



Houston Lake Mining Inc.

MANAGEMENT DISCUSSION & ANALYSIS

For the nine months ending December 31, 2010

This Management Discussion & Analysis ("MD&A"), for Houston Lake Mining Inc. ("Houston" or the "Company"), is prepared with an effective date of September 30, 2010, unless otherwise indicated and should be viewed in conjunction with the Company's financial statements and annual information form. Other continuous disclosure documents, including the Annual Information Form, Company's press releases and other quarterly and annual reports are available through its filings with the securities regulatory authorities in Canada at www.sedar.com ("SEDAR") and are also available on the Company's website www.houstonlakemining.com.

TABLE OF CONTENTS

1. GLOSSARY OF TECHNICAL INFORMATION	3
2. FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT	9
3. HISTORICAL RESOURCE ESTIMATES.....	9
4. INTRODUCTION	9
5. OVERVIEW	10
6.1 DUBENSKI GOLD ZONE (“DGZ”)	11
6.2 ANGEL HILL GOLD ZONE (“AHGZ”)	12
6.3 DOGPAW LAKE GOLD PROPERTY (“DPL”)	13
6.4 ROBERTSON GOLD ZONE.....	14
6.5 MCLENNAN GOLD ZONE.....	14
8. PAKEAGAMA LAKE RARE METALS PROJECT.....	16
9. EXPLORATION STANDARDS	16
10. EXPLORATION ACTIVITIES AFFECTING THE BALANCE SHEET.....	16
11. FINANCING ACTIVITIES	16
12. RESULTS OF OPERATIONS.....	16
13. CAPITAL STOCK	17
14. LIQUIDITY AND WORKING CAPITAL.....	17
15. OFF-BALANCE SHEET ARRANGEMENTS.....	17
16. ASSET-BACKED COMMERCIAL PAPER	17
17. RELATED PARTY TRANSACTIONS	17
18. OUTLOOK.....	17
19. RISKS AND UNCERTAINTIES	18
20. EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES	18

FIGURES

Figure I: Houston's Key Exploration Projects.....	10
Figure II: Houston's West Cedartree Gold Project and Kenora District Gold Resources	11

1. GLOSSARY OF TECHNICAL INFORMATION

The estimated mineral reserves and mineral resources discussed herein have been calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) – Definitions Adopted by CIM Council on December 11, 2005 (the “**CIM Standards**”) which were adopted by the Canadian Securities Administrators’ National Instrument 43-101 Standards of Disclosure for Mineral Projects (“**NI 43-101**”). The following definitions are reproduced from the CIM Standards:

The term “**mineral reserves**” means the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes allowances for dilution and losses that may occur when the material is mined. A “**proven mineral reserve**” is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified. A “**probable mineral reserve**” is the economically mineable part of an indicated mineral resource, and in some circumstances a measured mineral resource, demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

The term “**mineral resources**” means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. A “**measured mineral resource**” is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. An “**indicated mineral resource**” is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. An “**inferred mineral resource**” is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The following technical terms may be used in this MD&A, and may appear capitalized or in lower case, without any difference in meaning:

Adamellite: Quartz monzonite. A medium to coarse-grained plutonic rock containing major plagioclase, orthoclase, and quartz, with minor biotite, hornblende, and accessory apatite, zircon, and opaque oxides.

Advance royalty - A form of royalty where the payment is made before the start of commercial production.

Albite – A plagioclase sodium feldspar.

Alkalic - Containing either sodium or potassium.

Alteration - Any change in the mineral composition of a rock that is brought about by physical or chemical means

Amblygonite: A natural fluorophosphate of aluminum and lithium having the approximate formula, $2\text{LiF} \cdot \text{Al}_2\text{O}_3 \cdot \text{P}_2\text{O}_3$. It should contain 10.1% Lithia, but actual samples average 8.2% due to partial replacement of the Lithia by soda and potash, partial alteration of the mineral to nonlithium minerals and the presence of impurities. It is the least expensive source of alumina-phosphate and is the highest Lithia containing lithium minerals. It produces opacity in glass dinnerware. Its usage is restricted due to its relatively limited availability.

Amphibolite grade metamorphism: A metamorphic facies assemblage of minerals formed at moderate to high pressures between 450 and 700°C during regional metamorphism.

Andesite – Igneous rock of intermediate composition.

Ankerite - An iron rich carbonate mineral.

Anomalous rare earth elements (Pakeagama): Lithium (Li), Rubidium (Rb), Cesium, Beryllium (Be), Tantalum (Ta), columbium (Cb), Niobium (Nb), Tin (Sn), Gallium (Ga), Germanium (Ge), Hafnium (Hf).

Anomaly - Geochemical and/or geophysical data, which deviates from the norm.

Aplite: A light-colored igneous rock characterized by a fine-grained saccharoidal (i.e., aplitic) texture. Aplites may range in composition from granitic to gabbroic, but the term aplite with no modifier is generally understood to mean granitic aplite, consisting essentially of quartz, potassium feldspar, and acid plagioclase. The term, from a Greek word meaning simple, was in use before 1823. glass manufacture.

Archean - Oldest rocks of the Precambrian Era, older than about 2.5 billion years.

Argillaceous: Pertaining to, largely composed of, or containing clay-size particles or clay minerals, such as an argillaceous ore in which the gangue is mainly clay; esp. said of a sediment (such as marl) or a sedimentary rock (such as shale) containing an appreciable amount of clay.

Argillite: A compact rock, derived either from mudstone (claystone or siltstone), or shale, that has undergone a somewhat higher degree of induration than mudstone or shale but is less clearly laminated and without its fissility, and that lacks the cleavage distinctive of slate.

Assay - An analysis to determine the presence, absence or quantity of one or more chemical components.

Au – Chemical symbol for the element gold.

Basalt – Common dark and fine grained extrusive mafic volcanic rock.

Base Metal - A metal, such as copper, lead, nickel, zinc or cobalt.

Belt - A specific elongate area defined by unique geologic characteristics.

Beryl: A hexagonal mineral, $\text{Be}_3\text{Al}_2\text{Si}_6\text{O}_{18}$; green, blue-green, and other pale tints; in granite pegmatites, mica schists, and an accessory mineral in felsic igneous rocks; the chief source of beryllium. Transparent and colored gem varieties include emerald, aquamarine,morganite, heliodor, golden beryl, bixbite, and vorobievite.

Breccia - Rock fragmented into angular components surrounded by a mass of finer grained material.

Bronzite – An orthorhombic mineral (pyroxene) consisting of a ferriferous variety of Enstatite and often having a lustre like that of bronze.

