GOLDEN REIGN RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2010

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AUDITORS' REPORT

To the Shareholders of
Golden Reign Resources Ltd.

We have audited the consolidated balance sheets of Golden Reign Resources Ltd. as at April 30, 2010 and 2009 and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

August 26, 2010

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GOLDEN REIGN RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30

	2010	2009
ASSETS		
Current		
Cash	$ 437,900	$ 1,182,074
Receivables	10,137	8,257
Prepaid expenses	5,350	2,905
	453,387	1,193,236
Equipment (Note 3)	30,833	10,039
Mineral properties (Note 4)	985,774	-
	$ 1,469,994	$ 1,203,275
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 60,069	$ 33,160
Shareholders' equity		
Share capital (Note 5)	5,116,055	4,624,055
Contributed surplus (Note 5)	1,211,943	1,124,343
Deficit	(4,918,073)	(4,578,283)
	1,409,925	1,170,115
	$ 1,469,994	$ 1,203,275

Nature of operations and going concern (Note 1)
Commitments (Note 7)
Subsequent events (Note 12)

On behalf of the Board:

"Andrew Milligan"	Director	***"Kim Evans"***	Director
Andrew Milligan		Kim Evans	

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN REIGN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
YEARS ENDED APRIL 30

	2010	2009
EXPENSES		
Amortization	$ 6,253	$ 3,878
Consulting	9,000	45,636
Foreign exchange gain	(81)	(63)
Management fees	78,000	78,000
Office and miscellaneous	45,206	36,494
Professional fees	21,953	47,283
Property investigation	2,497	1,104
Regulatory and listing fees	23,584	15,030
Stock-based compensation (Note 5)	58,000	-
Travel and promotion	15,945	18,324
Wages and benefits	81,785	81,753
	(342,142)	(327,439)
OTHER ITEMS		
Interest income	2,352	24,009
Write-off of equipment	-	(930)
Write-down of mineral properties (Note 4)	-	(1)
	2,352	23,078
Loss and comprehensive loss for the year	(339,790)	(304,361)
Deficit, beginning of year	(4,578,283)	(4,273,922)
Deficit, end of year	$ (4,918,073)	$ (4,578,283)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of basic and diluted common shares outstanding	26,672,250	25,939,716

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN REIGN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (339,790)	$ (304,361)
Items not affecting cash:		
Amortization	6,253	3,878
Stock-based compensation	58,000	-
Write-off of equipment	-	930
Write-down of mineral properties	-	1
Changes in non-cash working capital items		
(Increase) decrease in receivables	(1,880)	30,693
(Increase) decrease in prepaid expenses	(2,445)	7,197
(Decrease) increase in accounts payable and accrued liabilities	2,640	(36,329)
Cash flows used in operating activities	(277,222)	(297,991)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(27,047)	-
Expenditures on mineral properties	(791,905)	-
Cash flows used in investing activities	(818,952)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	375,000	-
Share issue costs	(23,000)	-
Cash flows provided by financing activities	352,000	-
Decrease in cash during the year	(744,174)	(297,991)
Cash, beginning of year	1,182,074	1,480,065
Cash, end of year	$ 437,900	$ 1,182,074
SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS		
Issuance of 1,000,000 common shares for mineral properties (Note 4)	$ 140,000	$ -
Stock-based compensation included in deferred exploration costs (Note 5)	$ 29,600	$ -
Deferred exploration costs included in accounts payable	$ 24,269	$ -
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	-	-

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Reign Resources Ltd. (the "Company") was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act.* Its principal business activity is the acquisition and exploration of mineral properties.

The Company's primary mineral property focus is on the San Albino-Murra Mining Concession, located in Nicaragua, which is in the exploration stage. Recovery of the carrying value of the investment in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development and the attainment of future profitable production or the disposition of these assets for proceeds in excess of their carrying values.

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles which assume that the Company will continue in operation for the foreseeable future and be able to discharge its liabilities and commitments in the normal course of operations.

The Company plans to raise additional financing through the issuance of share capital, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company (Note 12(a)). These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, or the impact on the statement of operations and balance sheet classifications that would be necessary were the going concern assumption not appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared according to Canadian generally accepted accounting principles ("GAAP") as issued by the Canadian Institute of Chartered Accountants ("CICA"). All financial figures are presented in Canadian dollars unless otherwise stated.

Principles of Consolidation

The consolidated financial statements at April 30, 2010 include the accounts of the Company and its subsidiary Gold Belt, S.A., incorporated in Nicaragua from the date of formation. All intercompany accounts, transactions and balances have been eliminated on consolidation.

Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant estimates include stock-based compensation and the variables applied in the Black-Scholes model, useful lives of equipment, asset retirement obligations and carrying values and future income taxes. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production. The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in material future write-downs of capitalized property carrying values.

Equipment

Equipment is recorded at cost and is amortized over the estimated useful life at the following rates:

Computer equipment	30% per annum, declining balance
Equipment and furniture	20% per annum, declining balance
Vehicles	30% per annum, declining balance

Foreign currency translation and transactions

The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method.

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses denominated in a foreign currency are translated at rates approximating those on the transaction date. Foreign exchange gains and losses are included in loss for the year.

Stock-based compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options at the date of the grant is accrued and charged to operations or capitalized to mineral properties, with the offsetting credit to contributed surplus. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date when the equity instruments are granted if they are fully vested and non-forfeitable.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years provided, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not currently have any asset retirement obligations.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Mineral properties in the exploration stage do not have established mineral reserves and a basis for the preparation of a projection of the estimated future net cash flow from the properties does not exist.

However, a mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, capitalized costs are written down to the estimated recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading, financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

The Company designates its cash as held-for-trading, which is measured at fair value. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company had no other comprehensive income or loss transactions during the years presented and no opening or closing balances for accumulated other comprehensive income or loss.

The Company provides disclosure to enable users to evaluate the significance of financial instruments on the Company's financial position and performance, the nature and extent of risks arising from financial instruments the Company is exposed to during the reporting period and as at the balance sheet date, and how the Company is managing those risks.

