MANAGEMENT DISCUSSION AND ANALYSIS
For the Six Months Ended October 31, 2012

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 and six month period ended October 31, 2012 and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and the notes thereto for the period ended October 31, 2012 and the audited consolidated financial statements and notes thereto for the year ended April 30, 2012, which are available on SEDAR at www.sedar.com. This MD&A is current as at December 28, 2012, the date of preparation.

The October 31, 2012 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

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

Highlights - San Albino-Murra Property, Nicaragua

- On April 26, 2012, the Company announced the early earn-in of its 80% interest in the San Albino-Murra Gold Concession (the "Property") - completed approximately 1.5 years ahead of schedule - marking a very significant milestone for the Company.
- In October 2012, Golden Reign entered into an agreement (the "Agreement") to acquire the remaining 20% interest its flagship Property by making cash payments totalling US$650,000 (US$100,000 paid) and issuing 2,100,000 common shares over a period of 12 months.
- In November 2012, the Company published its initial resource calculation at the San Albino Mine area - with the following highlights:
  - Indicated resources of 95,000 ounces gold equivalent at 8.47 g/t contained in 348,000 tonnes
  - Inferred resources of 805,000 ounces gold equivalent at 7.43 g/t contained in 3,371,000 tonnes
  - an Exploration Target beyond the resource estimate has been identified with an estimated 5 to 10 million tonnes at a grade between 6 to 10 grams gold equivalent per tonne
  - mineral resources are at shallow depth, within approximately 300 metres from surface
  - potential to add resources through additional in-fill and step-out drilling

  Only 0.6 square kilometres of the 2 square kilometre San Albino Mine area has been drill tested. All mineralized zones remain open at depth and along strike in both directions
- A NI 43-101 compliant mineral resource report will be filed in early January, 2013.
- The Corona de Oro Gold Belt is a structural corridor approximately 3 kilometres wide by 23 kilometres long that stretches from the southern to the north-eastern boundaries of the Property. In addition to the 2-square kilometre San Albino Mine area, the corridor hosts over 170 quartz vein structures, 112 adits, 148 mine dumps and 354 exploration pits.
- The Company has launched an extensive 2012/2013 regional trenching program covering 4.5 kilometres in approximately 150 trenches spanning on the Corona de Oro Gold Belt. It plans to target and test an initial 29 of over 120 highly mineralized vein structures – 9 in the Southern District, 5 in the Central District and 15 in the Northern District.

BUSINESS OVERVIEW

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

Since June 2009, Golden Reign has been focused on its operations in Nicaragua. Presently, it has a 138 square kilometre land package comprised of an 80% interest in the San Albino-Murra Property with the right to purchase the remaining 20% and a 100% interest in the El Jicaro Concession.

San Albino-Murra Property, Nicaragua

The 8,700 hectare San Albino-Murra Property, held 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 processing 10 tons per day of 1 oz/t gold material.

Pursuant to the terms of the agreement, the Company made aggregate cash payments of US$450,000, incurred aggregate exploration expenditures of US$5,000,000 on the Property and issued a total of 4,000,000 common shares from its treasury to earn its 80% interest in the Property. The Company has the right to purchase the remaining 20% interest in the Property by making cash payments totalling US$650,000 and issuing 2,100,000 common shares from its treasury over a period of 12 months, as follows:

i) the payment of US$100,000 (paid) upon signing of the Agreement (the "Acceptance Date");
ii) the payment of US$137,500 on or before each three month anniversary from the Acceptance Date over a period of twelve months, for an aggregate of US$550,000; and
iii) the issuance of a total of 2,100,000 common shares, to be issued in four equal installment of 525,000 common shares on or before each three month anniversary from the Acceptance Date over a period of twelve months.

There is no NSR ("Net Smelter Royalty"), other than that payable to the Nicaraguan government pursuant to existing mining laws.

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

- it is an 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, was reasonable; and
- a quality partnership with the optionor exists.

