



NEWS RELEASE

Toronto: January 25, 2011

HY LAKE GOLD BEGINS 2011 DRILLING AT RED LAKE PROPERTIES

HY LAKE GOLD INC. (CNSX: HYL; FRANKFURT: HYK) is pleased to announce that it has begun its 2011 drilling programs at its west Red Lake properties. The initial program will focus on the 100% owned Mount Jamie Mine property in support of the recommended work program outlined in the Company's NI 43-101 report on the property as filed with the TSX Venture Exchange. The fully funded budget for the initial 2011 Mount Jamie exploration program is \$550,000.

The first phase of exploration work will consist of an estimated 2,200 metres of diamond drilling and is designed to expand on what is currently known of the geology and mineral potential of the Mount Jamie property. Previous work at Mount Jamie has explored portions of the property from surface to a depth of approximately 150 m. In 2007, Hy Lake Gold drilling on the property, as well as earlier exploration programs, confirmed the presence of high-grade gold-bearing zones. Reference to the previous work and other technical details can be found in the Company's NI 43-101 report prepared by Mr. Peter Bevan, P.Eng. and is available on SEDAR and at www.hylake.com.

Hy Lake has recently updated a three-dimensional digital database of all available diamond-drill data on the Mount Jamie property and has an improved understanding of the occurrence's geometry. Analysis of this compilation has provided the basis for the current exploration concept.

The initial drilling will be focusing on several areas shown in the map as **Blocks A-E** (Figure 1). The program will further define the continuity of high-grade intercepts and expand, along strike and at depth, the known zones of mineralization on the Mount Jamie property. In addition, drilling will test a new target, important in establishing continuity between the Mount Jamie Mine property and the Rowan Lake Mine property.

Block A covers the area near the contact between felsic metavolcanics and mafic/ultramafic intrusions. Historical drilling results here include intersections of **111** grams per tonne ("g/t") gold over 0.3m (hole JF-82), **42.5** g/t gold over 0.3m (hole JF-81) and **28.8** g/t gold over 0.3m (hole JF-76).

Drilling in the areas of **Blocks B, C, D** is intended to delineate and expand the gold-bearing sub-vertical vein system referred to as the North Vein. This vein system strikes through the #2 Shaft to the East Boundary Zone in a NW-SE direction over more than 1.5 km. Highlights from past drilling into portions of this vein system include but are not limited to:

- **Block B:** **256** g/t gold over 0.15m in hole 101-S and **26.7** g/t gold over 0.91m in hole 104-S;
- **Block C:** **32.9** g/t gold over 0.3m and **27.9** g/t gold over 0.46m in hole 116-S and **21.1** g/t gold over 1.07m in hole 113-S and **14.9** g/t gold over 1.52m in hole P-6 and **9.8** g/t gold over 0.85m and **8.5** g/t gold over 0.62m in hole P-8;
- **Block D:** **8.6** g/t gold over 0.3m in hole HY-07-17 (near surface) and **1.2** g/t gold over 0.4m in hole HY-07-39 (at app. 300m). This last intersection may be taken as a conservative estimate of possible downdip gold mineralization extension.

- **Block E:** a number of east-southeast trending conductive zones were mapped by an Induced Polarization Survey (1995) and Ground Magnetic & VLF surveys (1996) conducted by Placer Dome, with apparent extension along strike to the east. These types of anomalies could be explained by massive to semi-massive mineralization or shearing, likely constituting a bedrock conductor.

Hy Lake Gold's current exploration model implies the possible existence of an ESE trending breccia corridor in the areas north of the Mount Jamie gold-bearing vein system. 2010 drilling into similar breccias at the newly discovered Rowan-NT Zone (see news release of October 25, 2010) encountered significant gold mineralization in all five holes. The current program plans to drill three holes in the **Block E** target to test this exploration model.

Hy Lake Gold President & CEO Robert Seitz stated: "As a result of our further consolidation of the west end of the Red Lake Camp, Hy Lake Gold is in a unique position to explore and develop our more than 12 kilometres of contiguous, unimpeded exploration horizon along the Pipestone Bay–St. Paul Bay deformation corridor." Each of the Company's historic mine properties; Mount Jamie, Rowan Lake and Red Summit, host significant gold occurrences and are situated in a similar geological setting as the major mines in the east end of the camp. "Our properties lie within a major deformation corridor, are intersected by a possible First-Order Structure (Golden Arm) and a Second-Order Structure (Mine Shaft Trend) and host folded ultramafic rocks with fluid pathways associated with large iron-carbonate alteration zones. With the addition of close proximity to a regional unconformity, Hy Lake Gold's properties possess several critical discriminators for exploration for world-class deposits in the Red Lake Greenstone Belt."

