



MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended April 30, 2011

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 three months (Q4 2011) and year ended April 30, 2011. 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, 2011, which are available on SEDAR at www.sedar.com. This MD&A is current as at August 25, 2011.

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 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.

BUSINESS OVERVIEW

Highlights

Golden Reign 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”. 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 (the “Property”) located in Nicaragua.

- The Company has determined that a structural corridor approximately 3 kilometres wide by 15 kilometres long stretches from the southern to the north-eastern boundaries of the Property
- Drill programs at the San Albino Mine area first commenced in the fall of 2009, have established a series of at least 4 parallel, mineralized veins comprising the Arras/San Lorenzo vein, San Albino vein and two intermediate veins. The Arras/San Lorenzo vein has been traced along a strike length of 900 metres, while work to establish a 600 metre strike length at the San Albino vein is in process. The mineralized zones remain open along strike in both directions and at depth.
- The 2011 diamond drilling program of approximately 10,000 metres of definition drilling is currently underway, with the intent of obtaining sufficient data to calculate a NI 43-101 compliant mineral resource at the San Albino Mine area
- A major trenching program to the south of San Albino/Arras has led to new discoveries including highly mineralized zones bearing quartz veins ranging from 1 to 8 metres in true thickness, and has outlined excellent targets for drill testing
- High-grade early exploration samples have been reported at other Southern District prospects and at Mina Estrella in the Northern (Murra) District
- The Company is well funded, with approximately \$7M in cash. To date in fiscal 2012(?), proceeds of \$1,337,665 have been received from the exercise of 140,000 stock options and 1,774,220 warrant shares.

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\$330,000, issued a total of 3,000,000 common shares to the vendor.

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;
- 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 of 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 has an excellent potential to host a significant gold deposit. It hosts at least two highly mineralized zones – San Albino and Arras/San Lorenzo – which are situated roughly 450 metres apart. The Arras/San Lorenzo vein has been traced along a strike length of 900 metres. In 2010, the San Albino zone was extended from roughly 70 metres to 300 metres in strike length by the initial drill program. Further, drilling led to the discovery of three new mineralized zones, which has greatly expanded the size potential of such a deposit. The 2011 drill program currently in progress is working to establish a 600 metre strike length on the San Albino zone. All gold zones remain open along strike and at depth.

Similarly, the Northern and Central District, along with the remainder of the Southern District, have shown great potential. A tremendous number of historical workings and showings – including mines, mine dumps and adits dating back to the Spanish explorers in the late 1700’s - have been located, sampled and merit additional review.

2011 Program

Golden Reign’s exploration plans for 2011 comprise four main components: (1) drilling (2) trenching (3) re-opening 400 level of San Albino Mine and (4) continued mapping and prospecting.

Drilling

The 2011 Phase 2 diamond drill program will consist of up to 10,000 metres, of definition drilling to further extend the mineralized area, refine the geological model, and obtain sufficient data to calculate a NI 43-101 compliant mineral resource for San Albino/Arras. It is designed as a follow-up to the successful 2010 initial Phase 1 drill campaign.

Presently, six fences of drill holes are designed to test the continuity and extension of the mineralized structures mapped on the surface and intersected by the 2010 drill program. Approximately 40 to 60 holes will be cored to a maximum drill hole depth of 350 metres. The holes will be spaced approximately 50 metres apart, and drilled at angles in the ranges of 45°-55° and 70°- 90°. The Company has budgeted approximately \$4,000,000 for the program.

Trenching

A major trenching program in the San Pablo and Las Conchitas areas of the Southern District, situated roughly 1.5 and 2.5 kilometres, respectively, south of the San Albino Mine area, was completed in late Spring 2011. Systematic trenching was conducted across highly mineralized zones identified during the Company's 2010 exploration program. The trenches were designed to expose near-surface mineralized quartz veins, confirm the direction, size and continuity of the mineralized structures and delineate additional targets for the 2011 diamond drill program.

