



MANAGEMENT DISCUSSION AND ANALYSIS

For the Nine-Month Period ended January 31, 2016

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 nine-month period ended January 31, 2016 and should be read in conjunction with the accompanying unaudited consolidated interim financial statements and the notes thereto for the nine-month period ended January 31, 2016 and the audited consolidated financial statements and notes thereto for the year ended April 30, 2015, which are available on SEDAR at www.sedar.com. This MD&A is current as at March 30, 2016, the date of preparation.

The January 31, 2016 financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Forward-Looking Statements

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

GRR Strategy

Golden Reign has built a property position that encompasses most of the Corona de Oro gold belt in northern Nicaragua.

Golden Reign’s objective is to establish a low cost, profitable cornerstone operation at San Albino - *an area that represents only 2% of our landholdings* - with the aim of self-funding exploration and growing our operations in a non-dilutive manner, through free cash flow.

Located near the southern end of a 20 kilometre long mineralized trend outlined and defined by Golden Reign as the Corona de Oro Gold Belt, the San Albino Gold Deposit is the first of the five areas slated for potential development by the Company. GRR is seeking to advance the San Albino Gold Deposit on an expedited basis with a goal of achieving early production. In July 2014, the Company signed a US\$15.0 million gold streaming arrangement with Sailfish Royalty Corp. (“Sailfish”), a wholly owned subsidiary of Marlin Gold Mining Ltd. (“Marlin”), that covers solely the San Albino Gold Deposit, a 3.5 square kilometre area (the “Marlin AOI”) within the Company’s 138 square kilometre landholdings.

The remaining four areas, all of which lie outside of the Marlin AOI, are characterized by similar mineralogy, grades and thicknesses as those outlined at San Albino, and offer potential for future development.

Golden Reign’s most significant asset continues to be the exploration potential of the Nicaraguan property holdings. The Company will continue to advance exploration targets at Las Conchitas, Murra and on the El Jicaro Concession.

Preliminary Economic Assessment (PEA)

On May 31, 2015, the Company announced the filing of a National Instrument 43-101 (“NI 43-101”) compliant technical report for the Preliminary Economic Assessment (“PEA”) on its wholly-owned San Albino Gold Deposit. The PEA study was prepared by P&E Mining Consultants Inc. (“P&E”) and is based upon an updated mineral resource estimate, open pit and underground mine plan and a 250 tonne per day processing plant. The PEA is available on the Company’s website (www.goldenreign.com) and SEDAR (www.sedar.com).

The San Albino Gold Deposit is a low tonnage, high-margin gold project with an average mined diluted grade of 8.02 g/t AuEq, an after-tax NPV@5% discount of \$105.4 million and an after-tax IRR of 37.4%.

The PEA study has progressed the San Albino Gold Deposit to a level that includes metallurgical studies and detailed process opex/capex estimates. Once in production, San Albino is projected to be a low cost gold producer, with a forecasted All-In Sustaining Cost (AISC) gold equivalent of just US\$464 per ounce – placing it in the lowest quartile in terms of costs in the industry.

Due to its high grade nature and excellent projected gold recoveries, the Project shows strong resilience to variances in gold prices, thus mitigating risk.

Current operations

Since filing the PEA, Golden Reign has been moving forward with pre-development activities at San Albino, with a focus on permitting activities. Applications for three main permits – environmental, water and forestry – were submitted to the relevant Nicaraguan government authorities. In all cases, the applications were approved and mandatory governmental site visits have taken place. The Company has received both the Water Use Permit and Forestry Permit. With respect to the environmental permitting process, the Company has received from MARENA, the Nicaraguan Ministry of Environment and Natural Resources, detailed guidance to assist in the preparation and delivery of the San Albino environmental impact assessment study (“EIA”) which is currently in progress. The mining permit is expected to be granted once the environmental permit has been issued.

The Company continues to communicate and engage with local and federal governments, and further strengthen its relationships and partnerships within the local communities.

In October 2015, the Company announced that it has engaged Sonoran Resources, LLC (“Sonoran”), the nominated engineering, procurement and construction management (“EPCM”) firm under the Sailfish gold streaming arrangement, for an initial four month term to provide pre-development and pre-construction activities to advance its San Albino Gold Project. Sonoran’s initial activities will include a review of the Company’s PEA, detailed planning of advanced metallurgical testing, acid rock drainage testing and geotechnical work, and the delivery of a comprehensive Project budget and Project schedule.

