MANAGEMENT DISCUSSION AND ANALYSIS
For Year Ended April 30, 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 year ended April 30, 2013 and should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto for the year ended April 30, 2013, which are available on SEDAR at www.sedar.com. This MD&A is current as at August 27, 2013, the date of preparation.

The April 30, 2013 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of annual 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.

The Vision – transition from explorer to emerging producer

Golden Reign continues to explore its highly prospective 138 square kilometre land package in north-central Nicaragua, with the goal of moving towards production.

The Company is looking to advance its San Albino Gold Deposit open-pit oxide zone to production by December 2014 via a small, low impact operation that would offer the opportunity to self-fund exploration and growth through cash flow.

The blue sky potential of the Las Conchitas area located just 1 kilometre south of the San Albino Deposit is currently being tested, with the aim of expanding Golden Reign's open-pittable resources.

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$512,500 paid) and issuing 2,100,000 common shares (1,575,000 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.

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 (the "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 on October 23, 2012 (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$412,500 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 (1,575,000 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.

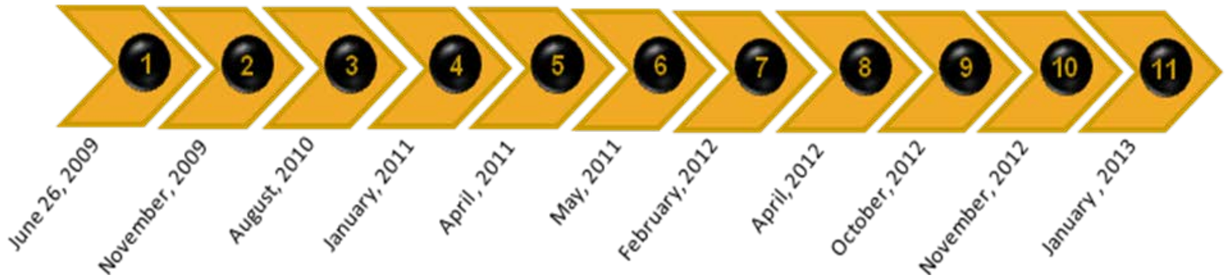
The El Jicaro Concession encompasses the southwest extension of the mineralized structures identified on the San Albino-Murra Property. The Concession covers an area of 5,071 hectares (51 km^2), nearly doubling the Company's current land package to an aggregate 13,771 hectares (138 km^2). Several good 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 was 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 shallow 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 early 2013. Further trenching and drilling at the San Albino Gold Deposit was conducted with the aim of expanding open-pittable resources. An updated NI 43-101 report is planned for Winter 2013. In addition, Golden Reign is aiming to add potentially open-pittable resources at Las Conchitas, approximately 1.5 kilometres to the south.

The Las Conchitas area returned a number of excellent results from trenching and the excavation of exploration pits in 2012. To date, 4 very prospective areas of high-grade, near-surface mineralization have been outlined over 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.

Initial metallurgical test work very positive

In mid-May 2013, the Company announced the results of its initial metallurgical test work, performed by Inspectorate Exploration & Mining Services Ltd. ("Inspectorate"), of Richmond, British Columbia, on material from the San Albino Gold Deposit. Testing highlights are:

- extremely high gravity recoveries of 80.2 to 84.4% gold were achieved on composite samples A through C at a grind target P_{80} of 100 microns, indicating the presence of significant amounts of coarse gold amenable to gravity concentration
- strong gold recoveries from sulphide flotation on all composite samples ranged between 76.6 to 85.5% at a grind target of P_{80} of 75 microns after 8 minutes of flotation
- the combination of gravity and flotation recovery methods is expected to produce high overall gold recoveries

A second phase of metallurgical testing - sequential (full stream) testing - of composites to develop an optimum flow sheet for the mineralization was completed in June 2013. Inspectorate designed a test to obtain the best possible combined recovery rates using gravity and flotation conditions to optimize recovery from both oxidized and non-oxidized mineralization. Highlights include:

- sequential gravity-flotation tests produced high overall recoveries of 96.4% gold and 92.6% silver
- testing demonstrates high gold and silver recoveries achievable without use of cyanide leaching
- the combination of gravity and flotation processing complement each other well, with flotation recovering finer gold particles not recovered via gravity methods
- sequential gravity-flotation testing resulted in optimum recoveries from both oxidized and non-oxidized mineralization

Moving towards production

In mid-July 2013, the Company announced the appointment of Mr. Kevin Weston, B.Eng, as its Chief Operating Officer. Kevin has extensive experience in gold mining and processing, bringing over 30 years of operations experience in Canada, Africa and Latin America.