Changes in Accounting Policies

The Company adopted the following accounting policies effective May 1, 2009.

Financial Instruments – disclosures

CICA Handbook Section 3862, *Financial Instruments – Disclosures* ("Section 3862"), was amended. These amendments are applicable to the Company's financial statements ending on April 30, 2010. The amendments provide for additional disclosure requirements about the inputs to fair value measurements of financial instruments, including their classification into one of three levels within a "fair value hierarchy" that prioritizes the inputs to fair value measurement. These disclosures are included in Note 9 of these financial statements.

Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period and the previous Goodwill and intangible assets standard (Section 3062). As a result of the withdrawal of EIC 27, the Company will not be able to defer revenues and related costs incurred prior to commercial production at new operations. There was no effect on the Company's financial statements on adoption of this standard.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Accounting Policy Developments

i) Convergence with International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of the Company will be May 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonable estimated at this time.

ii) CICA Handbook Section 1582 *Business Combinations*, 1601 *Consolidated Financial Statements* and 1602 *Non-controlling interests* will replace the former Sections 1581 *Business Combinations*, 1600 *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 is effective for business combinations for which the acquisition date is on or after January 1, 2011 and Sections 1601 and 1602 apply to consolidated financial statements relating to years beginning on or after January 1, 2011.

The Company does not plan to adopt these accounting standards prior to January 1, 2011 and has not yet determined the accounting impact these new standards will have on its consolidated financial statements.

3. EQUIPMENT

	April 30, 2010			April 30, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 16,629	$ 11,934	$ 4,695	$ 15,789	$ 10,102	$ 5,687
Equipment and furniture	16,521	8,131	8,390	11,066	6,714	4,352
Vehicles	20,880	3,132	17,748	-	-	-
	$ 54,030	$ 23,197	$ 30,833	$ 26,855	$ 16,816	$ 10,039

4. MINERAL PROPERTIES

San Albino-Murra Property, Nicaragua

On June 29, 2009, the Company entered into an option agreement (the "Agreement"), to acquire an 80% interest in the San Albino-Murra Mining Concession (the "Property") located in Nicaragua by:

a) making cash payments to the optionor as follows:
   - (i) US$30,000 (paid) on signing of the Agreement;
   - (ii) US$100,000 (paid), of which US$50,000 was paid upon delivery of an acceptable legal title opinion to the Property and receipt by the Company of conditional acceptance of the Agreement by the TSX-V (received) and the remaining US$50,000 was paid upon receipt by the Company of final acceptance of the Agreement by the TSX-V (the "Approval Date"), which was received on September 30, 2009;
   - (iii) US$40,000 on each six month anniversary of the signing of the Agreement, for the duration of the option earn-in period.

b) incurring aggregate exploration expenditures of US$5,000,000 on the Property, as follows:
   - (i) US$200,000 (incurred) on or before the first anniversary of September 30, 2010;
   - (ii) US$1,000,000 on or before the second anniversary of September 30, 2011;
   - (iii) US$1,800,000 on or before the third anniversary of September 30, 2012; and
   - (iv) US$2,000,000 on or before the fourth anniversary of September 30, 2013.

c) issuing a total of 4,000,000 common shares of the Company, as follows:
   - (i) 1,000,000 common shares (issued at a value of $140,000) within five business days of the Approval Date; and
   - (ii) 1,000,000 common shares to be issued on each of the first (Note 12(ii)), second and third anniversary dates of the Agreement.

Upon the Company earning its 80% interest, a participating joint-venture agreement will be entered into, unless the optionor elects to convert its 20% working interest to a 3% Net Smelter Royalty ("NSR") and cause the transfer of its working interest to the Company. In which case, the Company has the right to purchase 50% of the NSR, or 1.5%, for an amount of US$1,850,000, and, further, will have the right of first refusal to purchase the remaining 1.5% NSR should it be offered for sale at any time.

Should a commercial production decision be reached, the Company, at its election, will issue to the optionor additional shares in its capital or cash or a combination thereof, the value of which is to be equivalent to US$3,500,000.

4. MINERAL PROPERTIES (cont'd…)

Butarni and Dorozhni Properties, Magadan, Russia

On June 8, 2007, the Company entered into an option agreement with Status LLC ("Status"), the mining division of CentroCredit Bank of Moscow, to acquire a 50% interest in the Butarni and Dorozhni mineral properties (the "Properties"), located in the Magadan Region of Russia.

On April 30, 2008, the Company wrote-down its interest in the Butarni and Dorozhni properties by $1,239,072 to a nominal balance of $1, as a result of the destabilization of political relationships between Russia and surrounding countries and the uncertain nature of the Company's ability to continue exploration and development of its Russian projects. The project was abandoned during the 2009 fiscal year.

	April 30, 2010	April 30, 2009
San Albino-Murra Property, Nicaragua		
Acquisition costs		
Balance, beginning of year	$ -	$ -
Option payments	349,596	-
	349,596	-
Deferred Exploration Costs		
Balance, beginning of year	$ -	$ -
Assaying	60,990	-
Field office	6,461	-
Geological consulting	239,206	-
Legal	27,522	-
Project expenses	149,240	-
Reports	11,874	-
Surface fees	52,419	-
Stock-based compensation	29,600	-
Translation	6,658	-
Travel	52,208	-
	636,178	-
San Albino-Murra Property – Balance, end of year	$ 985,774	$ -
Butarni and Dorozhni Properties, Russia		
Mineral Properties		
Balance, beginning of year	$ -	$ 1
Write-down of mineral properties	-	(1)
Butarni and Dorozhni Properties - Balance, end of year	$ -	$ -
Total – San Albino Murra Property and Butarni and Dorozhni properties	$ 985,774	$ -

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares		Share Amount		Contributed Surplus
Authorized:					
Unlimited number of common shares, without par value					
Issued:					
Balance at April 30, 2008 and April 30, 2009	25,939,716	$	4,624,055	$	1,124,343
Private placement	1,875,000		375,000		-
Share issue costs	-		(23,000)		-
Mineral property	1,000,000		140,000		-
Stock-based compensation	-		-		87,600
Balance at April 30, 2010	28,814,716	$	5,116,055	$	1,211,943

Escrowed shares

At April 30, 2010, a total of Nil (2009 – 2,504,000) shares are subject to an escrow agreement.