Sonoran has the management and technical experience required to advance the project to the production stage. Sonoran is one of the few engineering firms that have senior engineers with direct operating experience in Nicaragua. Sonoran’s services are being funded via advances under the gold streaming arrangement with Sailfish.

Golden Reign has expanded its management team with the appointment of Kevin Bullock, P.Eng. as Chief Executive Officer. Mr. Bullock brings over 25 years of senior management experience to the Company. He is highly respected throughout the mining community as a senior manager with the firsthand experience and ability to transition exploration assets into producing mines. His area of expertise include exploration, mine development and operations. Most recently, as President and CEO of Volta Resources Inc. he was instrumental in the growth of that entity from a shell company through to its ultimate sale in 2013 to B2Gold at a 106% market premium. Mr. Bullock continues to serve as a Director of B2Gold.

During the period, the Company appointed Abraham (Braam) Jonker to its Board of Directors. Mr. Jonker has more than 20 years of experience in the mining industry. His diverse business career has spanned five continents specializing in senior management accounting and corporate finance. He currently serves as the Lead independent director of the Board of Directors of Mandalay Resources Corporation and non-executive director and Chairman of the Audit Committee of Firestone Diamonds Limited. Previously, Mr. Jonker was the Chief Financial Officer of Western Coal Corporation at the time of its take-over by Walter Energy for \$3.3 billion. He is a member of the Institutes of Chartered Accountants of England and Wales as well as South Africa. He is also a member of the Chartered Institute of Management Accountants in the United Kingdom and holds a Masters degree in South African and International Tax from the Rand Afrikaans University. Mr. Jonker is Chair of the Company’s Audit Committee, taking over from Mr. Bryce Porter who retired from the Board at the 2015 Annual General Meeting.

Mitigating Risk

Golden Reign continues to actively work to mitigate the risk associated with developing the San Albino Gold Deposit by:

- focusing on a high margin development scenario, with low-tonnage, high-grade material and a modest initial capital investment requirement
- completing substantial, advanced metallurgical test work for the PEA, where simple gravity concentration tests returned excellent gold recoveries and overall recoveries for the oxide zone were 91% for gold, 59% for silver and the fresh (sulphide) zone were 95% for gold and 91% for silver

- utilizing existing infrastructure – the project is easily accessible via good year-round roads, it has multiple on-site water sources, the national power grid passes directly through the property and its gentle topography is very amenable to the planned mining operations
- continuing to nurture and develop strong community relations
- maintaining good relationships with the Nicaraguan government and its agencies
- planning the expansion of potential resources through additional shallow drilling and trenching
- securing funding for the development and construction of the San Albino mine under a Gold Streaming Arrangement with Marlin Gold Mining Ltd.

San Albino Gold Deposit - Moving towards production with a US\$ 15.0 Million Gold Streaming Arrangement

In July 2014, Golden Reign completed a Gold Streaming Arrangement (the “Arrangement”) with Marlin at the Company’s San Albino Gold Deposit (refer to Company news release dated July 11, 2014). The Arrangement only covers the San Albino Gold Deposit, a 3.5 square kilometre area within the Company’s highly prospective 138 square kilometre landholdings.

For a purchase price of US\$15.0 million Marlin’s wholly-owned subsidiary, Sailfish Royalty Corp., will be entitled to purchase 40% of gold production from the San Albino Gold Deposit, comprising a total 3.5 square kilometres, at US\$700 per troy ounce¹ until Sailfish recovers US\$19.6 million². Thereafter, Sailfish will be entitled to purchase 20% of gold production at US\$700 per troy ounce³. Prior to commercial production, Sailfish will be entitled to receive an 8% semi-annual coupon payment on the purchase price from Golden Reign.

- 1 Subject to a 1% per year cost escalation beginning three years from commercial production.
- 2 Golden Reign will be required to make minimum monthly payments of US\$282,800 per month when commercial production commences. Golden Reign, at its sole discretion, may increase the amount of gold delivered and/or cash payments made to Sailfish in order to accelerate repayment and reduce the payment stream percentage.
- 3 Subject to a 1% per year cost escalation beginning three years from commercial production, plus 50% of the price differential above US\$1,200 per troy ounce subject to certain adjustments.

