



HY LAKE
GOLD INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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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, 2008 and September 30, 2007, 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 27th, 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.

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

Overview

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 Northwestern 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. The Company intends to explore these properties both along strike and at depth.

Operating Highlights

During the third quarter ending June 30 2009 the Company continued to analyse its ongoing data compilation and to plan its next drilling program. The Company also notified Claude Resources of its intention to exercise its option to take ownership of the Red Summit Property, subject to a 3% NSR.

The company retained the services of Maurice Hoewler of Buende, Germany, to provide shareholder communications and translation services.

Rowan Property:

The Rowan Property drill program was directed at the following targets; the possible extension of the Porphyry Hill zone high grade gold intersected by Redstar Gold at the Newman-Todd gold zone; testing for strike extensions of the Rowan Mine Structure and testing multiple structural targets represented by the intersection of the Pipestone Bay - St. Paul Bay Deformation Zone with the Golden Arm Structure.

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Highlight:

- Rowan Mine vein system open to depth and along strike to the east and west;
- Additional drilling planned to target the extension of the Rowan Mine veins both along strike and depth;
- Drilling along strike and below the Rowan underground workings intersects 14.52 grams of gold per tonne over 1.0 metres;
- Assaying of unsplit and unsampled historic core (2006) assays 77.93 grams of gold per tonne over 1.5 metres.

Red Summit Mine Property:

The Red Summit program consisted of 8 diamond drill holes totalling 2,259m. The purpose of the program was to test the depth and strike extension of the mineralized zones in the vicinity of the Red Summit Mine underground workings. Hy Lake Gold has now fulfilled the requirements required to exercise their option to obtain a 100% interest in the property from Claude Resources. Claude retains a 3% NSR, of which 1% is buyable by the Company for \$500,000.

Highlights:

- Red Summit Mine vein system open to depth and along strike to the east and west.
- Additional drilling planned to target the extension of the Red Summit Mine veins both along strike and depth
- Drilling along strike and below the Rowan underground workings intersects 14.52 grams of gold per tonne over 1.0 metres
- Hy Lake Gold has now met the option requirements and will be exercising their option to obtain a 100% interest in the property from Claude Resources.

Results of Operations

The Company's operation involve exploration on its gold properties in Ontario, Canada. The Company has no income from operations. For the three month period ending June 30th, 2009, the Company had a net loss of \$91,196 (2008 - \$121,939).

Revenue

The Company earned no revenue during the three month period ended June 30th, 2009 other than interest on investments of \$264 (2008 - \$1,696).

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Expenses

Overall expenses for the three month period have decreased 110.17 %, as the Company reduced discretionary expenditures and exploration expenditures in order to conserve cash.

	Three months ended June 30, 2009	Three months ended June 30, 2008	% Change
Management and Consulting	\$55,225	\$77,860	(41.0)%
Office, general and administration	\$4,049	\$21,293	(425.9)%
Interest and bank charges	\$170	\$5,793	(3307.6)%
Professional fees	\$276	\$4,638	(1580.4)%
Regulatory and filing fees	\$1,400	\$5,544	(296.0)%
Travel	\$731	\$18,416	(2419.3)%
Insurance	\$4,536	\$8,708	(91.9)%
Depreciation	\$7,033	\$144	4884%
Capital tax	\$NIL	\$23,372	n/a
Advertising / promotion / shareholder relations	\$3,040	\$11,695	(284.7)%

During the three month period ending June 30, 2009, the Company incurred total expenses in the amount of \$91,460 (2008 – 192,225). Notable expense items and material variance are noted in the table above.

Management and consulting fees decreased on by \$22,635 (41.0) % as the 2008 comparative included a one time payment. Office, general and administrative decreased \$17,244 (425.9) % and Professional fees decreased \$4,362 (1580.4) % and advertising / promotion / shareholder relations decreased \$8,655 (284.7) % 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 expense was abnormally high as it included interest charged on the Capital tax owing.

Selected Financial Information

	June 30, 2009 Q3	March 31, 2009 Q2	December 31, 2008 Q1	September 30, 2008 Q4
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss before tax)	\$ (\$91,196)	\$ (105,939)	\$ (115,684)	\$ (585,371)
(c) Future income (tax) recovery				971,541
(d) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

	June 30, 2008 Q3	March 31, 2008 Q2	December 31, 2007 Q1	September 30, 2007 Q2
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (121,939)	\$ (149,862)	\$ (827,062)	\$ (187,747)
(c) Future income (tax) recovery	68,590			
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

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Liquidity and Capital Resources

At June 30, 2009 the Company held \$16,524 of cash and cash equivalents compared to cash and cash equivalents of \$393,807 as at June 30th, 2008. The Company's June 30th, 2009 short-term obligations consist of accounts payable of \$24,140 (2008 - \$622,975) The Company had no long-term obligations other than mining commitments as at June 30, 2009 and June 30, 2008.

The Company's working capital at June 30, 2009 was a surplus of \$3,259 compared to a deficit of \$68,795 as at June 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.

Share Capital

- (a) Shares - As at June 30, 2009 the Company had 24,769,195 common shares outstanding.
- (b) Warrants - As at June 30, 2009 there are 3,971,000 warrants outstanding.
- (c) Stock Options - As at June 30, 2009 there are 2,340,000 options outstanding.

Related Party Transactions

- (a) Included in management fees, are fees paid to an officer of the Company and corporations related to them in the quarter is \$30,525 (2008-\$55,000).
- (b) Included in consulting fees, are fees paid to a Company that provides accounting and CFO and related services. Fees paid in the quarter were \$12,000 (2008-\$12,000)
- (c) Legal fees of \$276 (2008-\$4,485) 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.

Environmental Risks and Hazards

All phases of Hy Lake Gold Inc.'s mineral exploration operations are subject to environmental regulations pertaining to the City 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

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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 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting quarter. Actual results could differ from those estimates.

Nature of Operations

Hy Lake Gold Inc. is an exploration and development company engaged in the mining business. Some of its mineral properties are currently being explored and developed and the Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, as established in accordance with National Instrument No. 43-101, upon the ability of Hy Lake Gold Inc. to

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obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

The Company tries to maximize its exposure to promising exploration and development opportunities, to manage the risks inherent in exploration and to make appropriate use of financial management resources.

Off-Balance Sheet Arrangements

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

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.

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.

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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 June 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 June 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 27th day of August, 2009.

"Dave McDonald"

Dave McDonald, CFO