Private placements

On April 1, 2010, the Company completed the first tranche of a non-brokered private placement issuing 1,875,000 units at a price of $0.20 per unit for gross proceeds of $375,000. Each unit was comprised of one common share and one-half of one share purchase warrant, each full warrant entitling the holder thereof to purchase one additional common share at a price of $0.25 for a period of two years. Finder' fees of $23,000 was paid in cash.

Warrants

At April 30, 2010 the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	2010	2009
April 1, 2012	$0.25	937,500	-

There were no warrants issued or outstanding in fiscal 2009.

Stock options

The Company has a stock option plan, under which the Board of Directors is authorized to grant options to employees, consultants, officers and directors enabling them to acquire up to 10% of the issued and outstanding share capital of the Company. The exercise price of each option is based on the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Options granted to investor relations consultants are subject to vesting provisions, as established by regulatory authorities, over a twelve month period, with no more than ¼ vesting during any three month period. Vesting provisions for other options are determined by the Company's Board of Directors.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock options (cont'd…)

The following options were outstanding and exercisable as at April 30, 2010 and 2009:

	April 30, 2010			April 30, 2009		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Opening balance	1,675,000	$	0.40	2,100,000	$	0.40
Granted	575,000		0.20	-		-
Re-priced	(1,675,000)		(0.40)			
Re-priced	1,675,000		0.20			
Expired/Cancelled	-		-	(425,000)		0.40
Ending balance	2,250,000	$	0.20	1,675,000	$	0.40
Options exercisable	2,250,000	$	0.20	1,675,000	$	0.40

During the year ended April 30, 2010, the Company repriced 1,675,000 outstanding stock options to the exercise price of $0.20 per share, resulting in additional stock-based compensation of $39,000 which was expensed to operations.

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$ 0.20	November 27, 2011	1,625,000	1,625,000	1.58 years
0.20	January 11, 2012	50,000	50,000	1.70 years
0.20	November 9, 2014	575,000	575,000	4.53 years
$ 0.20		2,250,000	2,250,000	2.34 years

Stock-based compensation

During fiscal 2010, the Company recognized stock-based compensation totalling $48,600 (2009 - $Nil), of which $29,600 was capitalized as mineral property expenditures and $19,000 was expensed as stock-based compensation in operations, with a corresponding increase in contributed surplus.

The fair value of stock options was estimated on the measurement date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were as follows:

	2010	**2009**
Risk-free interest rate	**1.59%**	**-%**
Expected life of options	**3 years**	**Nil**
Expected volatility	**133.06%**	**-%**
Weighted average fair value per option	**$0.12**	**$ -**
Dividend yield	**Nil**	**Nil**

6. RELATED PARTY TRANSACTIONS

During the year ended April 30, 2010, the Company paid or accrued:

a) management fees of $78,000 (2009 - $78,000) to a director and officer of the Company; and

b) consulting fees of $54,000 (2009 - $54,000) to an officer of the Company for the provision of geological consulting services, of which $45,000 (2009 - $Nil) was capitalized to mineral properties.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. COMMITMENTS

As at April 30, 2010, the Company was committed to the following:

a) a management agreement with a director and officer of the Company to pay $6,500 per month for management fees. In the event the Company terminates the agreement without cause, the Company is obligated to pay severance equal to one year's salary;

b) a consulting agreement with an officer of the Company to pay $4,500 per month for consulting fees. In the event the Company terminates the agreement without cause, the Company is obligated to pay severance equal to three months salary; and

c) an operating lease agreement for office premises expiring December 31, 2014. The minimum lease payments per fiscal year are:

2011	$	53,724
2012	$	53,724
2013	$	53,724
2014	$	53,724
2015	$	35,816

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

i) to safeguard its ability to continue as a going concern;

ii) continue the development and exploration of its mineral properties; and

iii) maintain a capital structure which optimizes the cost of capital at acceptable risk.

The management of capital includes cash and shareholders' equity comprised of share capital, contributed surplus and deficit. As at April 30, 2010, the Company had no bank indebtedness and no capital requirements.

The Company is involved in mineral exploration which is a high risk activity. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

Management reviews its capital management approach on an ongoing basis and believes this approach, given the relative size of the Company, is reasonable.

9. FINANCIAL INSTRUMENTS

Fair value

The Company's financial assets and liabilities consist of cash, receivables and accounts payable and accrued liabilities. The estimated fair values of receivables and accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is valued using Level 1 inputs.
There were no financial liabilities measured at fair value at April 30, 2010.
There were no transfers between levels during the 2010 fiscal year.

Financial risk factors:

Credit and Interest rate risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has significant cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and other receivables. The Company's current policy is to invest excess cash in variable interest investment-grade short-term or demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Receivables are due from a government agency.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, dispositions of assets and accessing financing through private placements. The exposure of the Company to liquidity risk is considered to be minimal.

Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Foreign currency risk

The Company's functional currency is Canadian dollars. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates. A reduction in the value of the Nicaraguan Cordoba ("NIO") relative to the Canadian dollar would have a favourable impact on funding required for exploration, subject to any resulting inflationary impacts; while an increase in that value would have an unfavourable impact. The Company has not hedged its exposure to currency fluctuations.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- The Company holds balances in foreign currencies which give rise to exposure to foreign exchange risk. However, the balances tend to be moderate and therefore the exposure to foreign exchange risk is low. For the year ended April 30, 2010, with other variables remaining constant, a 10% increase (decrease) in the NIO to Canadian dollar exchange would have increased (decreased) the Company's deficit by approximately $1,312. There would be no significant effect on other comprehensive income.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2010	2009
Loss for the year	$ (339,790)	$ (304,360)
Expected income tax recovery	$ (100,000)	$ (93,000)
Non-deductible (deductible) items	(197,000)	(35,000)
Unrecognized benefit of non-capital losses carried forward	297,000	128,000
Total income tax recovery	$ -	$ -

Significant components of the Company's future income tax assets are as follows:

	2010	2009
Future income tax assets (liabilities)		
Equipment	$ 6,000	$ 5,000
Share issuance costs	34,000	59,000
Mineral properties	17,000	295,000
Non-capital losses available for future periods	714,000	432,000
	771,000	791,000
Valuation allowance	(771,000)	(791,000)
Net future income tax assets	$ -	$ -

The Company has approximately $2,133,000 of Canadian and $604,000 of Nicaraguan non-capital losses which may be applied to reduce taxable income in future year, and which if not utilized, will expire through to 2030 and 2013, respectively. Additionally, the Company has available $1,240,000 of capital losses. Future tax benefits which may arise as a result of future income tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

11. SEGMENTED INFORMATION

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's identifiable capital assets are located primarily in Canada and Nicaragua. Geographic information is as follows:

	2010	2009
Capital assets		
Nicaragua	$ 1,008,431	$ -
Canada	8,176	10,039
	$ 1,016,607	$ 10,039

12. SUBSEQUENT EVENTS

Subsequent to April 30, 2010, the Company:

a) completed the second and final tranche of a non-brokered private, issuing 4,463,560 units at a price of $0.20 per unit for gross proceeds of $892,712. Each unit was comprised of one common share and one-half of one share purchase warrant, each full warrant entitling the holder thereof to purchase one additional common share at a price of $0.25 for a period of two years. Finders' fees of $23,000 cash and 125,000 warrants exercisable into 125,000 common shares at a price of $0.25 per share for a period of two years were paid in connection with this tranche of the private placement. Including the first tranche that closed on April 1, 2010 (Note 5), the Company raised gross proceeds of $1,267,712;

b) issued 1,000,000 common shares pursuant to the San Albino-Murra Concession agreement (Note 4(c)(ii)), valued at $150,000, upon the first anniversary of the Agreement; and

c) cancelled 100,000 stock options, exercisable at $0.20 per common share.

GOLDEN REIGN RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR END REPORT – April 30, 2010

This Management Discussion and Analysis ("MD&A") of Golden Reign Resources Ltd. (the "Company" or "Golden Reign") provides analysis of the Company's financial results for the year ended April 30, 2010. The following information should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto for the year ended April 30, 2010. This MD&A report is current as at August 26, 2010.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles and presented in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in the following MD&A may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from the actual results, performance and achievements expressed or implied by these forward-looking statements.

BUSINESS OVERVIEW

Golden Reign, an early stage exploration company, was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act*. Common shares of the Company are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "GRR".

During fiscal 2009, the Company focused on identifying prospective mineral properties that met specific criteria; criteria determined by management to be necessary in the rapidly changing environment for junior exploration and mining companies. Key criteria identified by management for potential projects included, but was not limited to: identifying more advanced exploration projects with existing in-situ resources and the potential to increase those estimated resources; low cost production opportunities; stable political environment; existing infrastructure, such as roads, water and electricity; weather and length of exploration season; acquisition costs, including share capital dilution; and the quality of potential partners, in regard to specific projects and possible project pipeline expansion. Gold, one of the most sought after and desirable of commodities, has long been the exploration focus for the Company.

On June 29, 2009, the Company announced the signing of an option agreement to acquire an 80% interest in the San Albino-Murra Mining Concession located in Nicaragua. The 8,700 hectare property, held by a private Nicaraguan company under a 25 year mining license expiring February 3, 2027, has a long history of exploration and mining. There are several old mines and workings within the property boundaries. The San Albino mine, a historical small-scale gold producer commenced production in the early 1920's and operated on and off until approximately 1940, reportedly producing 10 tons per day of 1 oz/t gold material.

Under the terms of the agreement, the Company is required to make aggregate cash payments of US$450,000, incur aggregate exploration expenditures of US$5,000,000 on the property and issue a total of 4,000,000 common shares from its treasury over a period of 4 years to earn an 80% interest in the property. To date, the Company has made cash payments of US$210,000, issued a total of 2,000,000 common shares to the vendor and is currently conducting a diamond drill program.

Upon the Company earning its 80% interest, a participating joint-venture agreement will be entered into, unless the optionor elects to convert its 20% working interest to a 3% Net Smelter Royalty ("NSR"). In which case, the Company has the right to purchase 50% of the NSR, or 1.5%, for an amount of US$1,850,000, and, further, will have the right of first refusal to purchase the remaining 1.5% NSR should it be offered for sale at any time.

San Albino-Murra Property, Nicaragua

The San Albino-Murra Property meets the key criteria identified by management for prospective projects:

- it is a more advanced exploration project, with historical workings and production;
- there exists significant potential to outline and increase estimated resources;
- it offers a low cost production opportunity;
- it is located in a politically stable environment;
- existing infrastructure includes access roads, water, power and readily available timber;
- it has an all-year exploration/development season;
- the acquisition cost, including share dilution, is reasonable; and
- a quality partnership with the vendor is being developed.

Although it boasts a long history of gold production, Nicaragua is under-explored - particularly when compared to other Latin American countries such as Brazil, Peru and Chile. A democratic republic since 1996, Nicaragua has a modern mining law, fair tax regime and strong foreign investment law. Bordered by Honduras to the north and Costa Rica to the south, it is easily accessible and has skilled, available labour.

Current operations

Since the commencement its first phase field program in October 2009, Golden Reign has focused its efforts on the southern, San Albino District, which covers approximately 24 square kilometres of the 87 square kilometre property. The San Albino Mine area, covering 2 square kilometres, is the most advanced prospect and the Company's primary target.