Golden Reign's strategy is to transition from explorer to emerging producer. The initial high-grade, near-surface the San Albino Gold Deposit offers:

- the ability to advance the open-pit oxide zone to production on a short time line (target: December 2014)
- a small, low-impact operation
- opportunity to self-fund exploration and growth through cash flow

A small modular plant is being sourced. Locations for the plant, waste and tailings are being evaluated. The Company is also currently conducting baseline environmental and sociological studies, further metallurgical test work, and additional trenching and drilling to confirm and increase open-pittable resources.

The Company is focused on initially developing all or part of the 8 square kilometre area of the Southern District, which hosts the San Albino Gold Deposit and highly prospective Las Conchitas area.

Exploration and Evaluation Assets

	April 30, 2013	April 30, 2012
Acquisition costs	$ 3,750,707	$ 2,912,377
Deferred exploration costs	14,300,322	9,794,739
	$ 18,051,029	$ 12,707,116

For a comprehensive breakdown of exploration and evaluation costs by property, please refer to Note 7 of the audited consolidated financial statements for the year ended April 30, 2013.

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	2013	2012	2011
Net Sales	Nil	Nil	Nil
Net Loss	$ 1,465,554	$ 1,848,096	$ 1,310,381
Comprehensive Loss	$ 1,568,547	$ 1,802,517	$ 1,507,600
Basic and diluted loss per share	$ 0.02	$ 0.03	$ 0.03
Total Assets	$ 19,296,608	$ 14,682,822	$ 10,133,803
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	N/A	N/A	N/A

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

The Company's recorded losses for the financial years ended April 30, 2013, 2012, and 2011 are comprised mainly of general and administrative expenses. The reported net losses for 2013, 2012 and 2011 include share-based compensation expense of $589,024, $1,100,133 and $846,298, respectively.

Summary of Quarterly Results

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

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (loss) gain	$(71,805)	$(421,450)	$(763,549)	$(208,750)	$(1,886,540)	$(117,115)	$(154,910)	$ (159,517)
Comprehensive (loss) gain	$(450,467)	$(214,184)	$ (911,275)	$ 7,379	$(1,954,411)	$(57,704)	$ 488,953	$(160,568)
Basic & diluted loss per share	($0.02)	($0.01)	($0.01)	($0.00)	($0.03)	($0.00)	($0.00)	($0.00)

Comparative Figures

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

Three Months ended April 30, 2013

The Company reported a net loss of $71,805 for the three month period ended April 30, 2013, as compared to a net loss of $1,886,540 for the same period in the prior fiscal year. Depreciation of $114,850 was capitalized to exploration and evaluation assets.

General and administrative expenses for the three months ended April 30, 2013 totalled $207,135 (2012 – $1,770,076) including a foreign exchange loss of $759 (2012 - $3,662). Share-based compensation expense was $3,808 (2012 - $1,066,360).

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 reclassified as salaries. Wages and benefits totalled $82,487 (2012 - $51,712) and management fees were $Nil (2012 - $25,500). Consulting fees were $Nil (2012 - $21,000), as a result of reclassification.

Office and miscellaneous expenses decreased by $11,392 to $29,088 (2012 - $40,480) and included: bank charges of $1,543; courier costs of $757; office expenses of $3,349; office rent of $13,559; telecommunications of $3,243; office insurance of $537; commercial liability insurance of $3,000; and directors' and officers' insurance of $3,100.

Expenditure on travel and promotion totalled $41,597 (2012 - $19,265), comprised primarily of costs pertaining to attendance at the 2013 PDAC conference and marketing trips. Other costs included in this category are: AGM expenses of $4,871; email and newswire services of $6,399 and website creation/maintenance costs of $5,140.