Carbonate - Mineral calcium carbonate (CaCO_3) and often a rock composed principally thereof.

Chalcopyrite – Copper iron sulphide (CuFeS_2).

Chlorite - A green platy iron-magnesium rich metamorphic mineral.

Claim (Mineral) – The area that confers mineral exploration/exploitation rights to the registered holder under the laws of the governing jurisdiction.

Clinopyroxene – Pyroxenes that crystallize in the monoclinic system and are commonly greenish in colour.

Collar - The top of a drill hole.

Columbite, Tantalite, Niobite: A natural oxide of niobium, tantalum, ferrous oxide, and manganese found in granites and pegmatite $[(\text{Fe},\text{Mn})(\text{Nb},\text{Ta})^2 \text{O}_6]$. Some tin or tungsten may be present in the mineral. Iron black to brownish black in colour; streak, dark red to black; luster, submetallic; Moh's hardness, 6; specific gravity, 5.2 to 7.9 See also: tantalite.

Columbium (CB): Also called niobium (Nb). A shiny, white, soft, and ductile metallic element. Symbol, Nb (niobium) or Cb (columbium). The name niobium was adopted by the International Union of Pure and Applied Chemistry. Many chemical societies and government organizations refer to it as niobium, but most metallurgists, metals societies, and commercial producers still refer to the metal as columbium. Found in niobite (or columbite), niobite-tantalite, pyrochlore, and euxenite. Used as an alloying agent in carbon and alloy steels, in nonferrous metals, and in superconductive magnets.

Conglomerate - A sedimentary rock composed of rounded to subrounded transported fragments greater than 2 millimetres (pebbles, cobbles, boulders) cemented into a solid mass.

Dacitic – Igneous rock intermediate in compositions between andesite and rhyolite.

Diamond Drilling/Drill Hole - A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.

Diabase - A common basic igneous rock usually occurring in dykes or sills.

Diopside – A calcium-magnesium silicate (clinopyroxene), $\text{CaMg}(\text{Si}_2\text{O}_6)$, that is coloured white to light-green. The colour deepens with the addition of iron. Moh's hardness: 5 to 6; specific gravity: 3.2 to 3.3. It is found in regionally metamorphic rocks.

Dip - The angle at which a stratum is inclined from the horizontal.

Dyke - A tabular body of igneous rock cross cutting the host strata at a high angle.

Epithermal - A hydrothermal deposit formed close to surface at low temperature and pressure.

Elbaite: A trigonal mineral, $3[\text{Na}(\text{Li},\text{Al})_3\text{Al}_6(\text{OH},\text{F})_4(\text{BO}_3)_3\text{Si}_6\text{O}_{18}]$; tourmaline group; occurs in triangular and hexagonal prisms; varicolored; commonly zoned, pyroelectric and piezoelectric; in granites and granite pegmatites; and used as a gemstone (pink rubellite, blue indicolite, green verdolite, colorless achroite, zoned pink-white-green watermelon tourmaline).

Enstatite – A pyroxene mineral, $\text{MgO} \cdot \text{SiO}_2$. Its colour is yellowish- or greenish – gray.

Fault - A fracture in a rock along which there has been relative movement between the two sides either vertically or horizontally.

Fe - Chemical symbol for the element iron.

Feldspar - A group of common aluminosilicate minerals.

Felsic - Igneous rock composed principally of feldspars and quartz.

Ferriferous – A synonym for ferruginous (iron bearing).

Fertile - As in fertile granite. For example, a parental rock that gives rise to rare metal pegmatite.

Fluvial/fluvialite - Sedimentary material found in river beds.

Fold - Bend in strata or any planar structure.

Foliation - Parallel orientation of platy minerals or mineral banding in rocks.

Footwall - The wall or rock on the underside of a vein or structure.

Formation - A body of rock identified by lithological characteristics and stratigraphic position.

Fracture - A break in the rock, the opening of which allows the entry of mineral-bearing solutions.

Fuchsite - Mica with a characteristic (emerald) green colour arising from the presence of chrome or vanadium.

Gabbro – A fine to coarse grained, dark coloured crystalline igneous intrusive rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.

Gabbro-Norite – An igneous rock that is made up mainly of clinopyroxene and orthopyroxene and can contain upwards of 1/3 feldspar.

Geochemistry/Geochemical - Study of variation of chemical elements in rocks or soil.

Geology/Geological – Study of the Earth's history and life, mainly as recorded in rocks.

Geophysics/Geophysical - Study of the earth by quantitative physical methods, either by surveys conducted on the ground, in the air (by fixed wing aircraft or helicopter) or in a borehole or drillhole.

Gold – A heavy, soft, ductile, malleable precious metal used in jewelry, dentistry, electronics and as an investment.

Grams per tonne (g/t) – A unit of measurement commonly used to quantify the concentration of precious metals.

Granoblastic: Pertaining to a homeoblastic type of texture in a nonschistose metamorphic rock upon which recrystallization formed essentially equidimensional crystals with normally well sutured boundaries.

Granophyre: An irregular microscopic intergrowth of quartz and alkali feldspar.

Granophyric: Of or pertaining to granophyre

Greenstone belt - Area underlain by metamorphosed volcanic and sedimentary rocks, usually in a continental shield.

Greywacke - Grey sandstone consisting of poorly sorted grains of quartz, feldspar and rock fragments in a clay matrix.

Hangingwall - The wall or rock on the upper side of a vein or structure.

Hectare - A square of 100 metres on each side.

Hematite - Black to reddish brown, non-magnetic iron oxide (Fe_2O_3).

Holmquistite: An orthorhombic mineral, $\text{Li}_2(\text{Fe},\text{Mg})_3\text{Al}_2\text{Si}_8\text{O}_{22}(\text{OH})_2$; amphibole group, with $\text{Mg}/(\text{Mg}+\text{Fe}^{2+}) = 0.1$ to 0.89 ; in granite pegmatites. A bluish-black silicate of lithium, magnesium, iron and aluminum with fluorine and hydroxyl. A lithium-bearing variety of glaucophane (or amphibole). Monoclinic, prismatic.

Holocrystalline – Rocks consisting entirely of crystalline minerals and no glass. The minerals may or may not have crystal boundaries, and the rocks may be granular or porphyritic.

Horizon - A defined layer within a stratigraphic sequence, having unique characteristics distinguishing it from the rest of the sequence.

Igneous - A classification of rocks formed from the solidification from a molten state.

Ilvaite: An orthorhombic and monoclinic mineral, $\text{CaFe}_2\text{FeSi}_2\text{O}_7\text{O}(\text{OH})$; in prisms with vertically striated faces; compact, massive, or fibrous; in some magnetite orebodies, in zinc and copper ores, in contact deposits in dolomitic limestone, and in sodalite syenite near Julianehaab, Greenland.

