MANAGEMENT DISCUSSION AND ANALYSIS
For the Nine Months Ended January 31, 2013

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 nine month periods ended January 31, 2013 and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and the notes thereto for the period ended January 31, 2013 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 April 1, 2013, the date of preparation.

The January 31, 2013 interim condensed consolidated 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.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

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.

Milestones - 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$237,500 paid) and issuing 2,100,000 common shares (525,000 common shares issued) 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
- On January 4, 2013, the Company filed a National Instrument ("NI") 43-101compliant Technical Report and Resource Estimate on the San Albino Gold Deposit
- The Company has outlined the Corona de Oro Gold Belt, 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 Gold Deposit area, the corridor hosts over 170 quartz vein structures, 112 adits, 148 mine dumps and 354 exploration pits.
- An extensive 2012/2013 regional trenching program covering 4.5 kilometres in approximately 150 trenches spanning on the Corona de Oro Gold Belt is well underway. Testing an initial 30 of over 120 highly mineralized vein structures – 9 in the Southern District, 6 in the Central District and 15 in the Northern District – the program is expected to continue until Summer 2013.

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. Golden Reign has a 138 square kilometre land package, comprising its flagship San Albino-Murra Property and 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 entered into an agreement 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 (US$137,500 paid to date); 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 (525,000 common shares issued to date).

There is no Net Smelter Royalty ("NSR") 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; and
- the acquisition cost, including share dilution, was reasonable.

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.

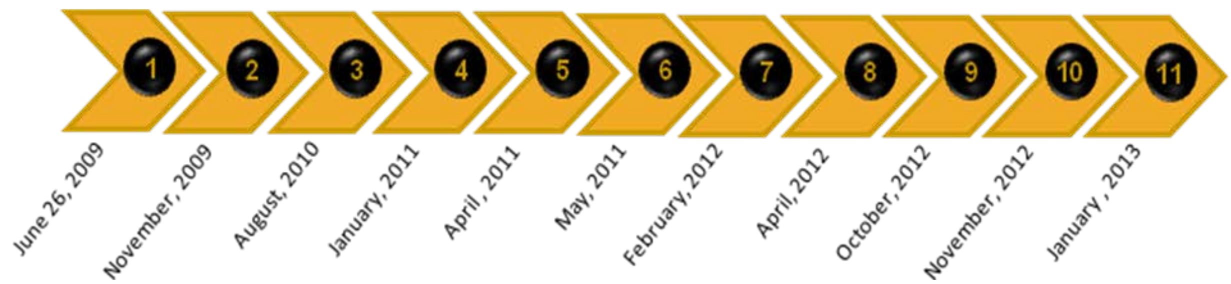
The El Jicaro Concession encompasses the southwest extension of the mineralized structures identified on the San Albino-Murra Property. The Concession covers an area of 5,071 hectares (51 km^2), nearly doubling the Company's current land package to an aggregate 13,771 hectares (138 km^2). Several good 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 commenced
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
11. NI 43-101 compliant Technical Report and Resource Estimate on San Albino Gold Deposit filed.

Operations Overview

Fiscal 2012/2013 has been a very busy and pivotal period 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 2012/2013 definition drill program extended the mineralized area outlined in 2012, 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 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") 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 was filed on SEDAR on January 4, 2013.

The San Albino Gold Deposit, a combination open-pit/underground resource, offers:

- mineral resources at shallow depth, within approximately 300 metres from surface. This open-pittable target potentially provides a quick payback on development expenditures and de-risks development of the Property
- the near-term 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

It is important to note that 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 on which to build, 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.

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.

Since first commencing work at the end of 2009, Golden Reign has outlined considerable blue sky potential within the Property. This includes the successful outlining of 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.

Current operations

An independent NI 43-101 compliant technical report on the Company's maiden resource, the San Albino Gold Deposit, was completed by P&E Mining Consultants Inc. of Brampton Ontario and filed in early January, 2013. This marks a major milestone for the Company. The San Albino Gold Deposit is envisaged by the Company as the first of potentially several similar sized deposits to be outlined within an 8 square kilometre area in the Southern District of the Property.

