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.