Under the 250tpd PEA scenario, Sailfish may purchase a maximum of 27,883 ounces of gold at an average price of US\$703 per ounce (or a combination of gold ounces and cash) in repayment of the US\$19.6 million. Thereafter, Sailfish may purchase an additional 119,174 gold ounces at an average price of US\$852 per ounce. Total potential gold stream revenues from Sailfish are estimated at US\$121 million, representing 22.3% of total gold production. Golden Reign retains 77.7% (513,151 ounces) of its gold production and over 90% of its revenue, valued at US\$1,250 per ounce, which is estimated at US\$639 Million plus 100% of the silver ounces produced which, valued at US\$19.50 per silver ounce, is an estimated US\$20.4 Million that will be applied as a by-product credit.

Concurrent with the closing of the transaction, Marlin took an 18.51% interest in the Company by purchasing 21.3 million common shares for approximately \$3.2 million. Marlin recently increased its stake in Golden Reign to 19.9% through its participation in the Company’s March 2016 non-brokered private placement of common shares.

BUSINESS OVERVIEW

Golden Reign Resources Ltd. is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “GRR”.

Since June 2009, Golden Reign has been focused on its operations in Nicaragua. Along the Corona de Oro Gold Belt, Golden Reign acquired 8,700 hectares, held under a 25 year mining license expiring February 3, 2027. The property 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 processing 10 tons per day of 1 oz/t gold material.

The Company made aggregate cash payments of US\$450,000, incurred aggregate exploration expenditures of US\$5,000,000 on the property and issued a total of 4,000,000 common shares from its treasury to earn its 80% interest in the property. In October 2012, the Company entered into a further agreement, acquiring the remaining 20% interest in the property by making cash payments totaling US\$650,000 and issuing 2,100,000 common shares from its treasury over a period of 12 months.

There is no Net Smelter Return (“NSR”) other than that payable to the Nicaraguan government pursuant to existing mining laws.

In February 2012, the Company acquired the El Jicaro Concession (the “Concession”) from a third party, an individual Nicaraguan title holder, at a cost of US\$120,000 (CAD\$119,472). The Concession license is valid for a period of twenty-five years until September 28, 2033.

The El Jicaro Concession encompasses the southwest extension of the mineralized structures identified on the Corona de Oro Gold Belt. The Concession covers an area of 5,071 hectares (51 km²), nearly doubling the Company’s land package to an aggregate 13,771 hectares (138 km²). Several good exploration targets have been outlined on El Jicaro. The mapping and prospecting programs completed to date have defined four parallel zones of mineralization. Further work is planned.

Nicaragua

Although it boasts a long history of gold production, Nicaragua is under-explored – but is attracting international interest. 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.

Exploration and Evaluation Assets

	January 31, 2016	April 30, 2015
Acquisition Costs	\$ 6,303,996	\$ 5,429,917
Deferred Exploration Costs	27,326,434	22,295,570
	\$ 33,630,430	\$ 27,725,487

For a comprehensive breakdown of exploration and evaluation costs, please refer to Note 5 of the interim consolidated financial statements for the nine-month period ended January 31, 2016.

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	2015	2014	2013
Net Sales	Nil	Nil	Nil
Net Loss	\$ 814,735	\$ 936,198	\$ 1,465,554
Comprehensive (Gain) Loss	\$ (1,733,433)	\$ (775,744)	\$ 1,568,547
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02
Total Assets	\$ 28,647,858	\$ 24,056,983	\$ 19,296,608
Total Long-term liabilities	\$ 144,000	\$ 470,000	\$ 315,000
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, 2015, 2014, and 2013 is comprised mainly of general and administrative expenses. The reported net loss for 2015, 2014, and 2013 includes share-based compensation expense of \$142,189, \$146,075 and \$589,024, respectively.

Summary of Quarterly Results

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

	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (loss) gain	\$(139,786)	\$(144,662)	\$(140,344)	\$(235,195)	\$(138,227)	\$(153,276)	\$(288,037)	\$(138,366)
Comprehensive (loss)gain	\$2,218,807	\$(158,766)	\$2,220,019	\$(1,827,421)	\$3,231,086	\$692,130	\$(362,362)	\$(893,288)
Basic and diluted loss per share	\$0.00	\$0.00	\$0.00	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.01)

Three Months ended January 31, 2016

The Company reported a net loss of \$139,786 for the three month period ended January 31, 2016, as compared to a net loss of \$138,227 for the same period in the prior fiscal year. The Company realized decreases in travel and promotion, and wages and benefits, as compared to the three month period of the prior year.

