GoldenReign RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
For the Three Months Ended July 31, 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 (Q1 2012)ended July 31, 2011. The following information should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto for the period ended July 31, 2011 and the audited consolidated financial statements and 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 October28, 2011.

The July 31, 2011 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting" and IFRS 1 "First-Time Adoption of IFRS". For comparative purposes, all financial statement amounts related to the quarter ended July 31, 2010 and year ended April 30, 2010 have been restated in accordance with IFRS. All other periods remain unchanged from the numbers originally reported under Canadian generally accepted accounting principles ("Canadian GAAP"). Refer to Note 3 of the unaudited interim financial statements for disclosure of the Company's significant accounting policies. All amounts are expressed in Canadian dollars, unless otherwise stated.

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

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 San Albino Mine area, comprising the San Albino, Arras and San Lorenzo mines, occurs within a structural corridor approximately 3 kilometres wide by 15 kilometres long, stretching from the southern to the north-eastern boundaries of the Property
- Drill programs at the San Albino Mine area commenced in the fall of 2009 and 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 objective 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 returned at other Southern District prospects and at Mina Estrella in the Northern (Murra) District
- The Company is well funded, with approximately \$5M in cash. To date in fiscal 2012, proceeds of \$1,442,235 have been received from the exercise of 354,000 stock options and 1,968,500 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$370,000, 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 2011/2012 comprise four main components: (1) drilling (2) trenching (3) re-opening 400 level of San Albino Mine and (4) continued mapping and prospecting.

<u>Drilling</u>

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 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 series 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

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 the 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 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 history of small scale mining, 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

For a comprehensive breakdown of mineral property costs and deferred exploration costs by property, please refer to Note 5 to the unaudited consolidated financial statements for the period ended July 31, 2011.

	July 31, 2011	April 30, 2011
Mineral property costs	$ 1,301,086	$ 558,515
Deferred exploration costs	3,732,269	2,122,125
	$ 5,033,355	$ 2,680,640

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	2011	2010	2009
Net Sales	Nil	Nil	Nil
Net and comprehensive Loss	$ 1,524,266	$ 339,790	$ 304,361
Basic and diluted loss per share	$ 0.03	$ 0.01	$ 0.01
Total Assets	$ 10,153,387	$ 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 $856,170, $58,000, and $Nil, respectively.

Summary of Quarterly Results

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

	2012	2011				2010		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net and comprehensive loss	$(21,676)	$ 938,047	$ 58,909	$ 459,915	$ 67,395	$ 115,528	$ 91,557	$ 61,232
Basic and diluted loss per share	$ 0.00	$ 0.02	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.01	$ 0.00

Three Months ended July 31, 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 the first quarter of fiscal 2012.

The Company reported a net gain of $211,021 and a comprehensive gain of $21,676 for the three month period ended July 31, 2011, as compared to a net loss of $88,658 and comprehensive loss of $67,395 for the same period in the prior fiscal year. A total of $189,345 (2010 – gain of $21,263) was recorded as a cumulative translation adjustment loss.

General and administrative expenses for the first quarter of 2012 of $133,909 (2011 – $88,828) were off-set by a foreign exchange gain of $325,658 (2011 – loss of $17,649). Share-based compensation expense totalled $19,593 (2010 - $Nil).

Wages and benefits were increased over of the previous year, totalling $36,202 (2011 - $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 $23,339 (2011 - $8,854) during the period. Costs paid during the quarter include: $180 (2011 - $250) for website hosting and maintenance, $4,460 (2011 - $Nil) for travel, $371 (2011 - $61) for meals and entertainment, $230 (2011 - $43) for email broadcasts and $3,098 (2011 - $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. Promotional activities in the first quarter of fiscal 2011 totalled $8,500.

Legal fees of $2,030 (2011 - $867) were incurred in respect of general corporate matters. Audit related fees and accruals of $15,025 (2011 – $7,600) were recorded during the period.

Regulatory and listing fees for the quarter were $2,564 (2011 - $10,826) for general filing fees and transfer agency services rendered. In the prior fiscal year, additional fees of $8,262 were primarily comprised of costs associated with the Company's listing on the Frankfurt Stock Exchange and the June 2011 private placement.

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 July 31, 2011 was $19,272 (2011 - $170). The increase over the same period of the prior year being attributable to greater funds held on account.

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 objective of defining a NI 43-101 compliant 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 US972/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$35/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; 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 July 31, 2011, the Company's primary capital asset was its investment in mineral properties of $5,033,355 (April 30, 2011 - $2,680,640).