Infill drilling - Any method of drilling intervals between existing holes, used to provide greater geological detail and to help establish resource/reserve estimates.

Intrusive/Intrusions - An igneous rock that invades older rocks.

Iron formation (banded) - Chemically precipitated rock consisting of repeated thin layers of chert (silica) and iron oxides commonly magnetite and/or hematite.

Ironstone - A sedimentary rock containing a substantial proportion of iron.

IP/Induced polarization - Method of ground geophysical surveying employing an electrical current to determine indications of mineralization through the measurement of resistivity and chargeability.

JV/Joint venture - business arrangement usually between companies that defines each parties vested interest in an asset.

Komatiite - A volcanic rock containing a high concentration of magnesium and generally a low concentration of silica.

Lepidolite, lithia mica: A fluorosilicate of potassium, lithium and aluminum, $\text{K}^2\text{Li}^3\text{Al}^2(\text{AlSi}^3\text{O}^{19})^2(\text{O},\text{OH},\text{F})_4$; monoclinic; colour, pink, lilac and grayish-white; luster, pearly; perfect micaceous cleavage; comparatively rare mineral found in pegmatite dykes. Usually associated with other lithium-bearing minerals such as pink and green tourmaline, amblygonite and spodumene. Used as a source of lithium and in heat-resistant glass

Mafic - An igneous rock composed chiefly of dark iron and manganese silicate minerals.

Magnetic Survey - A geophysical survey conducted on the earth's surface that measures variations in the earth's magnetic field caused by variations in rock type or geological structures.

Magnetite - Black, magnetic iron ore, an iron oxide (Fe_3O_4).

Mapping – The art and science of recording geological observations on a map.

Massive - Solid (without fractures) wide (thick) rock unit.

Melanocratic – Sixty to 100% of the (igneous) rock is made up of dark minerals.

Metamorphism/Metamorphic/Meta - A process whereby the composition of rock is modified by heat and pressure/A class of rock affected by metamorphism.

Mg - Chemical symbol for the element magnesium.

Mineralization - The concentration of metals and their chemical compounds in a body of rock.

Mineral Indicators for Rare Earths: blue fluorapatite, deep green elbite, high rubidium in feldspar, presence of pollucite, efficient zonal process, see anomalous elements.

Molybdenite - Molybdenum sulphide (MoS₂)

Mudstone – A fine grained sedimentary rock originally composed of clay and mud.

Mylonite: A hard, compact rock with a banded or streaky structure produced by Extreme granulation in both strike-slip and thrust fault zones.

Niobium: see columbium

NSR - Net Smelter Royalty – Royalty based on the actual gold sale price received less the cost of refining

Ore - Rock containing mineral(s) or metals that can be economically extracted to produce a profit.

Orogen/Orogeny – Deformation of a belt of rocks through folding and faulting, in many places accompanied by metamorphic and intrusive rocks that form mountains/the process of mountain building.

Orthopyroxene – Pyroxenes that crystallize in the orthorhombic system and are commonly brownish in colour.

Outcrop - An exposure of bedrock at the surface.

Pelite: A sediment or sedimentary rock composed of the finest detritus (clay- or mud-size particles); e.g., a mudstone, or a calcareous sediment composed of clay and minute particles of quartz. The term is equivalent to the Latin-derived term lutite.

Pelitic: Pertaining to or characteristic of pelite; especially said of a sedimentary rock composed of clay, such as a pelitic tuff representing a consolidated volcanic ash consisting of clay-size particles.

Peraluminous: Said of igneous rocks in which the molecular proportion of alumina exceeds that of soda, potash, and lime combined.

Peridotite – A general term for essentially non-feldspathic plutonic rocks consisting of olivine, with or without other mafic minerals. The other mafic minerals maybe amphiboles, pyroxenes or, less likely, micas. Minerals of the spinel group may be present.

Petalite: A monoclinic mineral, LiAlSi₄O₁₀; perfect cleavage; vitreous; resembles spodumene; a source of lithium salts; in granite pegmatites.

Pillowed - Volcanic rock texture that formed from the bulbous cooling of magma when cooled quickly in water.

Plunge - The vertical angle an ore body makes between the horizontal plane and the direction along which it extends, longitudinally to depth.

Pluton - Body of rock exposed after solidification at great depth.

Pollucite: An isometric mineral, (Cs, Na)₂Al₂Si₄O₁₂·H₂O; zeolite group; forms a series with analcime; colorless; occurs in granite pegmatites; a source of cesium and a minor gemstone.

ppb – Concentration in parts per billion.

ppm – Concentration in parts per million.

Porphyry - A rock consisting of larger crystals embedded in a more compact finer grained groundmass.

Prospecting – The art and science of searching for mineral deposits.

Proterozoic - The youngest part of the Precambrian from 2450 - 570 million years ago.

Pyrite - Iron sulphide mineral (FeS₂).

Pyroxene – A calcium/sodium ferromagnesium silicate.

Pyroxenite – A coarse-granited, holocrystalline rock consisting mainly of pyroxenes. Accessories may include biotite, hornblende and olivine.

Pyrrhotite – A slightly to moderately magnetic sulphide or iron that is often associated with the nickel sulphide, pentlandite. The mineral can contain nickel, and the elevated values for nickel in the gabbros of Tib Lake may be indicative of this. Nickel is a potential indicator element, along with copper, for Pt/Pd mineralization. The determination of distribution patterns for nickel and copper, especially, maybe a key to locating Pt/Pd mineralization.

Quartz - A mineral composed of silicon dioxide.

Rare Earth Elements; Rare Earths: A group of rare metals very similar to one another and to aluminum in many properties. Thorium is very closely associated in nature with this group, and the source of thorium salts is monazite.

Rare Earth Metals - A group of widely distributed metals comprising Scandium (At. No. 21), Yttrium (At. No. 39), and 15 elements of atomic numbers 57 to 71, inclusive. They have the same arrangement of the

two external shells of electrons in their atoms and resemble one another very closely in chemical and physical properties, being thus most difficult to separate from each other. It is to this, rather than their actual rarity in nature, that they so described. The metals are divided into three groups (cerium, terbium and yttrium) based upon the methods used to separate them from their ores

Rare Earths - A series of widely distributed but relatively scarce minerals, principally oxides of the rare earth metals.

Rhyolite – Igneous rock of felsic (silica rich) composition.

Rubellite- A pink gem variety of elbaite.

Sausseritization - The replacement of (plagioclase in particular) in basalts and gabbros by a fine-grained aggregate of zoisite, epidote, calcite, sericite and zeolite. The iron-magnesium minerals may be chloritized during the process.