The San Albino Mine area hosts at least two highly mineralized zones – San Albino and Arras/San Lorenzo – which are situated roughly 300 metres apart and have together been traced for 1,200 metres along strike. In July 2010, R&R Drilling Corp. Canada was contracted to conduct a first phase diamond drill program of approximately 1,500 metres, designed to test grade and continuation of mineralization of both zones at depth and along strike.

The San Albino zone, which remains open in both directions and at depth, will be tested by a fence of drill holes along an initial 200 metres of the strike length to a depth of roughly 150 metres. Drilling of this mineralized structure is planned to define the southern extension of the zone, orient and locate the 400 level tunnel of the historic San Albino Mine and extend the zone at depth. Two of these holes will be extended for approximately 300 to 500 metres to test for other mineralized zones running parallel to the San Albino zone. One such zone to be intersected would be the El Naranjo zone, which is situated between the San Albino Mine and Arras.

The Arras/San Lorenzo zone, which is believed to extend underneath the San Albino mineralized zone, is a high-grade near surface mineralized structure at least 200 metres long, open along strike in both directions. Reverse-circulation drilling by a prior operator provided some excellent gold intercepts, including: 4 metres of 17.9 g/t, 4 metres of 28.2 g/t and 4 metres of 16.3 g/t. Drilling is planned to confirm the earlier results and further delineate the extension along strike and at depth.

Concurrent with the first phase drill program, geological mapping, prospecting and sampling of the northern-most Murra District of the Property is continuing. While there is little information available on Murra, the area is also host to a number of historic workings dating back to the Spaniards and is reputedly a former silver producing district. Exploration findings will be released as they become available.

Work to date

Although the San Albino-Murra Property is well known and the San Albino Mine has a long mining history, the Property is under-explored. Other than limited trenching and drilling around the Arras Mine in the mid-2000's, there has been no systematic exploration using modern exploration techniques.

The Company started by defining three separate blocks, or districts of the Property: San Albino District, Central District and Murra District.

The 2009 Phase I exploration program consisted of geological mapping, prospecting and surface channel sampling of mineralized outcrops within the San Albino District. Golden Reign was also able to evaluate several old workings and finalize rehabilitation plans. Priority has been given to old workings where sampling, both historical and more recent, returned the highest values of gold mineralization - San Albino, Arras/San Lorenzo, San Pablo/Las Conchitas and San Jose.

The 2010 Phase II program similarly focused on the San Albino District. It included geological mapping, prospecting, trenching, and underground and surface channel sampling. The first half of the program consisted of follow-up evaluation of anomalous values received from the 2009 exploration program. Work confirmed the structural controls for gold mineralization; identified extensive old Spanish workings; and samples taken had encouragingly high gold values.

Golden Reign has outlined a structural corridor approximately 3 kilometres wide by 15 kilometres long, which spans the Property, stretching from Las Conchitas in the south to the northeast mining town of Murra. Old workings exist along the corridor. The San Albino Mine flanks the northwestern edge of this structural trend.

Based on the work done to date, including reviews of historical data, the San Albino vein is considered a substantial initial target for exploration. It is also postulated that it is one of a series of parallel veins that have penetrated SW-NE trending shear zones. Gold values are found in veins and also in immediately adjacent host rocks.

Broad, north-east trending highly mineralized shear zones, similar to those previously established at the San Albino Mine, have now been confirmed in three additional areas of the Property; thus, greatly expanding the scope of a potential deposit. The newly identified shear zones are situated in the following areas:

- San Pablo-Las Conchitas, which lies to the south of the San Albino Mine area
- San Jose, which is situated across the Jicaro River to the east of the San Albino Mine area
- Central District, trending northeast into the Murra District.

Petrographical studies have verified that the mineralization is epithermal in nature, lying within volcanic rocks.

Historic San Albino Mine

The first discovery of gold mineralization within the area, and perhaps within Nicaragua itself, was made by Spaniards in the immediate vicinity of San Albino around 1790. During the 1920's, limited mining activities were conducted before revolutionary activity halted mining and development. After that period, there were attempts to rehabilitate the mine and continue exploration in the area, but no mine production was reported.

No recent sampling has been completed at the San Albino mine site; however, historical underground sampling across an 18.29 metre strike produced:

- 56.23 g/t of gold and 39.09 g/t of silver averaging 1.32 metres in width,
- including a 1.83 metre width of 284.0 g/t gold and 212.57 g/t silver.

Gold mineralization is observed within both quartz veins and the surrounding graphite schist.

Situated 100 metres southwest of the San Albino Mine, is the El Jobo mine, which returned 16.06 g/t gold over 1.4 metres in quartz veins. The Company believes that the mineralization found at San Albino is an extension of that at El Jobo; however, further evaluation is required.

Arras/San Lorenzo

Recent sampling and mapping by Golden Reign has confirmed the continuity of the Arras vein system to include the San Lorenzo vein, for a total length of 900 metres.

Further, sampling results obtained at the old San Lorenzo mine site and surface exposure of the mineralized structure within the Arras and San Lorenzo historical workings justify reopening the mine and performing systematic sampling.

Historical sampling at Arras was validated by the Company's 2009 sampling program, with values of 10.0 to 20.0 g/t gold in quartz veins over 2.0 to 4.0 metres wide.

At San Lorenzo, quartz veins returned grades ranging from 1.4 to 27.0 g/t gold from grab samples of quartz float.

San Pablo-Las Conchitas area

Further to the south, the San Pablo-Las Conchitas area is less advanced than San Albino Mine area but has returned promising sample results. This area is comprised of two structurally controlled, highly mineralized zones - the San Pablo and Las Conchitas zones - situated approximately 1.5 and 2.5 kilometres south, respectively, of the San Albino Mine. Consistent with the San Albino area, gold and silver mineralization is predominately controlled by 60^{O} trending structures. Mineralization has been traced at surface over a distance of 1.5 kilometres. The majority of the samples taken during Phase

II were quartz with sulphides. The more significant sampling results ranged from 1.67 to 126.99 g/t Au and 1.70 to 180.80 g/t Ag.