El Jicaro Concession, Nicaragua

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

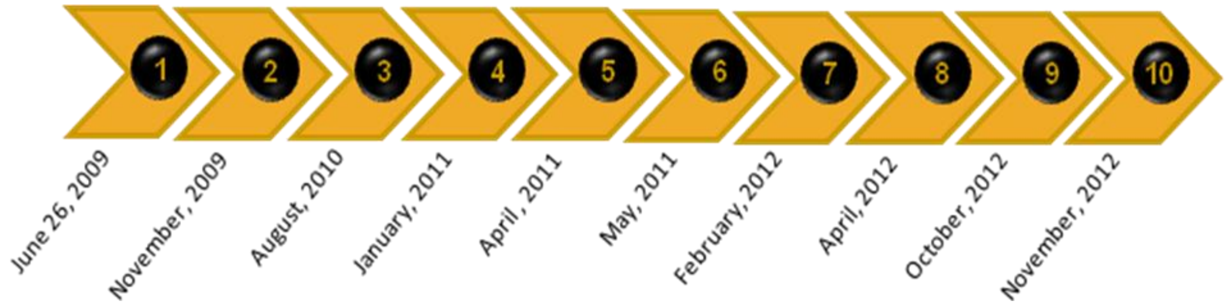
The El Jicaro Concession encompasses the southwest extension of the mineralized structures identified on the San Albino-Murra Property. The Concession covers an area of 5,071 hectares (51 km^2), nearly doubling the Company's current land package to an aggregate 13,771 hectares (138 km^2). Several good exploration targets have been outlined on the property. A mapping and prospecting program currently underway is expected to result in the definition of additional prospects.

Nicaragua

Although it boasts a long history of gold production, Nicaragua is under-explored – but is now attracting international interest. A democratic republic since 1996, Nicaragua has a modern mining law, fair tax regime and strong foreign investment law. Bordered by Honduras to the north and Costa Rica to the south, it is easily accessible and has skilled, available labour.

AGGRESSIVE PACE of exploration and corporate development

Significant Milestones:



1. Initial option agreement signed on flagship San Albino-Murra Gold Property
2. Exploration work commences 36 months ago
3. Initial limited drill program of 1,500 metres to test for existence of mineralized structures at San Albino Mine area, completed October 2010
4. Major non-brokered financing oversubscribed at $7.5M provides financing needed to move towards initial resource delineation
5. Major trenching program (1.5kms) begins in Southern District of San Albino-Murra Property exposing several highly prospective areas of near surface high-grade mineralization
6. Definition drill program to extend mineralization outlined by 2010 drill program, refine geological model and obtain data sufficient to calculate an initial NI 43-101 compliant mineral resource at San Albino Mine area, total of ~33,500 metres drilled
7. Acquire El Jicaro Gold Concession for ~US$120,000, increase land package from 87 km2 to 138 km2 = a sizable footprint
8. Earn-in initial 80% interest in and to the San Albino-Murra Gold Property approximately 1.5 years in advance
9. Sign agreement to acquire the remaining 20% interest in and to San Albino-Murra Gold Property
10. Announce initial NI 43-101 compliant resource for San Albino Mine area of just under 1M ounces gold

Operations Overview

Fiscal 2012/2013 has been a very busy and pivotal for Golden Reign –

- an initial high-grade resource was delineated after only 15 months of drilling
- the 80% interest in the Property was earned-in approximately 1.5 years in advance
- the 20% remaining interest in the Property has been secured under an option agreement

Golden Reign commenced a Phase II drilling program at the San Albino Mine area which was completed in mid-2012. The 2011/2012 definition drill program extended the mineralized area outlined in 2011, refined the geological model, and produced data that was used to calculate a NI 43-101 compliant mineral resource for the San Albino Mine area:

Resources

	Cut-off grade (g/t AuEq)	Classification	Tonnes	Au (g/t)	Au ounces	Ag (g/t)	Ag ounces	AuEq (g/t)	AuEq ounces
Open-pittable	0.5	Indicated	247,000	9.00	71,000	10.8	86,000	9.18	73,000
	0.5	Inferred	682,000	8.25	181,000	10.7	234,000	8.42	185,000
Underground	1.5	Indicated	101,000	6.59	21,000	9.7	31,000	6.76	22,000
	1.5	Inferred	2,689,000	7.00	605,000	10.6	912,000	7.17	620,000

Mineral Resource Estimate Notes and Parameters:

1. Mineral Resource estimates are based upon an October 31, 2012 two year trailing average gold price of US$1,592 per ounce, a 95% recovery rate, bulk density of 2.8 t/m^3, open-pit mining costs of US$3 per tonne, pit slopes of 45 degrees, underground mining costs of US$48 per tonne, milling costs of US$20 per tonne, and general and administrative costs of US$5 per tonne;
2. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves;
3. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, although the Company is not aware of any such issues;
4. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
5. Gold Equivalent was calculated on the basis of 1 gram gold = 60 grams silver.

The San Albino resource model consists of three flatly dipping, high grade, narrow vein systems over a strike length of 850 metres, down dip extension of 925 metres, with a minimum true width of one metre and average true width of 2.6 metres. Grade capping varied from no capping to 100 g/t depending on the vein system. All silver assays were capped at 100 g/t. Inverse distance cubed grade interpolation was on 2m x 2m x 6m blocks utilizing Gemcom. 166 of 201 drill holes and trenches on the Property were utilized in the resource estimate calculation.

The resource estimate was completed by P & E Mining Consultants Inc. ("P&E") of Brampton, Ontario, Canada. P&E prepared a mineral resource estimate for the San Albino Mine area in accordance with the Canadian Securities Administrators ("CSA") National Instrument 43-101 ("NI 43-101") and resources have been estimated using the Canadian institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

An independent NI 43-101 compliant technical report relating to the initial Mineral Resource estimate for the San Albino Mine area will be filed on SEDAR in early January 2013.

The San Albino Mine area deposit is a combination open-pit/underground resource:

- mineral resources are at shallow depth, within approximately 300 metres from surface
- potential to add resources through additional in-fill and step-out drilling. An Exploration Target beyond the resource estimate (along strike and down dip) has been identified with an estimated 3 to 5 million tonnes at a grade between 6 to 10 grams gold equivalent per tonne. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in discovery of a mineral resource
- only 0.6 square kilometres of the 2 square kilometre San Albino Mine area has been drill tested. All mineralized zones remain open at depth and along strike in both directions.

Golden Reign is very encouraged by this initial resource calculation, which provides a cornerstone from which it can grow, adding additional potential resources in the San Albino Mine area and from numerous regional targets currently being assessed within its much larger 138 square kilometre land package.

Golden Reign has successfully outlined a gold belt - the Corona de Oro Gold Belt. It is a structural corridor approximately 3 kilometres wide by 25 kilometres long which spans the entirety of the Company's land package. Offering potential for a district-scale gold system, the belt stretches from the El Jicaro Concession in the south, through the San Albino-Murra Property to its northeast corner, and hosts more than 170 quartz vein structures, 112 adits, 148 mine dumps and 354 exploration pits.

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 prior to Golden Reign's activities.

Current operations

A NI 43-101 compliant technical report on the Company's maiden resource is currently being compiled by P&E Mining Consultants Inc. of Brampton Ontario with a release date of January, 2013.

The Northern and Central District, along with the remainder of the Southern District and new El Jicaro Concession, offer tremendous exploration potential. Hundreds 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.

2012/2013 Extensive Trenching Program

A regional 2012/2013 trenching program consisting of an aggregate 4.5 kilometres of trenching across approximately 150 trenches, spanning 18 kilometres of the Corona de Oro Gold Belt has been initiated. The program proposes to:

- target an initial 29 of the over 120 previously identified highly mineralized gold structures
- test structures that yielded assays of 5 g/t gold or better
- expose and extend the strike length of the targeted mineralized structures
- expose the width and dip of targeted mineralized structures
- confirm the grade of targeted mineralized structures
- aid in the prioritization of drill ready targets

Building upon the highly successful exploration programs completed to date and the numerous targets identified, this regional trenching program is viewed as the most efficient way for the Company to short list specific areas with the best potential. The program has been budgeted "all in" at $340,000 and is scheduled to be completed in the spring of 2013. Data collected will provide Golden Reign with the required geological footprint to aid in future exploration and strategic development of the Property.