Sandstone – A sedimentary rock composed mainly of sand-sized quartz and/or feldspar.

Schist – Rocks of medium-grade metamorphism with well developed lamellar minerals.

Sediment - Solid material that has settled down from a state of suspension in a liquid; may be transported and deposited by wind, water or ice, chemically precipitated from solution, or secreted by organisms, forms in layers in loose unconsolidated form.

Sedimentary - Pertaining to or containing sediment or formed by its deposition.

Sericite - Generally light coloured iron, magnesium and sodium rich mica.

Shear - A planar zone of deformed rock caused by the movement of the rock.

Siliceous - A rock rich in silica.

Sill - A tabular body of igneous rock conforming to the strata it invades.

Siltstone – A sedimentary rock with an intermediate grain size finer than sandstone with a higher clay fraction.

Soil Sampling - Systematic collection of soil samples from a series of different locations in order to study the distribution of its geochemical composition.

Specific gravity - The density of a substance relative to the density of water.

Splay – Branch of a fault.

Spodumene- A monoclinic mineral, $\text{LiAlSi}_2\text{O}_6$; pyroxene group; prismatic cleavage; in granite pegmatites in crystals up to scores of meters long (called logs); a source of lithium; may be of gem quality (lavender kunzite, green hiddenite). Formerly called triphane.

Stockwork – A local higher density of veins/stringers at numerous orientations

Strike - Direction or trend of a geologic structure.

Stringer - A very small vein or irregular filament of mineral(s) cutting a rock mass, occurs independently or as a branch of a larger vein.

Structure/Structural - Pertaining to geological structure such as folds, faults, etc.

Sulphide/Sulphidation - A group of minerals in which one or more metals are found in combination with sulphur/rock that has been sulphidized.

Syenite - An felsic intrusive igneous rock composed chiefly of the mineral orthoclase

Tantalite: A mineral series ferrotantalite-manganotantalite; unless specified it refers to ferrotantalite, an orthorhombic mineral, FeTa_2O_6 ; black; in pegmatites; the main source of tantalum.

Tantalum (Ta): A rather brittle, lustrous, hard, heavy, gray metallic element. Symbol Ta. Occurs principally in the mineral columbite-tantalite, $(\text{Fe,Mn})(\text{Nb,Ta})_2\text{O}_6$. Widely used to fabricate chemical process equipment, nuclear reactors, and aircraft and missile parts. Used to make electrolytic capacitors, vacuum furnace parts, and surgical appliances.

Tonalite - A coarse-grained igneous rock, quartz-mica diorite. Two varieties are distinguished: soda tonalite, with albite in excess of anorthite, and lime tonalite, with anorthite in excess of albite. Compare to ademellite. They are biotitic at Pakeagama

Tholeiite – Mafic volcanic rock with higher silica and lower sodium, potassium and magnesium content.

Tourmaline - Any member of the trigonal mineral group, $\text{XY}_3\text{Z}_6(\text{BO}_3)_3\text{Si}_6\text{O}_{18}(\text{OH},\text{F})_4$ where X is Na partially replaced by Ca, K, Mg, or a vacancy, Y is Mg, Fe^{2+} , Li, or Al, and Z is Al and Fe^{3+} ; forms prisms of three, six, or nine sides; commonly vertically striated; varicolored; an accessory in granite pegmatites, felsic igneous rocks, and metamorphic rocks. Transparent and flawless crystals may be cut for gems.

Tuff/Pyroclastics - A rock formed of compacted volcanic fragments.

Turbidite - Submarine landslide along a continental slope containing large masses of sediment.

Ultramafic – A dark coloured igneous rock with a low silica content and characterized by mafic minerals, such as olivine, amphibole and pyroxene.

Unconformity - A surface of erosion that separates younger rocks from older rocks.

Uralitization – The process whereby primary pyroxene → uralite, which is a fibrous or acicular variety of hornblende.

Vein - A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz /a small vein or cluster of veins.

Volcanic - Descriptive of rocks originating from volcanic activity.

Volcano-sedimentary - A mix of rocks formed by volcanic and sedimentary processes.

2. FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT

This MD&A may contain certain forward looking statements concerning the future performance of the business of Houston Lake Mining Inc. (“Houston”) or the “Company”), its operations and its financial performance and condition, as well as management’s objectives, strategies, beliefs and intentions. These forward-looking statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management’s expectations. Forward-looking statements include estimates and statements that describe the Company’s future plans, objectives or goals, its ability to access capital, the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and reliance on key personnel, and include words to the effect that the Company or management expects a stated condition or result to occur. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. Statements relating to estimates of reserves and resources are also forward-looking statements as they involve risks and assumptions, including but not limited to assumptions with respect to future commodity prices and production economics, that the reserves and resources described exist in the quantities and grades estimated and are capable of economic extraction. Forward-looking statements may be identified by such terms as “believes”, “anticipates”, “expects”, “estimates”, “may”, “could”, “would”, “will”, or “plan”. All forward-looking information is inherently uncertain and subject to risks, uncertainties, and a variety of assumptions to address future events and conditions. These and other factors should be considered carefully and readers should not place undue reliance on the Company’s forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

3. HISTORICAL RESOURCE ESTIMATES

Houston’s projects include properties with historical resource estimates which are not compliant with National Instrument 43-101 (“NI 43-101”). These estimates are sourced from various government and company archives which provide information on the geology and extent of the mineralization. A “qualified person” has not done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve. Houston is not treating historical estimates as current mineral resources or mineral reserves as defined by NI 43-101 and historical estimates should not be relied upon.

4. INTRODUCTION

Houston is a “reporting issuer” in the Canadian provinces of Ontario, Alberta and British Columbia. The Company’s common shares trade on the TSX Venture Exchange (“TSX.V”) under the symbol HLM.

Houston is a vertically integrated resource company actively exploring for gold, platinum group metals and rare metals with a strategic focus on northwestern Ontario.

The Company's shares are listed on the TSX Venture Exchange under the symbol HLM and the head office is located in Val Caron, just north of Sudbury, Ontario.

The following management discussion and analysis should be read in conjunction with the Corporation's audited annual financial statements for the years ended March 31, 2010 and 2009, which were prepared in accordance with generally accepted accounting principles in Canada. All amounts are expressed in Canadian dollars unless otherwise stated.

Additional information regarding the Company can be found on SEDAR at www.sedar.com. The Corporation's web site is www.houstonlakemining.com.