San Jose area
The previously unmapped San Jose area lies to the east of the Jicaro River. Phase II mapping led to the discovery of an intrusive body, confirmed to consist of intrusive and volcanic rocks.

Additional work has exposed three areas of historical Spanish workings: Mina Peru, San Jose Mine and Mina Angela.

The largest of the Spanish workings is Mina Peru, which boasts multiple terraces of stacked tailings. Approximately three hectares of land was used for milling and amalgamation in the recovery of gold and silver. Several samples of fine tailings contained iron oxides (hematite, goethite, jarosite) and galena, which are often associated with high gold and silver mineralization.

Just east of Mina Peru, the San Jose Mine consists of several adits, chimneys and terraces, covering an area of one hectare. Spanish mining activity is evident in the abundance of test pits and chimneys overlying buried mines. Mine dumps and tailings piles are scattered across an area of 200 x 150 metres.

Significantly, in all three areas - Mina Peru, San Jose Mine and Mina Angela – mineralization is controlled by the same structures as the San Albino Mine mineralized shear zone, which strikes 60º and is cut by faults striking 310º. The more significant sampling results from Phase II ranged from 0.34 to 5.17 g/t Au and 0.50 to 266.80 g/t Ag.

Historical mining within the area was limited to near-surface high grade vein material. Identification of several additional historical mine dumps strongly suggests that there is excellent potential for discovery of other mineralized structures.

Mineral Properties and Deferred Exploration Costs

For a comprehensive breakdown of mineral property costs and deferred exploration costs by property, please refer to Note 4 to the audited consolidated financial statements for the year ended April 30, 2010.

	Balance April 30, 2009	Additions	Written-Off	Balance April 30, 2010
Mineral property costs	$ -	$ 349,596	$ -	$ 349,596
Deferred exploration costs	-	636,178	-	636,178
	$ -	$ 985,774	$ -	$ 985,774

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	**2010**	**2009**	**2008**
Net Sales	Nil	Nil	Nil
Net and comprehensive Loss	$ 339,790	$ 304,361	$ 1,878,718
Basic and diluted loss per share	$ 0.01	$ 0.01	$ 0.07
Total Assets	$ 1,469,994	$ 1,203,275	$ 1,543,964
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	N/A	N/A	N/A

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

The Company's recorded loss for the financial years ended April 30, 2010, 2009, and 2008 is comprised mainly of general and administrative expenses. The reported net loss for 2010, 2009 and 2008 includes write-down of mineral property interests of $Nil, $1 and $1,480,196, respectively and stock-based compensation expense of $58,000, $Nil and $7,886, respectively.

Summary of Quarterly Results

Selected financial information for each of the eight most recently completed quarters are as follows:

	2010				2009			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net and comprehensive loss	$ 115,528	$ 91,557	$ 61,232	$ 71,473	$ 68,854	$ 76,200	$ 90,037	$ 69,270
Basic and diluted loss per share	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00

Three Months ended April 30, 2010

The Company reported a net and comprehensive loss of $115,528 for the three month period ended April 30, 2010 compared to a net and comprehensive loss of $68,854 for the same period in the prior fiscal year. General and administrative expenses for this period totalled $115,712 (2009 - $69,766).

Consulting fees paid or accrued during the quarter for geological consulting services provided by an officer of the Company totaled $13,500, which was capitalized to mineral properties. In 2009, an amount of $13,500 was expensed to operations for such fees.

Wages and benefits were unchanged from the previous year and totalled $20,449. Management fees were also consistent with the prior year at $19,500.

Office and miscellaneous expenses were $13,584 (2009 - $9,272) and included: office rent of $8,931; bank charges of $661; courier costs of $115; office expenses of $2,391; office insurance of $225; and, telecommunication costs of $1,261. Amortization was recorded at $2,765 (2009 - $946). During the quarter, the Company realized foreign exchange gains of $4,891, as compared to a $7 loss in the prior year.

Expenditure on travel and promotion totaled $4,012 (2009 - $544) during the fourth quarter of fiscal 2010. Costs paid during the quarter include $3,145 (2009 - $Nil) for advertising, $560 (2009 - $180) for website hosting and maintenance and meals and entertainment of $306 (2009 - $364).

Legal fees of $1,102 (2009 – $171) were incurred during 2010 for general corporate purposes. Audit related fees and accruals of $7,500 (2009 - $7,500) were recorded during the period

Regulatory and listing fees for the quarter were $12,683 (2009 - $7,241) and included: $5,200 for the Company's TSX-V annual sustaining fee; $5,580 for filings related to the closing of the first tranche of the non-brokered private placement which raised gross proceeds of $375,000; and $1,083 paid for transfer agency services rendered.

An amount of $39,000 (2009 - $Nil), calculated using the Black-Scholes model, was charged to operations as stock-based compensation as a result of the repricing of 1,675,000 outstanding stock options to an exercise price of $0.20 per common share.

As the Company is an exploration stage company and does not generate any cash flow, it has no income other than interest income. The Company relies on equity financings for its working capital requirements and to fund its planned exploration activities. Interest income for the three months ended April 30, 2010 was $187 (2009 - $1,843), the decrease being attributable to reduced funds on hand and lower interest rates.

Year ended April 30, 2010

The Company reported a net and comprehensive loss of $339,790 for the year ended April 30, 2010, as compared to a net and comprehensive loss of $304,361 for the prior fiscal year. General and administrative expenses for this 2010 totalled $342,142 (2009 - $327,439).

Consulting fees paid or accrued during the period for geological consulting services provided by an officer of the Company totaled $54,000 (2009 - $54,000), of which an amount of $45,000 (2009 - $Nil) was capitalized to mineral properties. A further $1,000 was paid to a consultant in the prior year.

Wages and benefits were consistent with those of previous year and totaled $81,785 (2009 - $81,753). Management fees remained unchanged from the prior year at $78,000 (2009 - $78,000).