General and administrative expenses for the three months ended January 31, 2016 totaled \$139,786 (2015 – \$141,160).

Wages and benefits decreased by \$3,865 to \$93,418 (2015 - \$97,283) and included consulting fees of \$11,700 (2015 - \$10,725).

Office and miscellaneous expenses increased by \$1,029 to \$25,984 (2015 - \$24,955) and included: bank charges of \$217; office expenses of \$2,442, office rent of \$14,516; telecommunications of \$3,284; commercial liability insurance of \$1,243; and directors' and officers' insurance of \$3,000.

Expenditure on travel and promotion totaled \$1,859 (2015 - \$2,039). Costs paid included printed promotional material of \$350, and email and newswire services of \$265. In addition, aggregate costs of \$1,244 (2015 - \$Nil) were incurred with respect to the Company's 2015 Annual General Meeting of Shareholders.

Professional fees of \$16,244 (2015 - \$14,450) consisted of audit fees of \$15,249 and accruals plus \$995 in legal costs. As the Company's operations grow and accounting complexity increases, management anticipates that the related audit fees and accruals will likely increase and, as such, has increased the quarterly accrual for same.

Regulatory and listing fees for the quarter were \$1,634 (2015 - \$1,375) with \$200 (2015 - \$Nil) paid as filing and listing fees and \$1,434 (2015 - \$1,375) for transfer agency services.

During the third quarter of fiscal 2016, the Company received a refund of Value Added Tax in the amount of NIO 3,755,035.74, equivalent to approximately CAD\$181,900, which was received in early December 2015.

Nine Months ended January 31, 2016

The Company reported a net loss of \$424,792 for the nine-month period ended January 31, 2016, compared to a net loss of \$579,540 for the same period in the prior fiscal year. The Company realized decreases in all expense categories with the exception of professional fees, compared to the nine-month period of the prior year.

General and administrative expenses for the nine months ended January 31, 2016 totaled \$425,000 (2015 – \$583,550) including a foreign exchange loss of \$71 (2015 – \$1,150).

Wages and benefits decreased by \$15,078 to \$276,132 (2015 - \$291,210) and included consulting fees of \$11,700 (2015 - \$34,125).

Office and miscellaneous expenses decreased by \$4,554 to \$72,417 (2015 - \$76,971) and included: bank charges of \$900; office expenses of \$4,669, office rent of \$41,749; telecommunications of \$8,559; commercial liability insurance of \$3,729; and directors' and officers' insurance of \$9,000.

Expenditure on travel and promotion totaled \$9,911 (2015 - \$16,826). Costs paid included meals and entertainment of \$211, printed promotional material of \$2,162, and email and newswire services of \$876. In addition, aggregate costs of \$6,910 (2015 - \$Nil) were incurred with respect to the Company's 2015 Annual General Meeting of Shareholders.

Professional fees of \$53,904 (2015 - \$35,650) include audit fees and accruals of \$52,909 and legal fees of \$995. As the Company's operations grow and accounting complexity increases, management anticipates that the related audit fees and accruals will likely increase and, as such, has increased the quarterly accrual for same.

Regulatory and listing fees for the nine-month period were \$10,608 (2015 - \$36,381) with \$7,131 paid as filing and listing fees and \$3,477 (2015 - \$3,828) for transfer agency services. During the comparative period, the Company incurred filing and listing fees of \$24,410 with respect to the Marlin gold streaming arrangement and renewals of its stock option plan and shareholders rights plan.

During the same period of the prior year, the Company recorded stock-based compensation of \$123,000 upon the repricing of an aggregate 5,310,000 stock options at the Annual General Meeting of Shareholders held on June 26, 2014. There was no similar expense recorded during the current fiscal year.

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 nine months ended January 31, 2016 was \$208 (2015 - \$4,010). The decrease over the same period of the prior year being attributable to fewer funds held on account.