Professional fees of $41,539 (2012 - $15,000) consisted, primarily, of audit fees and accruals totalling $35,500 recorded during the period.

Regulatory and listing fees for the quarter were $12,026 (2012 - $10,544) for general filing fees and transfer agency services rendered. Included in this amount were payments made to the TSX Venture Exchange for the Company's 2013 annual sustaining fees of $9,000 and $1,156 for its 2013 stock option plan.

As the Company is an exploration stage company and does not generate any cash flow, it has no income other than interest income. The Company relies on equity financings for its working capital requirements and to fund its planned exploration activities. Interest income for the three months ended April 30, 2013 was $3,480 (2012 - $7,536). The decrease over the same period of the prior year being attributable to fewer funds held on account.

Twelve Months ended April 30, 2013

The Company reported a net loss of $1,465,554 for the year ended April 30, 2013, as compared to a net loss of $1,848,096 for the prior fiscal year.
General and administrative expenses for the year ended April 30, 2013 were $1,351,532 (2012 - $1,779,163), including a foreign exchange gain of $6,392 (2012 - $Nil). Share-based compensation expense totalled $589,024 (2012 - $1,100,133).

Wages and benefits were $223,054 (2012 - $155,683) and management fees were $59,500 (2012 - $102,000). Consulting fees totalled $61,500 (2012 - $33,680). Effective December 2012, the Company records the compensation of its officers as wages, rather than management or consulting fees.

Office and miscellaneous expenses dropped by $20,933 to $99,289 (2012 - $120,222), and included: bank charges of $6,375; courier costs of $1,903; office expenses of $13,887; office rent of $38,293; telecommunications of $11,498; office insurance of $3,150; commercial liability insurance of $12,000; and directors' and officers' insurance of $12,100. Depreciation increased over that of the prior year to $120,171 (2012 - $71,546) due to the acquisition and use of additional equipment in Nicaragua of which $114,850 was capitalized to exploration and evaluation assets

Expenditure on travel and promotion totalled $94,356 (2012 - $83,821), an increase of $10,535 over the prior fiscal year. Travel costs mainly consisted of attendance at the 2013 PDAC and various marketing trips. Other promotional costs included: AGM expenses of $7,873; email and newswire services of $21,652; and website creation/maintenance of $6,400.

Professional fees increased to $176,851 (2012 - $88,483) and consisted of $159,980 in audit fees and accruals and $16,871 in legal costs for general corporate matters.

Regulatory and listing fees increased during the year to $49,029 (2012 - $23,595) due to a higher level of corporate activities. Included in this amount are regulatory fees paid to the TSX Venture Exchange of: $15,784 for the July 2012 brokered private placement; $5,960 paid in respect of the Agreement to acquire the remaining 20% interest in the Property; $750 for the January 2013 warrant amendment program; $9,000 for the Company's 2013 annual sustaining fees; and $1,156 for its 2013 stock option plan.

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 year ended April 30, 2013 was $14,978 (2012 - $55,067). The decrease over the prior year being attributable to fewer funds held on account.

Trends

The Company is in a growth pattern, actively exploring with a view to developing its San Albino-Murra Gold Property in northern Nicaragua. 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 Gold Deposit, 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

In recent years, the gold price has experienced high levels of volatility. In 2012, the price of gold reached new heights, briefly exceeding US$1,900/oz. It currently is priced at approximately US$1,400/oz. Demand for physical gold continues to be strong, despite the more recent sell-off of gold ETFs. After hitting a low in late June 2013, Comex Gold has rallied 17% to reach a mid-August high, consolidating price dips and gains. A number of potential bullish factors – South African mining disputes, the U.S Federal Reserve stimulus package 'tapering' and continued sluggish world economies – could support higher prices in the near-term.

Silver is currently trading approximately US$24/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 April 30, 2013, the Company's primary capital asset was its investment in exploration and evaluation assets of $18,051,029 (April 30, 2012 - $12,707,116).