Office and miscellaneous expenses were $45,206 (2009 - $36,494) and included: office rent of $30,042; bank charges of $2,411; courier costs of $437; office expenses of $6,494; office insurance of $900; and, telecommunication costs of $4,922. Amortization was recorded at $6,253 (2009 - $3,878). During the period, the Company realized foreign exchange gains of $81, as compared to $63 in the prior year.

Expenditure on travel and promotion totaled $15,945 (2009 - $18,324). Costs incurred during the year include $2,883 (2009 - $6,667) for advertising, $1,462 (2009 - $820) for website hosting and maintenance plus $2,620 for the redesign of the corporate website, meals and entertainment of $341 (2009 - $537), Annual General Meeting expenses of $7,023 (2009 - $7,943), mailings and email broadcast costs of $229 (2009 - $431) and $1,124 (2009 - $40) for news wire services. During the prior year, an additional amount of $1,886 was spent on travel.

Legal fees of $32,819 (2009 – $1,869) were incurred during fiscal 2010, of which $27,522 related to mineral properties was capitalized. Audit related fees and accruals of $16,999 (2009 - $42,164) were recorded during the year, as the fees for fiscal 2009 were lower than anticipated and resulted in an over-accrual which was carried into fiscal 2010. An amount of $2,800 (2009 - $3,250) was paid for the preparation of the Company's annual tax return.

Regulatory and listing fees for the year were $23,584 (2009 - $15,030) and included: costs related to the 2010 TSX-V annual sustaining fees; fees for filing of the San Albino-Murra property option agreement; fees for filing of the 2009 audited financial statements; private placement filing fees; various other corporate filings costs; and $5,297 paid for transfer agency services rendered.

Stock-based compensation of $87,600 was recorded during 2010 in relation to the grant of 575,000 incentive stock options to directors, officers, employees and consultants of the Company, of which $29,600 was capitalized as mineral property expenditures and $19,000 was expensed as stock based compensation in operations, with a corresponding increase in contributed surplus. An additional amount of $39,000 (2009 - $Nil) was charged to operations as stock-based compensation as a result of the repricing of 1,675,000 outstanding stock options to an exercise price of $0.20 per common share.

During the year, $2,497 (2009- $1,104) was spent on property investigation costs during the review of potential property acquisitions, primarily within Canada.

In the prior year, the Company wrote down mineral properties by $1, the remaining balance pertaining to the Russian projects. Equipment with a remaining book value of $930 was also written-down in the prior fiscal year. There were no similar write-downs during 2010.

As the Company is an exploration stage company and does not generate any cash flow, it has no income other than interest income. The Company relies on equity financings for its working capital requirements and to fund its planned exploration activities. Interest income for the year ended April 30, 2010 was $2,352 (2009 - $24,009), the decrease being attributable to reduced funds on hand and lower interest rates.

Trends

The Company's general and administrative expenditures are related to the level of financing and exploration activities that are being conducted, which may in turn depend on the Company's exploration activities and prospects, as well as general market conditions relating to the availability of funding for exploration-stage resource companies. The Company does not acquire properties or conduct exploration work on its properties on a pre-determined basis. Thus, there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

Other than as herein disclosed, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company's revenues, income from continuing operations, profitability, liquidity or capital resources, of that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Market Trends

Gold prices have been on an uptrend for more than three years. During 2009, the gold price surged over US$1,000/oz, with an average price of US972/oz. Thus far during 2010, the price of gold has continued to be strong, due in large part to the uncertainty of world economies, and is to remain at or above currently levels for the remainder of 2010 and onwards.

(Sources include: www.kitco.com; agmetalminer.com; www.mineweb.net; www.lme.co.uk)

RISK FACTORS

The Company's principal activity of mineral exploration is considered to be very high risk. Companies involved in this industry are subject to many and varied types of risks, including but not limited to: environmental, commodity prices; political; and economic. Some of the more significant risks are:

- Substantial expenditures are required to explore for mineral reserves and the changes of identifying economical reserves are extremely low;
- Mineral resource amounts are estimates only and may be unreliable. The Company cannot be certain that any specified level of recovery of minerals from mineralized material will, in fact, be realized or that any of its mineral property interests or any other mineral deposit will ever qualify as a commercially mineable ore body that can be economically exploited. Material changes in the quantity of mineralization, grade or stripping ratio or mineral prices may affect the economic viability of the properties.
- The junior resource market where the Company raises funds is extremely volatile, companies are subject to high level of competition for the same pool of investment dollars, and there is no guarantee that the Company will be able to raise adequate funds in a timely manner to conduct its business;
- Although the Company has taken steps to verify title to its mineral property interests there is no guarantee that the mineral properties will not be subject to title disputes or undetected defects; and
- The Company is subject to laws and regulations related to environmental matters, including provisions for reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental legislation and is not aware of any existing environmental problems related to its mineral property interests that may be the cause of material liability to the Company.

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described above and the other information filed with the Canadian securities regulators before investing in the Company's common shares. The risks described are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of these risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose all of their investment.

Additionally, turbulent world markets, volatile stock prices, scarcity of capital and fluctuating commodity prices are clear indicators that the economic cycle is currently in a declining phase.

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 2010, the Company's primary capital asset was its investment in mineral properties of $985,774 (2009 - $Nil) It held cash of $437,900 (2009 - $1,182,074) and had working capital of $393,318 (2009 - $1,160,076). Subsequent to April 30, 2010, the Company completed the second and final tranche of a non-brokered private placement for gross proceeds of $892,712. Management believes that cash on hand at April 30, 2010 plus the proceeds from placement will be sufficient to fund near-term operations. However, additional financing will be required to maintain and progress the San Albino-Murra property. The Company's continuance as a going concern in the future will depend upon its ability to obtain adequate financing.

On June 29, 2009, the Company announced that it had entered into an option agreement to acquire an 80% interest in the San Albino-Murra mining concession in Nicaragua. At April 30, 2010, the Company had expended $985,744 (2009 - $Nil) with respect to the mineral property, comprised of option payments totalling $349,596 and deferred exploration costs of $636,178.