Trends

The Company has been in a growth pattern, actively exploring with a view to developing its San Albino-Murra Gold Property in northern Nicaragua. After acquiring the option on the Property in late June 2009, Golden Reign completed geological mapping and prospecting work throughout the property and an initial drill program at the San Albino Mine, the most advanced prospect. In early 2012, the Company undertook a major trenching program in the Southern District. In April 2012, a definition drilling program was initiated at the San Albino Gold Deposit, completing in July 2012. The Company's initial resource calculation was announced in late November 2012. An independent NI 43-101 technical report and resource estimate was filed in early January 2013. In July 2014, the Company reported an updated NI 43-101 compliant resource at the San Albino Gold Deposit. On May 1, 2015, Golden Reign announced the filing of the Preliminary Economic Analysis and updated mineral resource estimate for its San Albino Gold Deposit.

Volatile market conditions and a scarcity of available financing may affect the Company's planned level of activity and development during fiscal 2016.

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 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 expenses, income from investing, 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

In recent years, the gold price has experienced high levels of volatility. In 2012, the price of gold reached new heights, briefly exceeding US\$1,900/oz. More recently it is priced in the range of US\$1,030 to US\$1,268/oz. Demand for physical gold continues to be good.

Silver is currently trading approximately US\$15/oz. There is an industrial demand for silver; however, it is the investment demand that primarily drives its pricing.

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

RISK FACTORS

The Company's principal activity of mineral exploration is generally considered to have 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 chances 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 exploration and evaluation assets there is no guarantee that the exploration and evaluation assets 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.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2016, the Company's primary capital asset was its investment in exploration and evaluation assets of \$33,630,430 (April 30, 2015 - \$27,725,487).

As at January 31, 2016, the Company held cash of \$18,660 (April 30, 2015 - \$693,257) and had negative working capital of \$(499,247) (April 30, 2015 - positive working capital of \$393,758). During the period, the Company raised proceeds of \$324,058 via a warrant amendment program and received IVA (VAT) refunds from Nicaraguan tax authorities aggregating NIO 3,755,035.74, equivalent to approximately CAD\$181,900. In March 2016, the Company completed a non-brokered private placement of common shares raising gross proceeds of \$3,116,640 to fund general and administrative expenses, and to progress its flagship San Albino-Murra Property and the El Jicaro Concession.

During the nine-month period ended January 31, 2016, the Company experienced cash outflows of \$265,246 (2015 - \$521,159) from operating activities. Investing activities used cash of \$1,247,786 (2015 - \$1,886,801), spent on the Company's Nicaraguan projects. Financing activities realized positive cash flows of \$424,058 (2015 - \$3,227,032) from the warrant amendment program and the receipt of funds for share subscriptions, offset by share issue costs totaling \$489. In addition, deferred revenues of \$392,025 were recorded in respect of advances received from Marlin pursuant to the gold streaming arrangement. Overall, cash decreased by \$697,438, as compared to an increase of \$819,072 in the same nine-month period of the prior year.

Development of the Company's initial operation at the San Albino Gold Mine is anticipated to be funded mainly under the Marlin/Sailfish gold streaming arrangement. However, if capital requirements exceed US\$15.0 million additional funds will be required. During the period, the Company received an initial draw down of US\$294,567 (CAD\$386,295) of the upfront cash payment amount of US\$15.0 million to be used for engineering work during the pre-development phase which was recorded as deferred revenue. At January 31, 2016, the accrued interest payable on the amount drawn down was US\$4,091 (CAD\$5,730). The balance of the US\$15.0 million is subject to Marlin's election to proceed and is payable in installments once the project schedule and project budget are completed, approved by the Company and accepted by Marlin.

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, and impacted by 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 through the issuance of shares and/or debt instruments, or disposing of interests it has in exploration and evaluation assets in order to finance further acquisitions, undertake exploration and development activities on exploration and evaluation assets 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 exploration and evaluation assets. 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 consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, or the impact on the statement of loss and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

Other than the Gold streaming arrangement described herein, debt financing has not been used to fund the Company's property acquisitions and exploration activities. The Company, other than as stated herein, 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.