Mineralization in the San Pablo area, situated in the central part of the southern district, is predominantly controlled by 60 degree trending structures, producing quartz veins up to 8 metres true thickness. Sheeted veins containing native gold, arsenopyrite, pyrite, galena and scorodite form large mineralized stockwork zones of roughly 50 x 50 metres. These stockwork zones are situated where the veins are intersected by 310 degree structures. Thus far, trenching has exposed several veins, one of which ranges from 5 to 8 metres in width. The veins have been traced for over 700 metres of strike length and remain open in both directions. Visible gold was observed in each of the trenches. Highlights from trenching include:

- Trench 2: 8.5 metres averaging 8.94 g/t gold, including 4.5 metres of 15.26 g/t gold
- Trench 4: 16.0 metres averaging 6.25 g/t gold, including 9.0 metres of 6.51 g/t gold and 3.0 metres of 13.14 g/t gold
- Trench 5: 3.0 metres averaging 9.19 g/t gold
- Trench 10: 5.3 metres averaging 48.28 g/t gold and 20.98 g/t silver, including 2.0 metres of 118.91 g/t gold and 40.20 g/t silver

The Las Conchitas area also hosts sheeted quartz veins containing native gold, arsenopyrite, pyrite, and galena. One grab sample of vein material returned an assay of 121.0 g/t gold. Similar to San Pablo and the San Albino Mine area, mineralization is controlled by regional trending structures, or shear zones.

In early 2011, a total of five trenches were completed at Mina Estrella to test the extension and continuity of gold bearing quartz veins sampled in the old adit. Trenching exposed two steeply dipping veins ranging from 2 to 5 metres in width, which extend over a mapped length of at least 100 metres. Individual veins have been traced by prospecting for over 200 metres. Quartz veins, up to 5 metres wide, were exposed in each trench. They are mineralized by pyrite, galena and contain visible gold. Sampling of the trench floors returned two metres averaging 10.72 g/t gold in Trench #2. The best trenching results came from sampling along the vein in Trench #3, which returned excellent results at depth in the vein and produced an intersection of 7.0 metres of 15.89 g/t Au, including 2.0 metres of 46.49 g/t Au and 1.0 metre of 72.15 g/t Au (see news release dated March 24, 2011).

400 Level of San Albino Mine

The 400 level portal to the historic San Albino Mine has been reopened and the drift is being cleared and re-timbered in faulted areas. Historic, systematic sampling in 1919 and 1935 returned a grade of 0.89 ounces gold per ton (30.7 g/t gold) over a strike of approximately 70 metres and an average vein width of 1.25 metres. The Company plans to re-open and resample the 400 level to obtain a better understanding of geological controls and confirm these historic grades and widths. Additionally, a bulk tonnage sample may be taken for the purpose of metallurgical testing.

Geological mapping and prospecting

Geological mapping and prospecting of the Property is on-going. There was no historical data available for the Central District and limited information for the Northern (Murra) District. Known historical workings, mines and adits located throughout the Property numbered just over 300 prior the Company commencing significant, detailed mapping and sampling in early 2011. The number of historical showings now exceeds 1,000, many of which merit additional examination.

2010 Program

In July 2010, the Company commenced a first phase diamond drill program designed to test grade and continuation of mineralization of the San Albino Mine area at depth and along strike. Drilling was completed in early October 2010. A total of 1,515 metres were cored.

A fence of nine diamond drill holes was drilled at the San Albino zone. All nine diamond drill holes intersected the San Albino vein structure, confirming the uniformity of high-grade near-surface mineralization, both in thickness and grade. As previously reported, several drill holes returned high-grade gold intervals over significant widths:

- SA10-06 averaged 22.40 g/t gold over 3.1 metres.
- SA10-02 averaged 29.32 g/t gold over 2.0 metres
- SA10-03 averaged 10.75 g/t gold over 2.13 metres
- SA10-01 averaged 7.35 g/t gold over 4.0 metres

In addition, drill holes SA10-06 and SA10-04 identified new, parallel mineralized zones below the San Albino zone. SA10-06 intersected a total of four highly mineralized gold zones, ending at 284.38 metres within a graphitic schist package hosting gold mineralization. The San Albino zone was intersected at 48.2 metres. The three new parallel gold zones were intersected at 128.93 metres, 247.50 metres and 268.00 metres depth, respectively.

