



HY LAKE
GOLD INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2008

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

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 January 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 of northwestern Ontario, Canada. The Company 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: the Mount Jamie Mine, the Rowan Mine and the Red Summit Mine. The Company intends to explore these properties both along strike and at depth. In addition, the Company intends to continue to pursue strategic property acquisitions with the view to improving and expanding its significant property holdings.

Financing

During 2008, the Company completed a non-brokered private placement of 2,523,914 flow through common shares ("Shares") of the Company at \$0.70 per Share for gross proceeds of \$1,766,740.50. A cash finder's fee of 7% was paid to eligible finders.

During 2008, the Company completed a non-brokered private placement of \$750,000.00 through the sale of 3,000,000 flow-through units ("FT Units") at \$0.25. Each FT Unit will consist of one flow-through common share, and one common share purchase warrant, which shall entitle the holder to purchase one additional (non flow-through) common share for a period of two years, at a price of \$0.50 in the first year and \$0.75 in the second year.

A cash finder's fee of 5% was paid to eligible finders as well as 300,000 compensation options. Each compensation option entitles the holder to one unit exercisable over a two year period at \$0.25. Each unit includes one common share and one common share purchase warrant. Each warrant is exercisable into one common share to the period of two years at \$0.50 in year one and \$0.75 in year two.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

An additional 120,000 units were issued on September 30th, 2008, for gross proceeds of \$30,000, on the same term as above, excluding any finder's fees.

On February 15, 2007, the Company completed a flow-through common share private placement financing, issuing 392,072 flow through common shares at \$0.35 per share raising an additional \$137,225. A finder's fee of 3% cash and 5% in shares has been paid to eligible finders.

On April 11th, 2007, the Company closed a non-brokered private placement of 1,500,000 units at a price of \$0.60 per unit for gross proceeds of \$900,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a strike price of \$0.80 for a period of 24 months from the date of closing.

On August 13th, 2007, the Company closed a non-brokered private placement financing issuing 350,000 hard dollar units at \$1.00 and 402,000 flow through units at \$1.25 per unit for an aggregate total of 752,000 units and gross proceeds of \$852,500. Each flow through unit consists of one flow through common share and one-half one common share purchase warrant (a "Series A Warrant"). Each hard dollar unit consists of one common share and one common share purchase warrant (a "Series B Warrant"). A finder's fee of 7% in cash has been paid to eligible finders. The securities issued are subject to a hold period of four months and one day from the date of issue.

Properties

Mount Jamie

During 2008, the Company completed a series of transactions resulting in the acquisition of 100% interest in Mount Jamie Property for 2,000,000 shares. The 9 mining claims are located in the Red Lake Mining District in Ontario.

The property is subject to a 3% NSR.

Rowan Lake

During the year, the Company entered an Option Agreement with Red Lake Gold Mines, a general partnership of Goldcorp Inc. and Goldcorp Canada Ltd. (collectively "Goldcorp Red Lake Gold Mines" or "Goldcorp") on Goldcorp Red Lake Gold Mines' Rowan Lake Property in Todd Township, Red Lake, Ontario. Under the terms of the option agreement, the Company can earn a 60% interest in the property, as operator, through incurring exploration expenditures of \$2,500,000 over 3 years with a minimum \$500,000 commitment in the first year. Goldcorp shall have an option back-in right to purchase a 20% interest in the property from the Company for \$5,000,000 within 90 days of the exercise of the option by the Company. If Goldcorp exercises the option back-in right, it will thereafter have a 60% joint venture interest and the Company will have a 40% joint venture interest in the Rowan Property.

If Goldcorp does not exercise the option back-in right, the Company will issue and deliver to Goldcorp 1,000,000 common shares of the Company. Furthermore, subsequent to the formation of the joint venture, Goldcorp shall have a joint venture back-in right to purchase an 11% interest in the property from the Company, within 90 days of the joint venture expending \$5,000,000 on operations, for \$7,000,000. If Goldcorp exercises the joint venture back-in right, it will thereafter have a 51% joint venture interest and the Company will have a 49% joint venture interest in the Rowan Property.

The property is subject to a 2% NSR.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

Golden Tree

During 2008, the Company entered in to an Option Agreement to acquire a 100% interest in a six claim addition to the Golden Tree Property, in the Ball township / Hammell Lake areas of the Red Lake Mining District. The claims, to be known as the Pipestone Bay Property, are contiguous, west-north-west along strike, with the Company's Mount Jamie Property. Consideration paid for the claims included the issuance of 50,000 common shares of the Company (with a deemed value of \$21,000) plus an additional 50,000 common shares to be issued in each of 2009 and 2010.

The property is subject to a 3% NSR.

During 2007, the Company entered in to an option agreement to earn a 100% interest in five mining claims in the Rowan Lake area of Red Lake, Ontario. The claims total approximately 200 hectares and are contiguous with the Mount Jamie Property. Initial consideration paid for these claims included cash payments totaling \$10,000 and the issuance of 50,000 common shares with a total deemed value of \$43,000.

The property is subject to a 3% NSR.

Red Summit

During 2008, the Company entered into an Option Agreement with Claude Resources Inc. to earn a 100% interest in two patented mineral claims in Todd Township, Ontario. Initial consideration paid for the claims include a cash payment of \$25,000 plus work commitments of \$100,000.

The property is subject to a 3% NSR.

Rubicon

During 2008, the Company entered in to an Option Agreement to earn a 100% interest in four mining claims in Todd Township, Red Lake mining district, Ontario.