5. OVERVIEW

Since start-up in 1995, Houston Lake has acquired 100% interests in 8 properties that comprise the Company's three significant project groups: the West Cedartree Gold Project near Kenora, the Tib Lake PGM Project near Thunder Bay and the Pakeagama Lake Rare Metals Project near Red Lake. Our objective is to limit future dilution and increase shareholder value by becoming a gold producer.



Figure I: Houston's Key Exploration Projects

6. WEST CEDARTREE GOLD PROJECT

The West Cedartree Gold Project consists of eight 100 percent owned and optioned contiguous properties. The eight contiguous properties are: McLennan, Dogpaw Lake, Dogpaw West, Dubenski, Jesse (North), Gold Sun, West Cedartree and North Block. In total West Cedartree is comprised of over 16-hundred hectares, and covers a six kilometre strike length of the key geology. The project has six

identified gold zones of which there are three principal high-grade gold bearing zones that have quantifiable resources. These gold bearing zones are:

- Dubenski Gold Zone (Quantifiable Resource);
- Peninsula Gold Zone;
- Angel Hill Gold Zone (Quantifiable Resource);
- McLennan Gold Zone; and
- Dogpaw Gold Zone (Quantifiable Resource);

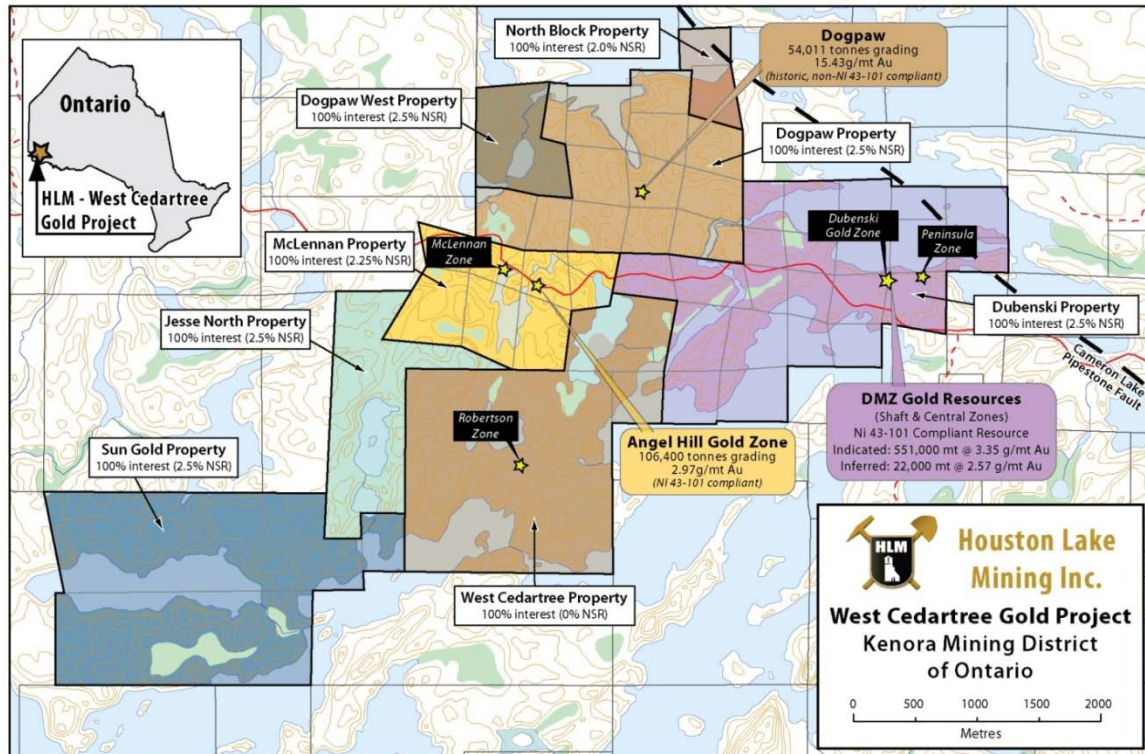


Figure II: Houston's West Cedartree Gold Project and Kenora District Gold Resources

The West Cedartree Gold Project (WCGP) contains six or more known gold zones contained within 1,673.6 hectares near Kenora, Ontario. The development plan is to explore the project to seek the ounces and grades in order to justify production either by supply to a third party mill, or economically justify an on-site mill facility.

6.1 DUBENSKI GOLD ZONE (“DGZ”)

In May of 2007 Houston Lake acquired the right to purchase a 100% interest in the advanced stage Dubenski gold property, for a total consideration of \$4.5 million in cash payments and 700,000 common shares subject to a 2.5% net smelter royalty (“NSR”). The Dubenski property hosts a historic mineral resource (1998) of 355,286 tonnes averaging 6.32 g/mt Au for the Shaft, Central and East Zones to a depth of 150m.

In 2008, Consulting firm Watts Griffis and McOuat (WGM) has completed a 17 hole, 1799m drill program aimed at upgrading the historic Shaft Zone resource to modern standards. Drilling encountered spectacular gold values grading as high as 8.0m of 40.99 g/mt gold, 9.0m of 40.70 g/mt gold, 7.0m of

35.31 g/mt gold and 22.0m of 35.68 g/mt gold. An IP survey was completed to generate targets from near surface to depths of up to 400m.

A Phase II, 22 hole, 2,232m drill program was completed in December 2008 with the aim of expanding the Shaft Zone along strike and to depth. Subsequent to that a Phase III program was completed and successfully extended the gold mineralization to 365m along strike.

A NI43-101 report on the Shaft Zone gold resource was completed by WGM in November of 2009. An uncapped resource estimate of 177,400 tonnes grading 7.32 g/mt Au was indicated while 118,700 tonnes grading at 5.63 g/mt Au were inferred.

A new NI 43-101 resource calculation was done in November 2009 and it included the first three drill phases. A total indicated and inferred resource of 573,000 tonnes grading 3.50 g/t Au has been estimated. This results in an 84% increase in the indicated category.

A Phase IV, 38 hole, 4,845m drill program was completed in March 2010 with the aim of further expanding the Shaft Zone along strike and to depth. The program successfully extended the gold mineralization to 425m along strike. Gold mineralization was defined to a maximum depth of 130m. 64 of 95 drill holes from the Phase I, II, III, and IV drill programs encountered grades of 3.50 g/t Au or higher.

An Exploratory Phase V, 1600m drill program was executed in the summer of 2010 is planned for the second quarter ending September 30, 2010. The objective of this program was to provide holes to conduct downhole geophysical surveys to assist in mineralization targeting and to partly test the down-dip and plunge of the Dubenski Gold Zone.