SUBSEQUENT EVENTS

Subsequent to January 31, 2016, the Company:

- a) granted 2,000,000 options to directors and an executive officer at an exercise price of \$0.10 per share for a term of five years. A total of 1,250,000 stock options are subject to certain vesting requirements. The securities represented by this grant will be subject to a four-month hold period;
- b) closed a previously announced (February 10, 2016) non-brokered private placement of 38,958,000 common shares priced at \$0.08 per share for gross proceeds of \$3,116,640. In connection with the offering, the Company paid finders' fees of \$57,806 in cash and issued 712,075 warrants priced at \$0.12 per common share exercisable for a period of one year. Proceeds of the placement will be applied to costs related to the Company's wholly-owned Nicaraguan mineral properties and for general working capital;
- c) recorded the expiry of 2,048,956 share purchase warrants priced at \$0.25 per warrant share; and
- d) had an aggregate 1,450,000 incentive stock options priced at \$0.25 per share expire unexercised.

TRANSACTIONS WITH RELATED PARTIES

During the nine-month period ended January 31, 2016, the Company paid or accrued:

- (a) salaries of \$90,000 (2015 - \$90,000) to Kim Evans, a director and officer of the Company;
- (b) salaries of \$34,400 (2015 - \$22,800) to Michele Pillon an officer of the Company;
- (c) salaries of \$72,000 (2015 - \$72,000) to Zoran Pudar, an officer of the Company, which was capitalized to mineral properties; and,
- (d) salaries of \$8,219 (2015 - \$Nil) to Kevin Bullock, an officer of the Company.

Included in accounts payable and accrued liabilities is a total of \$56,685 (2015 - \$3,331) due to related parties for expenses. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

These transactions were in the normal course of operations.

Foreign currency translation and transactions

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the financial reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of profit or loss.

The financial statements of entities that have a functional currency different from that of the Company (“foreign operations”) are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity. The Company’s Nicaraguan subsidiaries functional currency is the US dollar.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses in accumulated other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses in accumulated other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

Financial Instruments and Risk Management

Financial Instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company’s financial instruments include cash, receivables, accounts payable and accrued liabilities.

(a) Fair value

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables and payables and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

(b) Credit and interest 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 no significant concentration of credit risk arising from operations. The Company has 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 receivables. The Company’s current policy is to invest excess cash in variable interest investment-grade 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 primarily due from a government agency. The Company’s credit risk has not changed significantly from the prior year.

(c) 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 by accessing financing through private placements and other tools. In June, 2015, the Company raised additional funding of \$324,058. A further amount equivalent to approximately \$181,900 was received from Nicaraguan tax authorities in early December 2015, in refund of VAT claims submitted by the Company. In March 2016, the Company completed a non-brokered private placement of common shares to raise gross proceeds of \$3,116,640.

(e) Commodity 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.

(f) Foreign currency risk

The Company’s functional currency is the Canadian dollar; however, its subsidiaries’ functional currency is the US dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. A 1% change in rates would result in a nominal increase / decrease to monetary assets. The Company has not hedged its exposure to currency fluctuations.

OUTSTANDING SHARE DATA AS AT MARCH 30, 2016:

- (a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	155,449,941

- (b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	1,945,000	1,945,000	0.25	February 15, 2017
Options	1,365,000	1,365,000	0.25	August 8, 2017
Options	1,060,000	1,060,000	0.20	July 15, 2018
Options	60,000	60,000	0.25	October 16, 2018
Options	2,000,000	750,000	0.10	February 19, 2021
	6,430,000	5,180,000		

- (c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	6,481,155	0.05	December 31, 2017
Warrants	712,075	0.12	March 22, 2017
	7,193,230		

FUTURE ACCOUNTING PRONOUNCEMENTS
IFRS 9 Financial Instruments

IFRS 9, Financial Instruments was issued by the IASB and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. Requirements for financial liabilities are included in IFRS 9 and they largely carry forward existing requirements from IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

In July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9. The IASB agreed that the mandatory effective date should no longer be annual periods beginning on or after January 1, 2015 but rather be left open pending the finalization of the impairment and classification and measurement requirements. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design and operating effectiveness of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed and were operating effectively as at January 31, 2016.

DISCLOSURE CONTROLS

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Company's disclosure controls and procedures as of January 31, 2016 and have concluded that these controls and procedures are effective.

OTHER INFORMATION

For additional disclosures concerning the Company's general and administrative expenses and exploration and evaluation assets, please refer to the consolidated financial statements for the nine-month period ended January 31, 2016, which are available on the Company's website at www.goldenreign.com or on SEDAR at www.sedar.com.