It held cash of $752,203 (April 30, 2012 - $1,346,557) and had working capital of $116,475 (April 30, 2012 - $688,813). During the year, proceeds of $1,017,481 were received on the exercise of 3.2 million share purchase warrants and 6,500 options. A further $677,250 may be realized upon the exercise of 3,159,000 stock options currently in-the-money; however, there are no assurances that these options will be exercised. Additionally, 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. The Company raised a further $991,527 under a warrant amendment program, whereby the holders of 6,614,777 warrants elected to pay $0.15 per warrant share to extend the warrant expiry date by twelve months, to January 18, 2014, and reduce the exercise price to $0.55 from $0.75 per warrant share. Further financing will be required to progress the flagship San Albino-Murra Property and the El Jicaro Concession.

During fiscal 2013, the Company experienced cash outflows of $695,042 (2012 - $598,417) from operating activities. Investing activities used cash of $4,821,484 (2012 - $7,360,709), including $4,684,604 (2012 - $6,999,591) spent on the Company's Nicaraguan projects and $59,070 (2012 - $315,461) paid for equipment. Financing activities realized positive cash flows of $4,921,862 (2012 - $2,136,695). Overall, cash decreased by $594,664, as compared to $5,822,431 in 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 audited 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

During the year ended April 30, 2013, the Company paid or accrued:

(a) an aggregate of $103,000 (2012 - $102,000) to Kim Evans, a director and officer of the Company, comprised of management fees of $59,500 and salary of $43,500;
(b) an aggregate of $70,500 (2012 - $Nil) to Janice Craig, an officer of the Company, comprised of consulting fees of $39,500 and salary of $31,000; and,
(c) an aggregate of $79,000 (2012 - $78,000) to Zoran Pudar, an officer of the Company, comprised of consulting fees of $45,500 and salary of $33,500, for the provision of geological consulting services, which was capitalized to mineral properties.

Included in accounts payable and accrued liabilities is a total of $8,444 (2012 - $5,502) 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. 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 published IFRS 9, "Financial Instruments", covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

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".

IFRS 11 Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments increase disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

3. *IFRS 12 "Disclosure of Interests in Other Entities"*
   IFRS 12, "Disclosure of Interest in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. 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 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

4. *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.

5. *IAS 1, "Presentation of Financial Statements"*
   In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to" (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of income/loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements.

6. *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".

7. *IAS 32 "Financial Instruments"*
   The IASB amended IAS 32 "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

   - The meaning of "currently has a legally enforceable right of set-off";
   - The application of simultaneous realization and settlement;
   - The offsetting of collateral amount; and
   - The unit of account for applying the offsetting requirements.

   The amended standard is effective for annual periods beginning on or after January 1, 2012.

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 April 30, 2013, the Company had a cash balance of $752,203 to settle current liabilities of $685,774 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 AUGUST 27, 2013:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	86,610,242

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	50,000	50,000	$ 0.80	August 8, 2014
Options	50,000	50,000	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
Options	1,875,000	1,375,000	0.20	July 15, 2018
	8,649,000	8,149,000		

(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
Warrants	14,890,630	0.25	June 4, 2015
	26,355,316		

SUBSEQUENT EVENTS

Subsequent to April 30, 2013, the Company:

(a) completed a non-brokered private placement of 15,397,830 units at a price of $0.15 per unit to raise gross proceeds of approximately $2.3 million. Each unit was comprised of one common share and one share purchase warrant which entitles the holder to purchase one additional common share a price of $0.25 for a period of two years. In connection with the private placement, the Company has paid finder's fees of $45,645 cash and 242,800 warrants priced at $0.25 per share exercisable for a period of two years;

(b) received proceeds of $187,500 from the exercise of 750,000 share purchase warrants;

(c) granted 1,875,000 share options priced at $0.20 per common share and exercisable for a period of five years to directors, officers, employees and consultants;

(d) paid US$137,500 and issued 525,000 common shares pursuant to the Agreement; and

(e) proposed the amendment of an aggregate 6,081,244 share purchase warrants by reducing the exercise price from $0.55 to $0.30 per share, subject to TSX Venture Exchange acceptance.

OTHER INFORMATION

For additional disclosures concerning the Company's general and administrative expenses and exploration and evaluation assets, please refer to the audited financial statements for the year ended April 30, 2013, which are available on the Company's web site at www.goldenreign.com or on SEDAR at www.sedar.com.