As a follow up to the highly successful, initial trenching program completed in the Southern District during 2011, the 2012/2013 program plans to test 15 highly mineralized gold structures in the Northern (Murra) District, 5 targeted structures in the Central District and a further 9 mineralized structures in the Southern District. All targets are situated within the Corona de Oro Gold Belt.

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 both the Northern (Murra) District and newly acquired El Jicaro Concession. Known historical workings, mines and adits located throughout the Company's land package numbered just over 300 prior to 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.

Exploration and Evaluation Assets

	October 31, 2012	April 30, 2012
Mineral property costs	$ 3,049,945	$ 2,912,377
Deferred exploration costs	12,594,836	9,794,739
	$ 15,644,781	$ 12,707,116

For a comprehensive breakdown of exploration and evaluation costs by property, please refer to Note 7 to the unaudited interim condensed consolidated financial statements for the period ended October 31, 2012.

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	2012	2011	2010*
Net Sales	Nil	Nil	Nil
Net Loss	$ 1,848,096	$ 1,310,381	$ 339,790
Comprehensive Loss	$ 1,802,517	$ 1,507,600	$ -
Basic and diluted loss per share	$ 0.03	$ 0.03	$ 0.01
Total Assets	$ 14,682,822	$ 10,133,803	$ 1,443,616
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	N/A	N/A	N/A

* Amounts shown as calculated under Canadian GAAP

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, 2012, 2011, and 2010 is comprised mainly of general and administrative expenses. The reported net loss for 2012, 2011, and 2010 includes share-based compensation expense of $1,100,133, $846,298 and $58,000, respectively.

Summary of Quarterly Results

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

	2013		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (loss) gain	$(763,549)	$(208,750)	$(1,516,002)	$(86,726)	$(154,910)	$ (139,924)	$(738,509)	$(100,590)
Comprehensive (loss) gain	$ (911,275)	$ 7,379	$(1,772,167)	$38,683	$488,953	$(132,050)	$(865,353)	$(114,937)
Basic & diluted loss per share	($0.01)	($0.00)	($0.03)	$0.00	$0.01	($0.00)	($0.02)	($0.00)

* Amounts shown as calculated under Canadian GAAP

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 during fiscal 2013.

Three Months ended October 31, 2012

The Company reported a net loss of $763,549 and a comprehensive loss of $911,275 for the three month period ended October 31, 2012, as compared to a net loss of $154,910 and comprehensive gain of $488,953 for the same period in the prior fiscal year. A total of $147,726 (2011 – gain of $643,863) was recorded as a cumulative translation adjustment loss.

General and administrative expenses for the three months ended October 31, 2012 totalled $768,822 (2011 – $171,358) after crediting a foreign exchange gain of $11,719 (2011 –$Nil). Share-based compensation expense comprised $579,058 (2011 - $Nil) of the total.

Wages and benefits of $36,777 (2011 - $36,646) and management fees of $25,500 (2011 - $25,500) were largely unchanged from that of the same period of the prior year. Consulting fees totalled $ 29,643 (2011 - $Nil), due to increased administrative activities.

Office and miscellaneous expenses were in-line with those of the prior year, at $20,797 (2011 - $20,480). Amortization increased to $30,439 (2011 - $10,848), reflecting the increase in equipment in Nicaragua.

Expenditure on travel and promotion totalled $6,157 (2011 - $31,166) during the period.

Professional fees of $44,277 (2011 - $40,574) rose only slightly and were incurred during the period in respect of general corporate matters and audit related fees.