Vadim Galkin, P.Geo., VP Exploration for Hy Lake Gold, who is a qualified person under the definition of National Instrument 43-101, has reviewed the technical information contained in this press release. Core samples from the Mount Jamie program will be cut in half using a diamond cutting saw and will be sent to Actlab, an accredited mineral analysis laboratory in Red Lake, Ontario for preparation and analysis utilizing both fire assay and screen metallic methods. Certified gold reference standards, blanks and field duplicates will be routinely inserted into the sample stream as part of Hy Lake Gold's quality control/quality assurance program.

Hy Lake Gold has also retained the services of Mr. Michael Schweinberger, M.Sc. to manage field operations for this phase of the 2011 exploration program. As field geologist, Michael will supervise drilling operations, log and sample drill core and manage core cutting. In addition, he will undertake prospecting and mapping initiatives and assist in guiding a soil-sampling program. Michael brings nearly 10 years of field experience to the Company and possesses excellent data compilation and analysis skills. Having studied at both the University of Friedburg and the University of Marburg, Michael is fluent in German.

Chibougamau Diamond Drilling Ltd. of Chibougamau, Quebec has mobilized a drill rig to the property and has begun drilling the initial 2,200 metres of the 2011 Hy Lake Gold program. Initial results are expected to be received and analyzed by the Company by the end of February 2011.

About the Mount Jamie Mine Property

The 140 hectare Mount Jamie Property is located in Todd Township at the western end of the Red Lake Greenstone Belt approximately 25 km west-northwest of Red Lake, Ontario. Rocks in the vicinity of the property form part of the Ball assemblage and the property is underlain by a series of Archean volcano-sediments that host several gold-bearing quartz veins. The property was explored underground by two shafts, with one on each of two known veins. Shaft No. 1 (Main Zone) reached a depth of 772 feet (235 m) with 3,200 feet (975 m) of lateral development and 630 feet (192 m) of raising on three levels. Shaft No. 2 (North Zone) was sunk to a depth of 559 feet (170 m) with some limited lateral development on the first level. Historical surface and underground exploration work, carried out mainly between 1936 and 1989, outlined an inferred resource of 44,535 tons of ore grading 0.438 oz of gold per ton (15.0 g/t gold)

in the Main Zone. Historical resource figures are non-NI 43-101 compliant. Additional zones and shoots of gold mineralization have also been identified elsewhere on the property.

About Hy Lake Gold Inc.

Hy Lake Gold is a well financed Toronto-based mineral exploration company focused on the gold exploration and development business in the prolific Red Lake Mining District of Northwestern Ontario, Canada. Hy Lake Gold has assembled several significant property packages totalling approximately 3,300 hectares in west Red Lake. The properties cover a 12 kilometre distance along the west Red Lake Trend, containing 3 former producing gold mines, and the Company continues to explore these properties both along strike and at depth. To find out more about Hy Lake Gold Inc. (CNSX: HYL; FRANKFURT: HYK) visit our website at www.hylake.com.

On behalf of the board:

Mr. Robert B. Seitz, President & C.E.O.
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Forward-Looking Statements

This release contains forward-looking statements, including predictions, projections and forecasts. Forward-looking statements include, but are not limited to, statements with respect to exploration activities and results (including the timing of results), the timing and success of exploration activities generally, permitting timelines, government regulation of exploration and mining operations, environmental risks, title disputes or claims, limitations on insurance coverage, timing and possible outcomes of any pending litigation and timing and results of future resource estimates or future economic studies, and in particular include statements with respect to the timing of the reporting of drilling results at Rowan Lake and the other properties. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “planning”, “planned”, “expects”, or “looking forward”, “does not expect”, “continues”, “scheduled”, “estimates”, “forecasts”, “intends”, “potential”, “anticipate”, “does not anticipate”, or “belief”, or describes a “goal” or variation of such phrases or state that certain actions, events or results “may”, “could”, “would”, or “will” be taken, occur or be achieved.