Four holes were drilled on the Dubenski Gold Zone in the summer/fall of 2010 with the 1600m Phase IV "Dubenski Exploration" program. We have encountered several intersections bearing anomalous gold values with the deeper drilling on Dubenski Gold Zone, specifically with hole DB10-98 where the best intersection was 11 metres of 0.824 g/t gold. Holes 97 and 98 have provided us with the indications of mineralization down to a depth of approximately 450m from surface. The next step for HLM on the Dubenski Property is to conduct downhole geophysical surveys with these holes. Additional to exploration efforts at depth lies the necessity to increase the resource on the Dubenski Gold Zone via infill drilling and possible strike length extension in the medium term.

Geophysical surveys have depicted a 1.7km IP chargeability anomaly that encompasses the Dubenski Gold Zone (DGZ) and the Peninsula Zone to the east.

6.2 ANGEL HILL GOLD ZONE ("AHGZ")

The AHGZ has an estimated inferred mineral resource of 106,400 tonnes grading 2.97 g/mt Au at a cutoff of 2 g/mt (or 49,700 tonnes grading 4.77 g/mt Au at a cutoff of 4 g/mt). The inferred mineral resource was determined by systematic channel sampling of a 130m strike length of the AHGZ and by systematic drilling to a depth of 75m.

In the spring of 2006 a bulk sample was taken from the AHGZ and processed at a third party mill. A total of 1,000 tonnes yielded an average head grade of 5.67 g/mt Au. The total contained gold was 5,903.6 grams and 5,490.4 grams of gold was produced at a reported recovery of 93%. The Company received a cash settlement of \$131,893.84 and a net profit of \$51,848.12.

Subsequent to the bulk sample, stripping has extended the AHGZ for another 70m along strike. A nine hole, 1,037m drill program successfully extended the AHGZ to a vertical depth of 100m. Six of the nine drill holes returned results in excess of 7g/mt Au. In 2007 three drill holes totalling 315m were drilled into

the southerly extension of the AHGZ and successfully extended the zone for a strike length of over 280m. The AHGZ remains open to depth and along strike.

IP surveys in 2006 and 2007 have depicted a prominent chargeability anomaly. This anomaly can be traced for an overall strike length of at least 2.8km. In 2009 prospecting, mechanized stripping and IP surveys extended the AHGZ to over 3.3km.

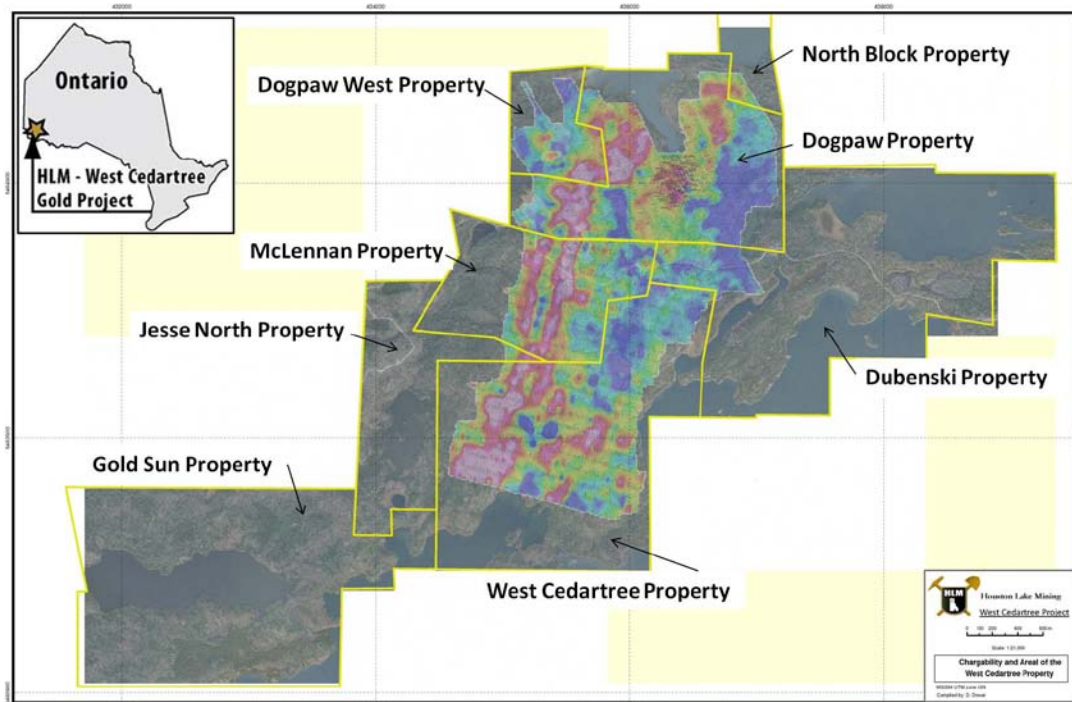


Figure III: IP Chargeability Anomalies and Identified Gold Resources

6.3 DOGPAW LAKE GOLD PROPERTY (“DPL”)

In May of 2006, Houston obtained an option on the 226.4 hectare Dogpaw Lake gold property (DPL) that adjoins the WCGP. The DPL became the Company’s chief exploration focus in 2007 and a 100% ownership was attained last year.

A 2,561m delineation drilling program commenced in February of 2007. Fourteen of the 17 drill holes intersected significant gold grades of more than 3 g/mt. The continuity of the Dogpaw No. 1 Vein gold mineralization has also been established to the maximum depth tested of 210m.

A fall, 2007 surface program of mechanized stripping, washing, detailed mapping and channel sampling was completed in the vicinity of the Dogpaw Lake No. 1 Vein. The newly exposed No. 2 and 4 Veins returned high grade gold results. These form a single gold mineralizing system that has been traced for over 310 metres along strike and to depth of 210 metres.

A 34 hole, 3,209m drill program was completed by Spring of 2008. The aim of the program was to expand upon and infill the No. 1 Vein resource and begin defining the resource laterally under the No. 2 Vein. 36 of 47 holes intersected gold values of 3 g/mt gold or higher. Down hole geophysics has identified a conductive anomaly extending from the vicinity of the No. 1 Vein. Drilling is recommended to follow up on this target.

A 14 hole, 2062m drill program was completed by September of 2008 and targeted the No. 2 Vein. The deepest hole in this drill program intersected 11.05 g/t Au. Recent channel sampling also extended the width of the gold mineralization. Channel sampling yielded 4.31 g/t Au over 5.50 m at Dogpaw Vein No. 4.

Initial sampling of the Veins No. 5 & 6 returned up to 13.88 g/t Au. Results have been received from Vein No. 6 which yielded gold grades of up to 22.19 g/t Au. This may extend the Vein No. 1, No. 2 and No. 4 system to a strike length of over 500 metres.