Results from drill holes SA10-01 through SA10-09 correlate strongly with historical underground sampling of the 200, 300 and 400 levels of the San Albino Mine. Systematic sampling in 1919 and 1935 was conducted to effectively define ore grade and to ensure an economically optimized mill feed during the mining operation.

- On the 200 and 300 levels, sampling returned a grade of 0.70 ounces gold per ton (24 g/t gold) over a strike length of 70 metres and an average vein width of 1.33 metres
- On the 400 level, sampling returned a grade of 0.89 ounces gold per ton (30.7 g/t gold) over a strike length of approximately 70 metres and an average vein width of 1.25 metres

A 3D model of drilling completed at San Albino is available on the Company's website at www.goldenreignresources.com.

The San Albino Gold Zone, which hosts the San Albino Mine, has been extended from 70 metres to 200 metres along strike. Additionally, the zone has been extended to depth by up to 50 metres below Level 400, giving merit to historical projections for the development of new levels, 500 and 600, at San Albino Mine. The San Albino Zone remains open in both directions along strike and at depth. This zone is one of four parallel zones being investigated in the area of the San Albino Mine.

A total of five diamond drill holes were completed at the Arras prospect, located approximately 450 metres southeast of the San Albino Mine. Drill holes AR10-01, AR10-03, AR10-04 and AR10-05 all intersected the Arras zone mineralization, with the best intercepts returning:

- AR10-01 1.15m of 31.15 g/t gold and 83.6 g/t silver
- AR10-03 2.14 metres of 21.43 g/t gold and 47.3 g/t silver

Drilling at Arras has confirmed high-grade, near surface mineralization. The silver to gold ratio is roughly 2:1 at Arras, as compared to the 1:1 silver to gold ratio received from drilling at the San Albino Mine.

A cross-section from San Albino drill hole SA10-06 to the Arras surface showing indicates that the Arras mineralized zone can be traced 450 metres down dip. The Arras zone, which has already been traced for 200 metres along strike, is open in both directions and down dip. The third intersection in drill hole SA10-06, which returned **4.0 metres of 13.67 g/t gold and 31.41 g/t silver** including **0.8 metres of 42.28 g/t gold and 123.0 g/t silver**, and the Arras mineralization are not only visually similar but also chemically similar in that the silver to gold ratio is approximately 2:1. A copy of the cross-section is available on the Company's website.

Large, regional shear zones host the mineralized zones and are responsible for continuity of both grade and thickness within the mineralized zones.

Concurrent with the first phase drill program, geological mapping, prospecting and sampling of the northern-most district, the Murra District, of the Property continued. While there is little information available on Murra, the area is also host to a number of historic workings, many dating back to the Spaniards.

One such prospect is Mina Estrella, an old artisanal underground working. This was sampled, returning an average of 62.34 g/t gold over 3.0 metres (see news release dated September 8, 2010). This included 1.0 metre of 54.14 g/t gold, 1.0 metre of 23.41 g/t gold and 1.0 metre of 109.47 g/t gold. High-grade results received from the first phase exploration program were followed up by a second program comprised of continuous channel sampling over the entire width of the adit which returned 10.5 metres of 24.75 g/t gold, including 1.1 metres of 112.09 g/t gold and 0.7 metres of 176.18 g/t gold.

Within the Mina Estrella adit, the main vein is 5.0 metres wide, averaging 26.47 g/t gold. It is one of three exposed quartz veins that intrude into the chlorite schist host rock. These quartz veins, as well as the other quartz veins mapped within the

Murra District are similar in style and chemistry to those at the San Albino Mine in the southern district. Most of the veins consist of drusy, white quartz with manganese and iron oxide. The chlorite schist often contains quartz veinlets, several centimetres wide, which carry significant gold mineralization. Mineralized veins within the Murra District are substantially wider (five metres or more) and steeper dipping (subvertical) than the veins in the southern, San Albino District.

Overview

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: Southern (San Albino) District, Central District and Northern (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, and San Pablo/Las Conchitas.

The 2010 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.

Southern District

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 resource. 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 (metavolcanic(?) 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.

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

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 and more recently by the 2010 drill program.

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 the 2010 program 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.