It held cash of $7,096,291 (April 30, 2011 - $7,167,471) and had working capital of $7,012,480 (April 30, 2011 - $7,013,838). During the period, gross proceeds of $1,309,915 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 July 31, 2011, the Company had expended $5,033,355 with respect to the mineral property, comprised of option payments totaling $1,301,086 and deferred exploration costs of $3,732,269. A further amount of $97,820 (April 30, 2011 - $97,820) was recorded as exploration advances in respect drilling costs for fiscal 2011/2012.

During the first three months of fiscal 2012, the Company acquired equipment, primarily for its Nicaraguan operations, at a cost of $30,637 (2011 - $29,913).

For the period ended July 31, 2011, the Company experienced cash flows of $240,270 (2010 – negative $85,575) from operating activities. Investing activities used cash of $1,551,543 (2010 - $271,989). Financing activities realized positive cash flows of $1,309,915 (2010 - $868,909). Overall, cash decreased by $71,180, as compared to an increase of $504,817 for the same period of the prior fiscal year.

Subsequent to July 31, 2011, the Company received gross proceeds of $132,320 upon the exercise of 214,000 stock options and 235,280 share purchase warrants. Additionally, a further $14.8 million may be realized upon the exercise of the currently outstanding 4.5 million stock options and 20.5 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 period ended July 31, 2011, the Company paid or accrued:

(a) management fees of $25,500 (2010 - $19,500) to Kim Evans, a director and officer of the Company; and,
(b) consulting fees of $19,500 (2010 - $13,500) to Zoran Pudar, an officer of the Company, for the provision of geological consulting services, which was capitalized to mineral properties.

Included in accounts payable and accrued liabilities is a total of $11,967 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 financial statements for the Company and its subsidiary are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Golden Reign Resources Ltd., is the Canadian dollar; and the functional currency of the Company's subsidiaries is the US dollar. The presentation currency of the Company is the Canadian dollar.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

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

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 US dollar 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")

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. The three months ended July 31, 2011 is the Company's first reporting period under IFRS. Full disclosure of the Company's accounting policies in accordance with IFRS can be found in Notes 2, 3 and 4 to the Company's July 31, 2011 unaudited interim consolidated financial statements. These financial statements also include reconciliations of the previously disclosed comparative periods financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS as set out in Note 4.

IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principle of retrospective reinstatement. The Company has taken the following exemptions:

1. *Property and equipment*
   The Company has continued to use the historic cost model, as was used under Canadian GAAP and acceptable under IFRS. Therefore the historical cost of Property and Equipment has been brought forward into these financial statements, as was previously recorded under Canadian GAAP.

2. *IFRS 2 Share based payments*
   The Company has elected not to apply IFRS 2 to share based payments granted and fully vested before the Company's date of transition to IFRS.

3. *IFRS 3 Business combinations*
   This standard has not been applied to acquisitions of subsidiaries that occurred before January 1, 2010, the Company's transition date to IFRS. As such, there is no retrospective change in accounting for business combinations.

Changes due to the adoption of IFRS include:

1. *Share-based payments*
   Under IFRS, the Company accrues the cost of incentive stock options over the vesting period using the graded method of amortization rather than the straight-line method, which was the Company's policy under Canadian GAAP. This increased contributed surplus and deficit at the date of transition and increased share-based compensation expenses by $16,137 for the year ended April 30, 2011.

2. *Currency translation reserve*
   In accordance with IFRS transitional provisions, the Company has elected to reset the cumulative translation adjustment account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS. Along with the change in the way the Company translates the results of its foreign operations, the adjustment to deficit and contributed surplus was zero.

The Company has not yet assessed the impact of the following standards or determined whether it will adopt these standards early:

1. *Amendments to IFRS 7 "Financial Instruments: Disclosures"*
   This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011.

2. *New standard IFRS 9 "Financial Instruments"*
   IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39, "Financial Instruments: Recognition and Measurement", and applies to the classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of the project is expected in 2011.

3. *New standard IFRS 10 "Consolidated Financial Statements"*
   IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates in its subsidiaries. The standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

4. *New standard IFRS 11 "Joint Arrangements"*
   IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities— Non-monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

5. *New standard IFRS 12 "Disclosure of Interests in Other Entities"*
   IFRS 12 is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

6. *New standard IFRS 13 Fair Value Measurement*
   IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

OUTSTANDING SHARE DATA AS AT OCTOBER 28, 2011:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	57,170,048

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	900,000	900,000	$ 0.20	November 27, 2011
Options	50,000	50,000	0.20	January 11, 2012
Options	165,000	96,250	0.85	March 28, 2012
Options	375,000	375,000	0.20	November 9, 2014
Options	936,000	936,000	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
	4,476,000	4,407,250		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	875,000	$ 0.25	April 8, 2012
Warrants	2,073,425	0.25	June 9, 2012
Warrants	1,950,000	0.35	September 29, 2012
Warrants	15,589,497	0.75	January 18, 2013
	20,487,922		

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 July 31, 2011.