In-line with the Company's prime objective of adding resources – in particular, open-pittable resources - trenching and exploration activities recommenced in mid-January 2013. To date, four trenches have been excavated at the San Albino Gold Deposit. Additionally, the Company recommenced drilling in mid-February at the San Albino Gold Deposit. Preliminary drilling will be focused on expanding open-pittable resources at, first, the San Albino Gold Deposit and then seek to add potentially open-pittable resources at Las Conchitas, 1.5 kilometres to the south.

Golden Reign has recently released the results from trenching and exploration pits excavated during 2012 in the Las Conchitas area. The Company has outlined 4 very prospective areas of high-grade, near-surface mineralization which currently cover an area of 2.5 square kilometres. All four zones remain open in both directions and at depth. Golden Reign anticipates that it will be able to extend quite significantly all mineralized zones.

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 is well underway. The program proposes to:

- target an initial 30 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 by Summer 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 2012, the 2012/2013 program plans to test 15 highly mineralized gold structures in the Northern (Murra) District, 6 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 2012. The number of historical showings now exceeds 1,000, many of which merit additional examination.

Exploration and Evaluation Assets

For a comprehensive breakdown of exploration and evaluation costs by property, please refer to Note 7 of the unaudited interim condensed consolidated financial statements for the period ended January 31, 2013.

	January 31, 2013	April 30, 2012
Acquisition costs	$ 3,149,950	$ 2,912,377
Deferred exploration costs	13,343,085	9,794,739
	$ 16,763,035	$ 12,707,116

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 losses for the financial years ended April 30, 2012, 2011, and 2010 are comprised mainly of general and administrative expenses. The reported net losses 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*
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
					(revised)	(revised)		
Net Sales		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (loss) gain	$(421,450)	$(763,549)	$(208,750)	$(1,516,002)	$(117,115)	$(135,317)	$ (139,924)	$(738,509)
Comprehensive (loss) gain	$(214,184)	$ (911,275)	$ 7,379	$(1,772,167)	$(57,704)	$(53,355)	$(132,050)	$(865,353)
Basic & diluted loss per share	($0.01)	($0.01)	($0.00)	($0.03)	$0.00	$0.01	($0.00)	($0.02)

* 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.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

Three Months ended January 31, 2013

The Company reported a net loss of $421,450 and a comprehensive loss of $214,184 for the three month period ended January 31, 2013, as compared to a net loss of $117,115 and comprehensive loss of $57,704 for the same period in the prior fiscal year. An amount of $146,000 (2012 - $Nil) was recorded for future income tax expense and accounts for approximately 35% of the overall loss incurred during the period. A total of $207,266 (2012 – loss of $59,411) was recorded as a cumulative translation adjustment gain.

General and administrative expenses for the three months ended January 31, 2013 totalled $279,347 (2012 – $128,926) including a foreign exchange loss of $3,662 (2012 –$Nil). Share-based compensation expense was $6,158 (2012 - $Nil).

Overall, costs were largely unchanged from the prior year; however, effective December 2012 management and consulting fees paid to officers of the Company have been replaced with salary arrangements. Wages and benefits totalled $66,858 (2012 - $31,123) and management fees were $8,500 (2012 - $25,500). Consulting fees increased slightly to $16,000 (2012 - $12,680), as a result of increased administrative activities.

Office and miscellaneous expenses increased to $26,558 (2012 - $14,382). Amortization increased to $59,039 (2012 - $14,993), reflecting the increase of equipment in Nicaragua.

Expenditure on travel and promotion totalled $19,487 (2012 - $10,051) during the quarter.

Professional fees of $70,049 (2012 - $15,854) pertained, primarily, to additional audit fees and accruals recorded during the quarter.

Regulatory and listing fees for the quarter were $3,036 (2012 - $4,343) 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 January 31, 2013 was $3,897 (2012 - $11,811). The decrease over the same period of the prior year being attributable to fewer funds held on account.

Nine Months ended January 31, 2013

The Company reported a net loss of $1,393,749 and a comprehensive loss of $1,118,080 for the nine month period ended January 31, 2013, as compared to a net loss of $411,949 and comprehensive loss of $271,627 for the same period in the prior fiscal year. Share-based compensation expense of $585,216 (2012 - $Nil), related to share options granted in the period, accounted for 42% of the net loss incurred. A total of $275,669 (2012– loss of $140,322) was recorded as a cumulative translation adjustment gain.