Forward-looking statements are based on a number of material factors and assumptions, including the result of drilling and exploration activities, the expected geological conditions or formations are not located, that contracted parties provide goods and/or services on the agreed timeframes, that the equipment necessary for the exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred, that plant and equipment function as specified, that no unusual geological or technical problems occur, and that laboratory and other related services are available and perform as contracted.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration. Although Hy Lake has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurances that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

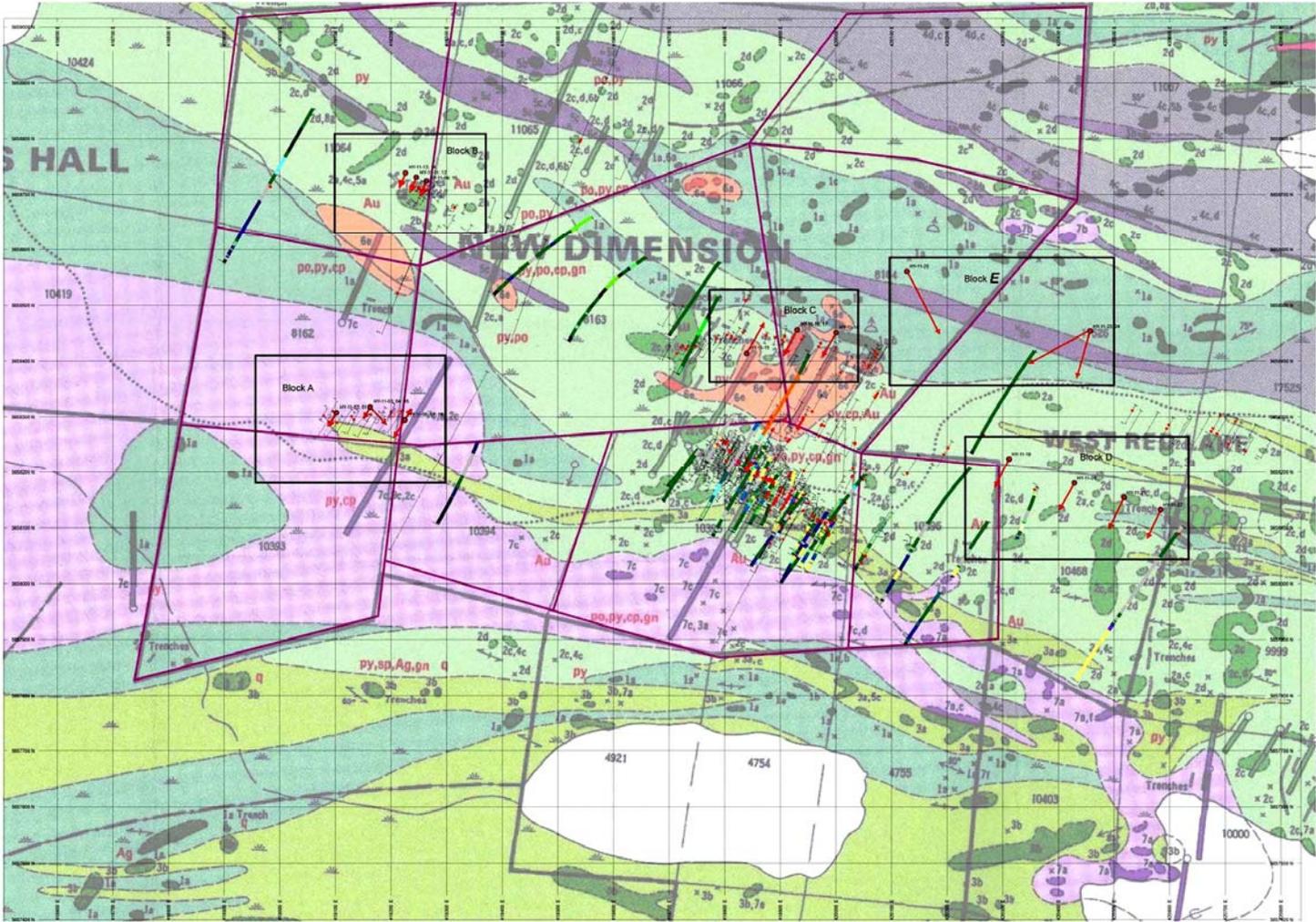


Figure 1