The aim of these programs is to upgrade the historic gold resources and complete a NI 43-101 resource calculation.

6.4 ROBERTSON GOLD ZONE

The Robertson Prospects have an insignificant exploration history dating back to the 1940's. Three showings were known to have been documented on the West Cedartree Property with minor indications of gold mineralization. The Robertson Zone at exposed surface is a 60m long by 20m wide stripped and washed area of gabbroic rock which has three converging shear zones of silicification and variable amounts of finely disseminated pyrite up to 1-2%. These converging zones trend NNE, NNW and EW and vary in width from 3 meters to 20 meters. Channel samples taken in the summer from this area ran up to 2.97 g/t Au over a length of 0.43 meters. No previous drilling has been done on this zone.

In September 2010 Houston drilled on the project and confirmed the identification of the newly discovered Robertson Gold Zone with hole WC10-01 by intersecting 42 Metres of .93g/t gold including .6 Metres of 6.56g/t.

Phase I, 1000m of drilling on the Robertson has proven to us that we have found anomalous mineralization and that further exploration is required. Hole WC10-01 shows great potential for both width at 42 metres, and also bodes well for higher grade potential intersecting .6 metres of 6.56 g/t. The Robertson holes targeted the north-south trending altered shear zones. Further results are pending from the Robertson Gold Zone, and include the testing of the east-west altered shear zone. Houston is pleased with the drilling and the company is excited at the speculation when we compare what has been drilled and the extent of unexplored geophysical anomalies on the Robertson Gold Zone and the parallel Angel Hill Gold Zone. If we look at what we have drilled thus far and the extent of IP chargeability highs from our geophysical coverage, we have a lot of exploration area to investigate.

In September 2010, a strategic sampling program was undertaken to test some of the chargeability highs in the vicinity of the Robertson Gold Zone. The prospecting samples in the vicinity of the Robertson Gold Zone were trace up to 7g/t gold and indicate that the chargeability anomaly that defines the zone continues northward and southward and are offset approximately 200 meters by lateral faulting to the east. Anomalous results have been obtained from an indicated strike length of at least 200 meters and suggest the possibility of a 400 meter length at surface.

6.5 MCLENNAN GOLD ZONE

The property geology consists of basaltic lavas and pyroclastics intruded by a large gabbro sill and quartz feldspar porphyries. Gold mineralization on the property is associated with north-south trending shear zones near the contact of or internal to the large gabbro sill. Shear zones are possibly related to the Pipestone Lake-Cameron Lake Fault Zone, a major conduit for gold deposits in the region.

In 1944 drilling by Sylvanite Gold Mines Ltd. encountered significant gold-bearing intersections over strike length of 280 m (918 ft). Hole 44-09 encountered the best intersection with 2.848 g/t gold over 4.60m. Holes drilled were approximately 40-50m deep.

In 2006, HLM conducted IP geophysics survey traced possible gold indication for over 800 m southward to where the zone appears to merge with the Angel Hill Gold Zone. Between 2006 and 2007 HLM drilled 8 shallow drill holes which encountered significant gold values over substantial widths. The best intercept was with hole 06-35 which intersected 4g/t gold over 9m from 26-35m from surface.

From 2003 to 2005 Houston conducted magnetic, VLF-EM and IP geophysics on the West Cedartree Gold Project. Interpretation of the geophysics, the McLennan Gold Zone, and a recent grab sample of 10.794 g/t gold at the contact between the gabbro sill and volcanics on the Gold Sun Property to the southwest suggests a strike potential of 3.3km.

7. TIB LAKE PGM PROJECT

The 2,496 hectare Tib Lake PGM property (2.5% NSR) is located just 15km from North America Palladium's 15,000 tonne per day mill at Lac des Iles Mine. The property covers 100% of the highly prospective Lower Zone of the Tib gabbro, the largest exploration target for platinum group metals ("PGM's") in the vicinity of the LDI mine.

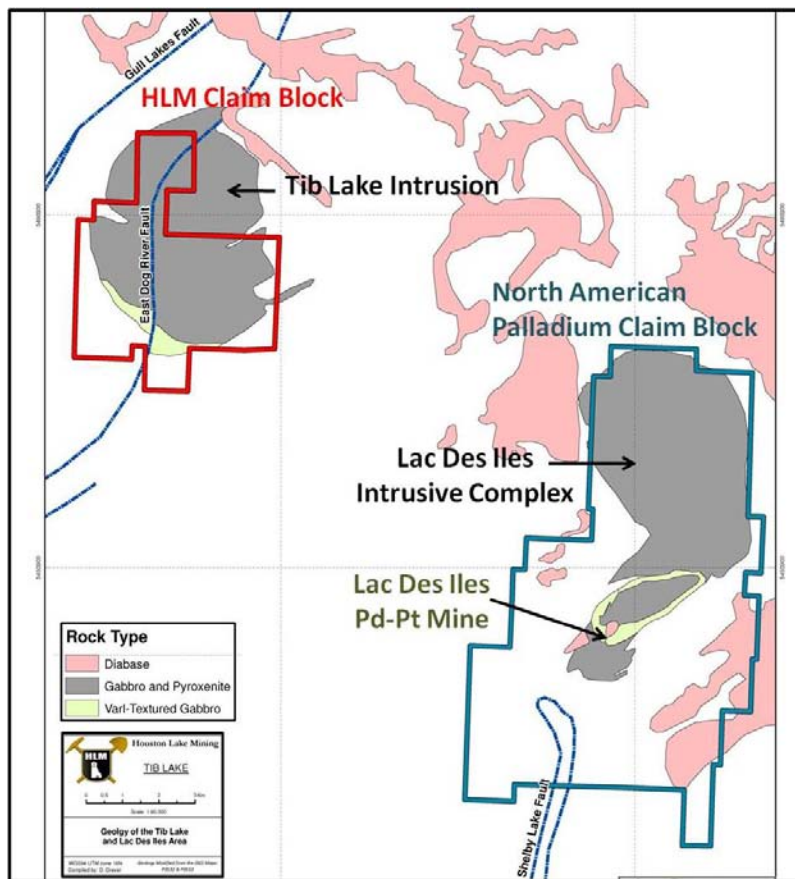


Figure III: Basic Geology of the Tib Lake and Lac Des Iles Intrusions

Four PGM occurrences have been documented in the Lower Zone: the Jewelweed, the Road, the West Shore and the Kuhner. The Kuhner Occurrence is the main site of previous exploration. Previous drilling intersected core lengths of: 18.5m grading 1.58 g/mt PGM's (Pt-Pd-Au), 22.0m of 1.46 g/mt PGM's and 14.5m grading 1.12 g/mt PGM's.