Regulatory and listing fees for the quarter were $7,893 (2011 - $6,144) for general filing fees and 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 October 31, 2012 was $5,273 (2011 - $16,448). The decrease over the same period of the prior year being attributable to fewer funds held on account.

Six Months ended October 31, 2012

The Company reported a net loss of $972,299 and a comprehensive loss of $903,896 for the six month period ended October 31, 2012, as compared to a net loss of $294,834 and comprehensive gain of $ 356,903 for the same period in the prior fiscal year. A total of $68,403 (2011– $651,737) was recorded as a cumulative translation adjustment gain.

General and administrative expenses for the six months ended October 31, 2012 were $979,900 (2011 -$330,554) after a foreign exchange gain of $10,813 (2011 - $Nil). Share-based compensation expense totalled $579,058 (2011 - $Nil), and related to stock options granted in the period. Wages and benefits were $73,709 (2011 - $72,848) and management fees remained at $51,000 as per the same period of the prior year. Consulting fees totalled $45,500 (2011 - $Nil) due to administrative requirements.

Office and miscellaneous expenses remained low at $43,643 (2011 - 65,360). Amortization increased to $65,301 (2011 - $20,504) due to the deployment of additional equipment.

Expenditure on travel and promotion was held to $33,272 (2011 - $54,505) during the period.

Professional fees of $65,263 (2011 - $57,629) were incurred in respect of general corporate matters and audit related fees.

Regulatory and listing fees for the period were $33,967 (2011 - $8,708) for general filing fees and 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 has relied, thus far, on equity financings for its working capital requirements and to fund its planned exploration activities. Interest income for the six months ended October 31, 2012 was $7,601 (2011 - $35,720), decreasing as a result of ramping exploration costs and fewer funds on hand.

Expenditures on exploration programs for the six month period ending October 31, 2012 were $3,097,903 (2011 - $3,400,740).

Funds raised through shares issued in the period ending October 31, 2012 netted $3,931,888 (2011 - $1,441,186)

Trends

The Company is in a growth pattern, actively exploring with a view to developing its San Albino-Murra Gold Property in northern Nicaragua. After acquiring the option on the Property in late June 2009, Golden Reign completed geological mapping and prospecting work throughout the property and an initial drill program at the San Albino Mine, the most advanced prospect. In early 2011, the Company undertook a major trenching program in the Southern District. In April 2011, a definition drilling program was initiated at the 2 square kilometre San Albino Mine area, completing in July 2012. Three drill rigs were active, as the Company worked towards defining a NI 43-101 compliant resource at San Albino Mine area, announced on November 20, 2012. An independent NI 43-101 report will be filed in early January 2013. Volatile market conditions and a scarcity of available financing may affect the Company's planned level of activity and development in fiscal 2013.

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 expenses, income from investing, profitability, liquidity or capital resources, of that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Market Trends

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 reached new heights, briefly exceeding US$1,900/oz. It currently is priced at approximately US$1,660/oz. The gold price is expected to be volatile, given the continued uncertain U.S. economic outlook and Europe's debt crisis.

Silver is currently trading approximately US$30/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 chances of identifying economical reserves are extremely low;
- Mineral resource amounts are estimates only and may be unreliable. The Company cannot be certain that any specified level of recovery of minerals from mineralized material will, in fact, be realized or that any of its mineral property interests or any other mineral deposit will ever qualify as a commercially mineable ore body that can be economically exploited. Material changes in the quantity of mineralization, grade or stripping ratio or mineral prices may affect the economic viability of the properties.
- The junior resource market where the Company raises funds is extremely volatile, companies are subject to high level of competition for the same pool of investment dollars, and there is no guarantee that the Company will be able to raise adequate funds in a timely manner to conduct its business;
- Although the Company has taken steps to verify title to its mineral property interests there is no guarantee that the exploration and evaluation assets will not be subject to title disputes or undetected defects; and
- The Company is subject to laws and regulations related to environmental matters, including provisions for reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental legislation and is not aware of any existing environmental problems related to its mineral property interests that may be the cause of material liability to the Company.