Northern (Murra) District

Underground sampling of schists with quartz stockworks has returned strong gold values, confirming that gold mineralization is not constrained to quartz veins. Highlights from underground sampling are as follows:

- Mina Estrella, adit #5 – 1.8 metre channel sample returned 18.29 g/t Au
- Minas El Soccoro, adit # 4 – 1.5 metre chip channel sample returned 10.16 g/t Au
- Minas El Soccoro, adit # 4 – 1.2 metre chip channel sample returned 8.44 g/t Au
- Minas Gresin – 1.7 metre chip channel sample returned 6.32 g/t Au
- Minas Gresin – 1.6 metre chip channel sample returned 6.39 g/t Au

At Mina Estrella Adit #5, historical artisanal workings did not reach the targeted quartz vein material. However, high grade gold values received from sampling of the host rock indicate that the quartz vein is situated nearby, likely within approximately within a few metres of the adit.

At Minas El Soccoro and Mina Gresin, the majority of the samples carried gold mineralization. Both prospects represent areas of old artisanal underground workings with extensive tunneling, most of which is flooded. Both have large underground galleries constructed within chlorite schists hosting a well developed quartz stockwork. Based upon proximity, the two prospects may be separate approaches to the same deposit. Further work is planned.

Mineral Properties and Deferred Exploration Costs

| | Balance April 30, 2010 | Additions | Written-Off | Balance April 30, 2011 |
|----------------------------|------------------------------|--------------|-------------|------------------------------|
| Mineral property costs | \$ 349,596 | \$ 251,426 | \$ - | \$ 601,022 |
| Deferred exploration costs | 636,178 | 1,647,453 | - | 2,283,631 |
| | \$ 985,774 | \$ 1,898,879 | \$ - | \$ 2,884,653 |

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, 2011.

RESULTS OF OPERATIONS

Selected Annual Information

| Fiscal Year | 2011 | 2010 | 2009 |
|----------------------------------|---------------|--------------|--------------|
| Net Sales | Nil | Nil | Nil |
| Net and comprehensive Loss | \$ 1,304,116 | \$ 339,790 | \$ 304,361 |
| Basic and diluted loss per share | \$ 0.03 | \$ 0.01 | \$ 0.01 |
| Total Assets | \$ 10,357,400 | \$ 1,469,994 | \$ 1,203,275 |
| 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, 2011, 2010, and 2009 is comprised mainly of general and administrative expenses. The reported net loss for 2011, 2010, and 2009 includes write-down of mineral property interests of \$Nil, \$Nil, and \$1, respectively and stock-based compensation expense of \$840,033, \$58,000, and \$Nil, respectively.

Summary of Quarterly Results

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

| | 2011 | | | | 2010 | | | |
|----------------------------------|------------|------------|------------|-----------|------------|-----------|-----------|-----------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net Sales | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Net and comprehensive loss | \$ 732,244 | \$ 100,590 | \$ 382,624 | \$ 88,658 | \$ 115,528 | \$ 91,557 | \$ 61,232 | \$ 71,473 |
| Basic and diluted loss per share | \$ 0.02 | \$ 0.00 | \$ 0.01 | \$ 0.00 | \$ 0.00 | \$ 0.01 | \$ 0.00 | \$ 0.00 |

Three Months ended April 30, 2011

Golden Reign is in an active growth stage. The overall increase in business activities and operations of the Company resulted in higher general and administrative costs in fiscal 2011. In Q4 2011, however, stock-based compensation expense of \$541,533 (2010 - \$39,000) recorded in connection with stock option grants, calculated using the Black-Scholes model, comprised just over 80% of expenditures.

During Q4 2011, stock-based compensation of \$681,333 (2010 - \$87,600) was recorded in relation to the grant of 1,665,000 incentive stock options to directors, officers, employees and consultants of the Company, of which \$139,800 (2010 - \$29,600) was capitalized as mineral property expenditures and \$541,533 (2010 - \$58,000) was expensed as stock-based compensation in operations, with a corresponding credit to contributed surplus.

The Company reported a net and comprehensive loss of \$732,244 for the three month period ended April 30, 2011 compared to a net and comprehensive loss of \$115,528 for the same period in the prior fiscal year. General and administrative expenses for Q4 2011 totalled \$678,210 (2010 - \$115,712).