During fiscal 2010, the Company acquired equipment, primarily for its Nicaraguan operations, at a cost of $27,175 (2009 - $Nil).

On April 1 2010, the Company completed the first tranche of a non-brokered private placement issuing 1,875,000 units at a price of $0.20 per unit for gross proceeds of $375,000. Each unit was comprised of one common share and one-half of one share purchase warrant, each full warrant entitling the holder thereof to purchase one additional common share at a price of $0.25 for a period of two years. Cash finder's fees of $23,000 were paid in connection with the initial tranche. Subsequent to April 30, 2010, a further 4,463,560 units, subject to the same terms, were issued via the second tranche of the private placement for gross proceeds of $892,712. Finder's fees of $23,000 and 125,000 warrants exercisable into 125,000 common shares at $0.25 per share for a period of two years were paid in connection with the second tranche of the placement. The gross proceeds for the two tranches, totalling $1,267,712, will be used for continued mineral property exploration and general working capital. The Company did not undertake any financing activities in 2009.

For the year ended April 30, 2010, the Company experienced negative cash flows of $277,222 (2009 - $297,991) from operating activities.

The Company does not derive any revenues from operations and does not expect to generate any revenues from operations in the foreseeable future. The Company has no material income from operations.

The Company's financial performance is dependent upon many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and respond to changes in domestic and international political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production are difficult to predict. Changes in events could materially affect the financial performance of the Company.

The Company's mineral exploration activities have provided the Company with no sources of income and a history of losses and deficit positions. However, given the nature of its business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of the Company's performance and valuation.

The Company is dependent on raising funds by the issuance of shares or disposing of interests it has in mineral properties in order to finance further acquisitions, undertake exploration and development activities on mineral properties and meet general and administrative expenses in the long term.

There is no assurance that additional funding will be available to allow the Company to fully explore its mineral properties. Failure to obtain financing could result in the delay or indefinite postponement of further exploration and the possible partial or total loss of the Company's interest in certain properties. The Company may be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized.

The audited consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, or the impact on the statement of operations and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

Debt financing has not been used to fund the Company's property acquisitions and exploration activities. The Company has no current plans to use debt financing for such transactions and activities. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the year ended April 30, 2010, the Company paid or accrued:

(a) management fees of $78,000 (2009 - $78,000) to Kim Evans, a director and officer of the Company; and,
(b) consulting fees of $54,000 (2009 - $54,000) to Zoran Pudar, an officer of the Company, for the provision of geological consulting services, of which $45,000 (2009 - $Nil) was capitalized to mineral properties.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production. The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in material future write-downs of capitalized property carrying values

Foreign currency translation and transactions

The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method.

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses denominated in a foreign currency are translated at rates approximating those on the transaction date. Foreign exchange gains and losses are included in loss for the year.

Changes in Accounting Policies

The Company adopted the following accounting policies effective May 1, 2009.

i) Financial Instruments – disclosures

CICA Handbook Section 3862, *Financial Instruments – Disclosures* ("Section 3862"), was amended. These amendments are applicable to the Company's financial statements ending on April 30, 2010. The amendments provide for additional disclosure requirements about the inputs to fair value measurements of financial instruments, including their classification into one of three levels within a "fair value hierarchy" that prioritizes the inputs to fair value measurement. These disclosures are included in Note 9 of these financial statements.

ii) Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period and the previous Goodwill and intangible assets standard (Section 3062). As a result of the withdrawal of EIC 27, the Company will not be able to defer revenues and related costs incurred prior to commercial production at new operations. There was no effect on the Company's financial statements on adoption of this standard.

Accounting Policy Developments

i) Convergence with International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of the Company will be May 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. The Company has begun assessing the adoption of IFRS for 2011.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at changeover date.

For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on May 1, 2011, with comparative information to be provided under the IFRS rules as well. As a result, the Company has begun to develop a plan to convert it financial statements to IFRS. Accounting policies initially identified for evaluation include First Time Adoption (IFRS 1), Exploration for and Evaluation of Mineral Resources (IFRS 6, IAS 16, IAS 38), Impairment of Assets (IAS 36, IFRIC10) and Share-based Compensation (IFRS 2).

Management has been attending training seminars on the transition to IFRS and reviewing newsletters and pamphlets distributed by accounting firms and others on various IFRS issues and topics. The Company will be monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting. At the present time, it does not appear that conversion to IFRS will greatly impact upon the Company's financial statement presentation. Nor does the Company anticipate that implementation of IFRS will have any material impact on its disclosure controls and procedures.

ii) Section 1582 *Business Combinations*, 1601 *Consolidated Financial Statements* and 1602 *Non-controlling interests* will replace the former Sections 1581 *Business Combinations*, 1600 *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 is effective for business combinations for which the acquisition date is on or after January 1, 2011 and Sections 1601 and 1602 apply to consolidated financial statements relating to years beginning on or after January 1, 2011.

The Company does not plan to adopt these accounting standards prior to January 1, 2011 and has not yet determined the accounting impact these new standards will have on its consolidated financial statements.

OUTSTANDING SHARE DATA AS AT AUGUST 26, 2010:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	34,278,276

(b) Summary of options outstanding:

Security	Number Granted	Number Exercisable	Exercise Price	Expiry Date
Options	1,625,000	1,625,000	$ 0.20	November 27, 2011
Options	50,000	50,000	0.20	January 11, 2012
Options	475,000	475,000	0.20	November 9, 2014
	2,150,000	2,150,000		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	937,500	$ 0.25	April 8, 2012
Warrants	2,356,780	0.25	June 9, 2012
	3,294,280		

(d) There are a total of Nil (2009 – 2,504,000) shares subject to an escrow agreement.

OTHER INFORMATION

The Company's web site address is www.goldenreign.com. Other information relating to the Company may be found on SEDAR at www.sedar.com.

Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers, such as the Company, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007 and thereafter. The Company is now required to file basic certificates, which is has done during fiscal 2009 and 2010. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at April 30, 2010.