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

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 October 31, 2012, the Company's primary capital asset was its investment in exploration and evaluation assets of $15,644,781 (April 30, 2012 - $12,707,116).

It held cash of $1,739,598 (April 30, 2012 - $1,346,557) and had working capital of $1,755,761 (April 30, 2012 - $688,813). During the period, proceeds of $1,015,856 were received on the exercise of 3.2 million share purchase warrants and 6,500 options. In addition, the Company raised gross proceeds of $3.16 million upon completion of a private placement comprised of 4,711,640 units priced at $0.67 per unit. A further $541,200 may be realized upon the exercise of 1,834,000 stock options currently in-the-money. There are no assurances that these options will be exercised. Further financing will be required to progress the flagship San Albino-Murra Property and the El Jicaro Concession. The Company's continuance as a going concern in the future will depend upon its ability to obtain adequate financing.

During the first six months of fiscal 2013, the Company acquired equipment, primarily for its Nicaraguan operations, at a cost of $15,166 (2011-$87,986). The Company experienced cash outflows of $425,661 (2011- $56,101) from operating activities. Investing activities used cash of $3,113,069 (2011 - $1,180,435). Financing activities realized positive cash flows of $3,931,888 (2011 - $1,441,186). Overall, cash increased by $393,159 as compared to a decrease of $2,103,641 for the prior fiscal year.

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 six month period ended October 31, 2012, the Company paid or accrued:

(a) management fees of $51,000 (2011 - $51,000) to a director and officer of the Company; and,
(b) consulting fees of $39,000 (2011 - $39,000) to 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 $118 (2011 - $3,525) 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

Exploration and evaluation assets

Exploration costs prior to obtaining legal title are expensed in the period in which they are incurred. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

Management reviews the capitalized costs on its exploration and evaluation assets at least annually to consider if there is an impairment value to take into consideration from current exploration results and management's assessment of the exploration results and of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and accumulated exploration and evaluation costs are written off to profit or loss. If the carrying value of a project exceeds its estimated value, an impairment provision is recorded.

Should a project be put into production, the costs of acquisition will be amortized over the life of the project based on estimated economic reserves.

Foreign currency translation and transactions

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

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

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

Accounting Policy Developments

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

1. *IFRS 9 "Financial Instruments"*
   In November 2009, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"), which becomes effective for annual periods beginning on or after January 1, 2015. IFRS 9 addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

   Requirements for financial liabilities were added to IFRS 9 in October 2011 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

2. *IFRS 10 "Consolidated Financial Statements"*
   IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through it power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation – Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

3. *IFRS 11 "Joint Arrangements"*
   IFRS 11, Joint Arrangements, 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.

4. *IFRS 12 "Disclosure of Interests in Other Entities"*
   IFRS 12, Disclosure of Interest in Other Entities, 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.

5. *IFRS 13 Fair Value Measurement*
   IFRS 13, Fair Value Measurement, 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 DECEMBER 28, 2012:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	68,887,812

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	50,000	12,500	0.80	August 8, 2014
Options	50,000	12,500	1.00	August 8, 2014
Options	375,000	375,000	0.20	November 9, 2014
Options	909,000	909,000	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	1,450,000	1,450,000	0.56	February 7, 2016
Options	1,945,000	1,945,000	1.10	February 15, 2017
Options	1,365,000	1,365,000	0.80	August 8, 2017
Options	80,000	80,000	0.80	September 10, 2017
	6,774,000	6,699,000		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	15,459,198	0.75	January 18, 2013
Warrants	4,711,640	0.80	July 12, 2014
Warrants	138,269	0.67	July 12, 2014
	20,309,107		

OTHER INFORMATION

For additional disclosures concerning the Company's general and administrative expenses and mineral properties, please refer to the unaudited interim consolidated financial statements for the six month period ended October 31, 2012, which are available on the Company's web site at www.goldenreign.com or 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. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at October 31, 2012.