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**Share Capital**

- (a) Shares - As at March 31, 2007 the Company had 13,704,781 common shares outstanding.
- (b) Warrants - As at March 31, 2007 there are no warrants outstanding.
- (c) Stock Options – As of March 31, 2007 there were 950,000 options outstanding exercisable at \$0.35 and 350,000 options outstanding exercisable at \$0.50..

During the quarter the Company granted options to purchase three hundred and fifty thousand common shares to officers, directors and consultants of the Company at an exercise price of \$0.50 per share for a period of five years.

Subsequent to March 31, 2007, the Company closed a non-brokered \$900,000 private placement, issuing 1,500,000 units. Each unit consisting of one common share of the Company and one common share purchase warrant, entitling the holder to purchase one common share of the Company at a price of \$0.80 for a period of 24 months from the date of closing.

**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 March 31, 2007. 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 December 31, 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 \$26,628.
- (b) Exploration expenditures totaling \$2,000 were charged by a director of the Company.

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 30<sup>th</sup> day of May, 2007.

*“David McDonald”*

David McDonald, CFO