The exploration potential of the Tib Lake PGM Project evolves from a synthesis formed from the generalized PGM ore deposit model, comparative observations of the geology of the Lac Des Iles mine

vicinity and the Tib Lake gabbro, and previous exploration conducted on Houston's Tib Lake PGM project. Most recently a theory proposed suggests that "...the gossanous pegmatoid norite (GPN) layer is analogous to the Merensky Reef (MR) in the Bushveld complex in South Africa". This theory will be the subject of examination for future exploration work on the project.

HLM is currently reviewing options to advance the project.

8. PAKEAGAMA LAKE RARE METALS PROJECT

The Company has a 100% interest in the 1 mining claim (16 claim unit) Pakeagama Lake Northwest Property covering 256 hectares (632 acres). The vendor has the option to retain a 2.5% NSR. The Company may purchase 1.5% of the royalty for \$1,500,000.

The Pakeagama Lake Rare Metals Project has the three key attributes of globally exploited pegmatite deposits: large size, high concentration of rare metals and internal zonation.

In October 2007, Houston Lake carried out geological mapping and sampling in the vicinity of the rare metals pegmatite. The exposed pegmatite has an exposed strike length of 260m and is open in all directions. Furthermore, the exposure is pollucite bearing (sole cesium ore mineral). Tantalum assays were encountered up to 155 g/t, and also has revealed up to 4.62% Lithium oxide which was over 13.9m in channel sampling. A \$750,000 mechanized trenching and drilling program is independently recommended.

HLM is currently reviewing options to advance the project.

9. EXPLORATION STANDARDS

Houston Lake conducts exploration activities in accordance with "Exploration Best Practices Guidelines" established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and conforms to NI 43-101 standards. Houston Lake's exploration programs are managed by Qualified Persons as defined by NI 43-101. Refer to Houston's Annual Information Form for more details.

10. EXPLORATION ACTIVITIES AFFECTING THE BALANCE SHEET

During the nine months ended December 31, 2010 Houston invested \$566,901 in the mining properties. A total of \$413,569 was spent in acquisition and exploration costs for the Dubenski property. A total of \$141,565 was spent on exploration for the West Cedartree Property (specifically on the newly discovered Robertson Gold Zone) and \$6,740 was incurred on the Pakeagama Lake Rare Metals Project.

11. FINANCING ACTIVITIES

Ongoing exploration was funded out of the treasury. Houston Lake issued 4,791,666 common shares for a total of \$750,000 flow through dollars designated for exploration during the nine month period ending December 31, 2010.

12. RESULTS OF OPERATIONS

For the three months ended December 31, 2010 Houston incurred a net loss of \$270,656 (\$0.006/share) compared to a net loss of \$152,285 (\$0.004/share) for the same period ending in 2009.

13. CAPITAL STOCK

The issued capital in the Company increased from 33,716,213 issued and outstanding shares as at March 31, 2009 to 42,497,638 shares as at March 31, 2010. This was increased to 47,289,304 shares for the period ending December 31, 2010.

The Company issued 3,125,000 common shares for gross proceeds of \$500,000 via private placement. Total issuance costs were \$40,000.00. No options were exercised during the three month quarter.

14. LIQUIDITY AND WORKING CAPITAL

Current assets of the Company were \$747,823 as at December 31, 2010 compared with \$904,417 as at March 31, 2010.

Working capital totaled \$356,082 as at December 31, 2010 compared to \$615,065 at the March 31, 2010 year end. Current liabilities increased from \$289,352 at March 31, 2010 to \$391,741 for the current period. Of this amount, approximately \$173,253 is due to corporations controlled by a director of HLM.

The Company's current rate of cash consumption, excluding expenditures on work programs is approximately \$30,000 per month on a yearly average. All of the Company's properties are 100% owned with minimal holding costs except the 100% optioned Dubenski property. A \$100,000 option payment was made in May of 2010.

15. OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2010, the Company does not have off-balance sheet arrangements.

16. ASSET-BACKED COMMERCIAL PAPER

As at March 31, 2010, the Company does not have and has never had any exposure to asset-backed commercial paper.

17. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2010, the Company incurred a total of \$4,500 in expenditures with a company controlled by a director.

18. OUTLOOK

Houston will continue to focus on exploration and development objectives of the WCGP.

During the nine months ending, 1500 metres have been drilled on the Dubenski Property and 1000 metres has been drilled on the newly discovered Robertson Gold Zone.

We have initiated investigation of surface targets at Dogpaw and along the Angel Hill gold trend, more specifically in the vicinity of the newly discovered Robertson Gold Zone. More specifically we have discovered geophysical analysis and grab sampling that the offset extensions of the Robertson Gold Zone provide for a minimum of 250m of strike length. Diamond drilling is currently being planned for March 2011 in order to further define the potential of the mineralized zone.

The company also expects to do future drilling in February 2011 on the McLennan in order to duplicate historical drilling and trenching which discovered mineralization at near surface and to justify further exploration to scope the potential of the mineralized zone. The data from both the Angel Hill, and Dogpaw Mineralized Gold Zones are currently being examined in order to direct future exploration and

potential for these. Houston Lake's overall goal is to identify enough resources at six possible locations (Dubenski, Angel Hill, Dogpaw Mineralized Zones, Robertson, and McLennan gold zones) in order to justify production or economically construct a mill facility on site.

19. RISKS AND UNCERTAINTIES

Houston's success is dependent on a number of factors, many of which are beyond the Company's control. Risks include metal price fluctuations and the low success rate for the discovery of new deposits. Industry competition and lack of funding may also limit opportunities. Future political, regulatory and environmental changes could affect any aspect of the Company's business including property title, taxation, aboriginal issues and environmental protection. Houston plans to manage these risks by the employment of experienced personnel and consultants.

20. 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, acting Chief Executive Officer (CEO) and acting Chief Financial Officer (CFO) so that appropriate decisions can be made regarding public disclosure.

The system of disclosure controls and procedures includes, but is not limited to, the Company's Disclosure Policy and Code of Business Ethics, the effective functioning of 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 financial statements, MD&A filings and other documents and external communications.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted, under supervision of Management, including the President, acting CEO and acting 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 Interim President, acting CEO and acting CFO have concluded that the design and operation of the system of disclosure controls and procedures was effective for three months ended June 30, 2010. The President, acting CEO and acting CFO are also required, under Multilateral Instrument 52-109, to file certifications of the annual filings. Copies of these certifications may be found on SEDAR at www.sedar.com.

HOUSTON LAKE MINING INC.

Trevor R. Walker, *MBA*
President

February 28, 2011.