The aggregated purchase price for the claims is as follows: cash payment totaling \$50,000, of which \$3,000 has been paid, and issuance of 75,000 shares of the Company, of which 10,000 have been issued in 2008.

The property is subject to a 2% NSR.

Results of Operations

The Company's operations involve exploration on its gold properties in the Red Lake Mining District, Ontario, Canada. The Company has no income from operations. For the year ending September 30th, 2008, the Company had a net loss of \$1,615,644 before future recovery and interest (2007 - \$779,142).

As reported on SEDAR in the January 16th, 2008 news release, Hy Lake Gold Inc. announced initial drill results from forty-two exploration drill holes recently completed at its west Red Lake property package, including the Rowan Property optioned from Red Lake Gold Mines, a general partnership of Goldcorp Inc. and Goldcorp Canada Ltd., in Red Lake, Ontario.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

Selected Highlights:

- HYR-07-02 assayed 22.54 gpt (grams Au per tonne) over 2.80 m (metres) including 118.54 gpt over 0.50 m
- HYR-07-03 assayed 58.40 gpt over 0.50 m, 67.30 gpt over 1.00 m and 15.68 gpt over 1.00 m in three separate veins
- HY-07-19 assayed 6.55 gpt over 2.10 m including 10.70 gpt over 1.00 m

The full report can be read on Sedar.com. Report dated January 16th, 2008.

As reported on Sedar in the April 23rd, 2008 news release, Hy Lake Gold Inc. announced the final drill results from the 2007 exploration drilling completed at its west Red Lake property package containing the Rowan Property in Red Lake, Ontario.

Highlights:

- Rowan Mine vein system intersected in all holes and confirmed strike length in excess of 680 metres
- 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 at depth
- 13.09 grams per tonne (gpt) gold over 1.7 m intersected at 447.1m downhole
- Hole HYR-07-08 intersected multiple mineralized zones, potentially extending the Rowan Mine vein system an additional 980m to the east

The full report can be read on Sedar.com. Report dated April 23rd, 2008.

Revenue

The Company earned no revenue during the year ended September 30th, 2008, other than interest on investments of \$12,297 (2007 - \$112).

Expenses

	Year ended September 30, 2008	Year ended September 30, 2007	% Change
Management and Consulting	\$280,334	\$220,333	27.2%
Office, general and administration	\$137,403	\$66,170	321%
Professional fees	\$46,210	27,624	(67.3)%
Transfer agent and filing fees	\$22,990	\$67,934	(295.5)%
Travel and promotion	\$29,190	\$29,923	(2.5)%
Insurance	\$14,175	\$9,180	54.4%
Depreciation	\$11,787	\$11,027	7%
Interest and bank charges	\$22,079		n/a
Licenses, taxes and fees	\$23,372		n/a
Shareholder relations	\$34,909	50,917	(145.8)%

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

Management fees increased by \$60,001 as the Company paid for a full time President and CEO, CFO and consultants specializing in gold mining properties for the first full year. Professional fees include monthly legal fees paid for regular corporate matters and consulting. Travel decreased slightly (7%) to \$29,190 as management attended trade shows in Frankfurt, Thunder Bay and Calgary to promote the Company and also travelled to Red Lake during the year. Interest and bank charges include interest charged on capital taxes owing. Capital tax owing relates to a prior year.

Selected Financial Information

	September 30, 2008 Q4	June 30, 2008 Q3	March 31, 2008 Q2	December 31, 2007 Q1
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss before tax)	\$ (585,371)	\$ (53,349)	\$ (149,862)	\$ (827,062)
(c) Future income (tax) recovery	\$ 971,541	\$ 68,590		
(d) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
	September 30, 2007 Q4	June 30, 2007 Q3	March 31, 2007 Q2	December 31, 2006 Q1
(a) Revenue	\$ -	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (187,747)	\$ (104,140)	\$ (181,363)	\$ (45,674)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Liquidity and Capital Resources

At September 30, 2008 the Company held \$568,881 of cash and cash equivalent compared to cash and cash equivalent of \$1,079,629 as at September 30, 2007. The Company's September 30, 2008 short-term obligations consist of accounts payable of \$351,111 (2007 – \$509,709). The Company had no long-term obligations other than mining commitments as at September 30, 2008, and September 30, 2007.

The Company's working capital at September 30, 2008 was a surplus of \$384,329 compared to a surplus of \$767,952 as at September 30, 2007. The current amount of working capital is not sufficient for 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 September 30, 2008 the Company had 24,769,195 common shares outstanding.
- (b) Warrants - As at September 30, 2008 there are 5,408,550 warrants outstanding.
- (c) Stock Options – As at September 30, 2008 there are 2,340,000 options outstanding.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

Related Party Transactions

- (a) Included in management fees, are fees paid to officers of the Company and corporations related to them of \$200,262 (2007-\$149,519).
- (b) Legal fees of \$NIL (2007-\$18,474) were charged by a law firm of which an officer of the Company is a partner.
- (c) Capitalized exploration expenditures totaling \$Nil (2007 -\$31,500) were charged by a director of the Company.
- (d) Accounts payable at September 30, 2008 includes \$4,200 (2007 - \$23,982) owing to officers, directors and companies controlled by officers and directors and a law firm 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.

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 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

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

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 period. 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 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 September 30, 2008, 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

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

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, if so indicated.

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, 2008. 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, 2008.

HY LAKE GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - SEPTEMBER 30, 2008

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 of January, 2009.

"Dave McDonald"

Dave McDonald, CFO