General and administrative expenses for the nine months ended January 31, 2013 were $1,259,247 (2012 -$459,480) after a foreign exchange gain of $7,151 (2012 - $Nil). Wages and benefits were $140,567 (2012 - $103,971) and management fees were $59,500 (2012 - $76,500). Consulting fees totalled $61,500 (2012 - $12,680). Effective December 2012, the Company now records the compensation of its officers as wages, rather than management or consulting fees. Office and miscellaneous expenses remained consistent at $70,201 (2012 - $79,742). Depreciation increased significantly over the prior year to $124,340 (2012 - $35,497) and related to the acquisition and usage of additional equipment in Nicaragua.

Expenditure on travel and promotion dropped by $11,797 over the prior year to $52,759 (2012 - $64,556). Although travel costs increased as a result of the financing completed in July 2012, overall expenditures were lower as no promotional activities were undertaken.

Professional fees increased to $135,312 (2012 - $73,483) as a result of additional audit related costs associated with the transition to IFRS reporting.

Regulatory and listing fees increased during the period to $37,003 (2012 - $13,051) due to a higher level of corporate activities, including the July 2012 private placement, in conjunction with general filing fees and transfer agency services.

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 nine months ended January 31, 2013 was $11,498 (2012 - $47,531), decreasing as a result of ramping exploration costs and fewer funds on hand.

Expenditures on exploration programs for the nine month period ending January 31, 2013 were $3,860,364 (2012 - $5,473,522).

Funds raised through shares issued in the period ending January 31, 2013 netted $3,930,336 (2012 - $1,630,961) and cash inflows from the January 2013 warrant amendment program were $991,526 (2012 – $Nil).

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 2012, the Company undertook a major trenching program in the Southern District. In April 2012, a definition drilling program was initiated at the 2 square kilometre San Albino Mine area, completing in July 2012. The Company's initial resource calculation was announced in late November 2012. An independent NI 43-101 technical report and resource estimate was filed in early January 2013. Volatile market conditions and a scarcity of available financing may affect the Company's planned level of activity and development during the balance of fiscal 2013 and into fiscal 2014.

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

During 2009, the gold price surged over US$1,000/oz, with an average price of US$972/oz. In 2012, the price of gold reached new heights, briefly exceeding US$1,900/oz. It currently is priced at approximately US$1,600/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$28/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 generally considered to have high risk. Companies involved in this industry are subject to many and varied types of risks, including but not limited to: environmental, commodity prices; political; and economic. Some of the more significant risks are:

- Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely low;
- Mineral resource amounts are estimates only and may be unreliable. The Company cannot be certain that any specified level of recovery of minerals from mineralized material will, in fact, be realized or that any of its mineral property interests or any other mineral deposit will ever qualify as a commercially mineable ore body that can be

economically exploited. Material changes in the quantity of mineralization, grade or stripping ratio or mineral prices may affect the economic viability of the properties.

- The junior resource market where the Company raises funds is extremely volatile, companies are subject to high level of competition for the same pool of investment dollars, and there is no guarantee that the Company will be able to raise adequate funds in a timely manner to conduct its business;
- Although the Company has taken steps to verify title to its exploration and evaluation assets there is no guarantee that the exploration and evaluation assets will not be subject to title disputes or undetected defects; and
- The Company is subject to laws and regulations related to environmental matters, including provisions for reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental legislation and is not aware of any existing environmental problems related to its mineral property interests that may be the cause of material liability to the Company.

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

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2013, the Company's primary capital asset was its investment in exploration and evaluation assets of $16,763,035 (April 30, 2012 - $12,707,116).