Consulting fees paid or accrued during the quarter for geological consulting services provided by an officer of the Company totalled \$19,500 (2010 - \$13,500), which was capitalized to mineral properties.

Wages and benefits were increased over of the previous year, totalling \$33,058 (2010 - \$20,449). Management fees were \$25,500, increasing by \$6,000 over the same period of the prior year.

Office and miscellaneous expenses totalled \$12,767 (2010 - \$8,614) and included: office rent of \$8,876; bank charges of \$1,287; courier costs of \$135; office expenses of \$527; office insurance of \$555; and, telecommunication costs of \$1,299. During the quarter, the Company realized a foreign exchange loss of \$88, as compared to a \$4,891 gain in the prior year. Amortization was recorded at \$1,220 (2010 - \$2,765).

Expenditure on travel and promotion totalled \$33,408 (2010 - \$4,012) during the period. Costs paid during the quarter include: \$2,742 (2010 - \$3,145) for advertising; \$1,532 (2010 - \$560) for website hosting and maintenance, \$2,060 (2010 - \$Nil) for travel, \$1,044 (2010 - \$Nil) for trade shows, meals and entertainment of \$887 (2010 - \$306) and \$20,143 (2010 - \$Nil) for news wire services. In addition, effective April 2011 the Company entered into a six-month agreement with Senergy Communications Inc. ("Senergy"), whereby Senergy is providing investor relations and communications services at a cost of \$5,000 per month.

Legal fees of \$677 (2010 - \$1,102) were incurred in respect of general corporate matters. Audit related fees and accruals of \$19,500 (2010 - \$7,500) were recorded during the period.

Regulatory and listing fees for the quarter were \$9,847 (2010 - \$12,683) and included \$6,600 paid as TSX-V annual sustaining fees, \$700 for general filing fees and \$450 for filings related to the Company's news releases, plus \$2,097 paid for transfer agency services rendered.

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, 2011 was \$7,966 (2010 - \$187). The increase over the same period of the prior year being attributable to greater funds held on account.

Year ended April 30, 2011

The Company reported a net and comprehensive loss of \$1,304,116 for the year ended April 30, 2011, as compared to a net and comprehensive loss of \$339,790 for the prior fiscal year. Stock-based compensation expense comprised \$840,033, or 68%, of the reported loss. General and administrative expenses for fiscal 2011 totalled \$1,252,247 (2010 - \$342,142).

The increase in expenditures over the prior year is primarily attributable to stock-based compensation of \$1,067,933 (2010 - \$87,600), which was computed under the fair value method of accounting for stock options upon the grant and vesting of options granted to directors, officers, employees and consultants. This amount is offset by a credit of the same amount to contributed surplus. Of this amount, \$227,900 was capitalized as mineral properties expenditures and the remaining balance of \$840,033 was expensed to operations. Future income tax expense of \$62,000 (2010 - \$Nil) was recorded in respect of the capitalized portion.

Consulting fees paid or accrued during the quarter for geological consulting services provided by an officer of the Company totaled \$62,000 (2010 - \$45,000), which was capitalized to mineral properties. In fiscal 2010, consulting fees of \$9,000 were expensed to operations.

Wages and benefits totaled \$100,608 (2010 - \$81,785). Management fees were \$86,000 (2010 - \$78,000). The increase in expenditures is attributable to the ramp-up in activity and corporate operations.

Office and miscellaneous expenses were \$61,830 (2010 - \$45,125) and included: office rent of \$35,577; bank charges of \$3,910; courier costs of \$956; office expenses of \$14,416; office insurance of \$2,498; and, telecommunication costs of \$5,085. During fiscal 2011, the Company realized a foreign exchange gain of \$612, as compared to \$81 in the prior year. Amortization was recorded at \$14,700 (2010 - \$6,253).

Expenditure on travel and promotion totalled \$64,458 (2010 - \$15,945) during the year. Costs include \$3,429 for advertising (2010 - \$3,145), \$2,682 (2010 - \$4,082) for website hosting and maintenance, meals and entertainment of \$2,346 (2010 - \$341), \$4,764 for travel, \$3,726 for trade shows and \$28,622 (2010 - \$1,353) for news wire services. An amount of \$5,389 (2010 - \$7,023) was incurred with respect to the Company's 2010 Annual General Meeting of Shareholders. An additional amount of \$13,500 (2010 - \$Nil) was paid to third parties in connection with investor relations and promotional activities provided during the year.