It held cash of $1,804,054 (April 30, 2012 - $1,346,557) and had working capital of $1,683,560 (April 30, 2012 - $688,813). During the period, proceeds of $1,017,481 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 $302,250 may be realized upon the exercise of 1,284,000 stock options currently in-the-money. There are no assurances that these options will be exercised. The Company raised a further $991,526 on a warrant amendment program that saw 6,614,777 warrants amended to extend their expiration date a further year to January 18, 2014 with a reduced price of $0.55 in exchange for an upfront payment of $0.15 per warrant. 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 nine months of fiscal 2013, the Company acquired equipment, primarily for its Nicaraguan operations, at a cost of $71,545 (2012 - $177,973). The Company experienced cash outflows of $531,425 (2012- $99,764 inflow) from operating activities. Investing activities used cash of $3,931,909 (2012 - $5,651,495). Financing activities realized positive cash flows of $4,921,862 (2012 - $1,630,961). Overall, cash increased by $458,528 as compared to a decrease of $3,920,770 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 exploration and evaluation assets in order to finance further acquisitions, undertake exploration and development activities on exploration and evaluation assets and meet general and administrative expenses in the long term.

There is no assurance that additional funding will be available to allow the Company to fully explore its exploration and evaluation assets. Failure to obtain financing could result in the delay or indefinite postponement of further exploration and the possible partial or total loss of the Company's interest in certain properties. The Company may be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized.

The interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, or the impact on the statement of loss and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

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

Key management includes directors (executive and non-executive), the President and VP of Exploration.

During the nine month period ended January 31, 2013, the Company paid or accrued:

	January 31, 2013	January 31, 2002
Management fees and salaries	$ 76,500	$ 76,500
Consulting fees and salaries	$ 58,500	$ 58,500
Share based compensation	$ 475,389	$ -
Total	$ 610,389	$ 135,000
Accounts payable and related parties	$ 10,056	$ 12,903

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. The Company's Nicaraguan subsidiaries functional currency is the US dollar.

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

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 2012 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 is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its 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". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures". The Company is currently evaluating the impact of IFRS 10 is expected to have on its financial statements.

3. IAS 27 (2011), "Separate Financial Statements"
   IAS 27 (2011), "Separate Financial Statements", is the standard to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. IAS 27 (2011) supersedes IAS 27 (2008) and carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amended standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities" and IAS 28 (2011), "Investments in Associates and Joint Ventures". The Company is currently evaluating the impact of IAS 27 (2011) is expected to have on its financial statements.

4. *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.

5. *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.

6. *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.

Financial Instruments and Risk Management

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

(a) Fair value

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

(b) *Credit and interest risk*
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. The Company has 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 receivables. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Receivables are primarily due from a government agency. The Company's credit risk has not changed significantly from the prior period.

(c) Liquidity risk
Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, dispositions of assets and accessing financing through private placements and other tools. At January 31, 2013, the Company had a cash balance of $1,805,054 to settle current liabilities of $195,590 and meet expenses of ongoing exploration and administration.

(d) Commodity risk
The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

(e) Foreign currency risk
The Company's functional currency is the Canadian dollar; however, there are transactions in US dollars. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. The subsidiary's functional currency however is USD and therefore the entire subsidiary is USD. As this is where all exploration and evaluation spending occurs, it would make sense that the Company would be exposed to foreign currency risk and currently this risk is quantified at a 1% change. 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.

OUTSTANDING SHARE DATA AS AT APRIL 1, 2013:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	69,412,412

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	50,000	25,000	0.80	August 8, 2014
Options	50,000	25,000	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	6,724,000		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	6,614,777	0.55	January 18, 2014
Warrants	4,711,640	0.80	July 12, 2014
Warrants	138,269	0.67	July 12, 2014
	11,464,686		

SUBSEQUENT EVENT

Subsequent to January 31, 2013, the Company announced the approval and adoption by its Board of Directors of an advance notice policy (the "Policy"). The purpose of the Policy is to provide shareholders, directors and management of the Company with a clear framework for nominating directors of the Company. Pursuant to the terms of the Policy, the Company will seek shareholder ratification of the Policy at its next annual general meeting of shareholders (the "Meeting"). If the Policy is not confirmed at the Meeting, the Policy will terminate and be of no further force and effect following the termination of the Meeting.

OTHER INFORMATION

For additional disclosures concerning the Company's general and administrative expenses and exploration and evaluation assets, please refer to the unaudited interim condensed consolidated financial statements for the nine month period ended January 31, 2013, 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 January 31, 2013.