Legal fees of \$8,168 (2010 - \$2,155) were incurred during fiscal 2011 for general corporate matters. Audit related fees and accruals of \$47,240 (2010 - \$16,998) were recorded. In fiscal 2010, an amount of \$2,800 was paid for the preparation of the Company's annual tax return.

Regulatory and listing fees for the year were \$29,210 (2010 - \$23,584) and included: \$23,401 for statutory filings, including \$4,049 paid in relation to the Company's Frankfurt listing, \$6,600 paid as TSX-V annual sustaining fees, and various other corporate filing fees; and \$5,809 paid for transfer agency services rendered.

In the prior year, the Company paid property investigation costs of \$2,497 during the review of potential acquisitions. There were no similar costs incurred during fiscal 2011.

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, 2011 was \$10,131 (2010 - \$2,352).

Trends

The Company is in a growth pattern, actively exploring with a view to developing its San Albino-Murra Gold property in northern Nicaragua. Since acquiring the option on the property in late June 2009, Golden Reign has completed geological mapping and prospecting work and an initial drill program at the San Albino Mine, the most advanced prospect. In early 2011, the Company undertook a major trenching program. In April 2011, a follow-up diamond drilling program of approximately 10,000 metres was initiated at the San Albino Mine area. Outlays have been increasing and are expected to trend sharply upwards during fiscal 2012, as the Company continues drilling with the intent to define a resource.

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 \$US\$972/oz. In 2011, the price of gold has reached new heights, briefly exceeding US\$1,900/oz prior to settling back at approximately US\$1,845/oz. Gold is expected to remain at or above current levels throughout the year, driven by investors seeking an alternative to increasingly volatile currencies, the uncertain U.S. economic outlook and Europe's debt crisis.

Silver is currently trading around US\$42/oz. There is an industrial demand for silver; however, it is the investment demand that has been driving prices higher, which is likely to continue.

(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 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, 2011, the Company's primary capital asset was its investment in mineral properties of \$2,884,653 (April 30, 2010 - \$985,774).

It held cash of \$7,167,471 (April 30, 2010 - \$437,900) and had working capital of \$7,075,838 (April 30, 2010 - \$393,318). During the year, the Company completed non-brokered private placements for gross proceeds of \$8,975,751. Additional proceeds of \$159,519 were received on the exercise of options and warrants. Cash on hand will be sufficient to fund planned operations. Further 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, 2011, the Company had expended \$2,884,653 with respect to the mineral property, comprised of option payments totaling \$601,022 and deferred exploration costs of \$2,283,631. A further amount of \$97,820 (2010 - \$Nil) was recorded as exploration advances in respect drilling costs for fiscal 2011/2012.

During fiscal 2011, the Company acquired equipment, primarily for its Nicaraguan operations, at a cost of \$137,045 (2010 - \$27,047).

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. On June 9, 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, was used for continued mineral property exploration and general working capital.

In early October 2010, a further \$500,000 was raised via the issuance of 2,000,000 units priced at \$0.25 pursuant to a non-brokered placement. The units were comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.35 for a period of two years, subject to an acceleration clause should the trading price of the Company's shares for 20 consecutive trading days exceed \$0.70 per share during the exercise period, then the expiry time will be 30 calendar days from the date that written notice is provided by the Company, at its election, to the warrant holders. There were no finder's fees paid in connection with the financing.

In mid-January 2011, the Company announced the closing of a non-brokered private placement comprising 16,851,197 units priced at \$0.45 per unit for gross proceeds of \$7,583,039. Each unit was comprised of one common share and one

share purchase warrant which entitles the holder to purchase one additional common share at a price of \$0.75 for a period of two years. Finders' fees of \$250,893 cash and 494,020 warrants, with the same terms as the private placement warrants, were paid in connection with the offering.

For the year ended April 30, 2011, the Company experienced negative cash flows of \$368,721 (2010 - \$277,222) from operating activities. Investing activities used cash of \$1,727,455 (2010 - \$818,952). Overall, cash increased by \$6,729,571 in fiscal 2011, as compared to a decrease of \$744,174 in the prior fiscal year.

Subsequent to April 30, 2011, the Company received gross proceeds of \$1,337,665 upon the exercise of 140,000 stock options and 1,774,220 share purchase warrants. Additionally, a further \$14.9 million may be realized upon the exercise of the currently outstanding 4.69 million stock options and 20.7 million warrants, all of which are in-the-money. There are no assurances that these options and warrants will be exercised.

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 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, 2011, the Company paid or accrued:

- (a) management fees of \$86,000 (2010 - \$78,000) to Kim Evans, a director and officer of the Company; and,
- (b) consulting fees of \$62,000 (2010 - \$45,000) to Zoran Pudar, an officer of the Company, for the provision of geological consulting services, of which \$62,000 (2010 - \$45,000) was capitalized to mineral properties.

Included in accounts payable and accrued liabilities is a total of \$8,352 (2010 - \$1,109) 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 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.

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.

Cash is valued using Level 1 inputs.

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 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.

Political Uncertainty

In conducting operations in Nicaragua, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company’s results may be adversely affected by changes in the political and social conditions in Nicaragua, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Accounting Policy Developments

International Financial Reporting Standards (“IFRS”)

In February 2008, the CICA confirmed that International Financial Reporting Standards (“IFRS”) will be mandatory in Canada for all publicly accountable entities for fiscal periods beginning on or after January 1, 2011. The Company’s first financial statements presented in accordance with IFRS will therefore be the three-month period ended July 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements.

As a result of this convergence, the Company is developing a plan to convert its financial statements to IFRS. This plan commenced in Q4 2011 with the planning of an initial scoping phase intended to identify key differences, important dates, development milestones and potential training issues. A detailed evaluation phase is in process which will include a detailed comparison of Canadian GAAP to IFRS – including policy alternatives, business process implications, information systems, internal controls over financial reporting, disclosure controls and procedures and compensation arrangements. The final phase will be implementation and review.

A detailed implementation plan and timeline is being developed, which will also include identification of any further training and resources necessary to complete the conversion. The implementation plan will be focused on the design, planning and implementation phases, which will include determining the specific qualitative and quantitative impacts for each IFRS requirement that is relevant to the Company.

Consolidated Financial Statements, Business Combinations and Non-controlling Interests

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.

OUTSTANDING SHARE DATA AS AT AUGUST 25, 2011:

- (a) Authorized and issued share capital:

| Class | Par Value | Authorized | Issued Number |
|--------|--------------|------------|---------------|
| Common | No par value | Unlimited | 56,761,768 |

(b) Summary of options outstanding:

| Security | Number | Number Exercisable | Exercise Price | Expiry Date |
|-----------------|---------------|---------------------------|-----------------------|--------------------|
| Options | 1,100,000 | 1,100,000 | \$ 0.20 | November 27, 2011 |
| Options | 50,000 | 50,000 | 0.20 | January 11, 2012 |
| Options | 165,000 | 68,750 | 0.85 | March 28, 2012 |
| Options | 375,000 | 375,000 | 0.20 | November 9, 2014 |
| Options | 950,000 | 950,000 | 0.25 | September 20, 2015 |
| Options | 400,000 | 400,000 | 0.41 | October 15, 2015 |
| Options | 150,000 | 150,000 | 0.50 | October 15, 2015 |
| Options | 1,500,000 | 1,500,000 | 0.56 | February 7, 2016 |
| | 4,690,000 | 4,593,750 | | |

(c) Summary of warrants outstanding:

| Security | Number | Exercise Price | Expiry Date |
|-----------------|---------------|-----------------------|--------------------|
| Warrants | 875,000 | \$ 0.25 | April 8, 2012 |
| Warrants | 2,242,705 | 0.25 | June 9, 2012 |
| Warrants | 1,950,000 | 0.35 | September 29, 2012 |
| Warrants | 15,614,497 | 0.75 | January 18, 2013 |
| | 20,682,202 | | |

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 it 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, 2011.