MANAGEMENT DISCUSSION AND ANALYSIS
For the Three Months Ended July 31, 2017

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-month period ended July 31, 2017 and should be read in conjunction with the accompanying unaudited interim consolidated financial statements and the notes thereto for the three-month period ended July 31, 2017 and the audited consolidated financial statements and notes thereto for the year ended April 30, 2017, which are available on SEDAR at www.sedar.com.

The July 31, 2017 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. The Company's significant accounting policies are the same as those applied in the Company's annual financial statements as at and for the year ended April 30, 2017. All amounts are expressed in Canadian dollars, unless otherwise stated.

This MD&A is current as at September 26, 2017, the date of preparation, and includes certain statements that may be deemed "forward-looking statements". We direct investors to the sections "Forward-Looking Information" and "Risk and Uncertainties" included within this MD&A.

Additional information relating to Golden Reign is available on the SEDAR website at www.sedar.com and on the Company's website at www.goldenreignresources.com.

BUSINESS OVERVIEW

Golden Reign Resources Ltd. was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act.* We are an exploration and development company that was formed for the acquisition, exploration and development of precious metal resource properties. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "GRR".

We have a 100% interest in two mining properties – the San Albino-Murra Property and the El Jicaro Concession –which are located in north-central Nicaragua and cover an aggregate 13,771 hectares (138 km^2). Our properties have a long history of exploration and mining. Hundreds of historical mines and workings exist within the Corona de Oro Gold Belt, which is approximately 3 kilometres wide by 20 kilometres long and spans the entirety of the Company's land package.

The San Albino Gold Deposit ("San Albino"), located within the San Albino-Murra Property is our most advanced project. It was a historical small-scale underground gold producer, commencing production in the early 1900's and operating on and off until approximately 1940, reportedly processing 10 tons per day of 1 oz/t gold material. Development and operation of San Albino is the strategic first step in the establishment of a gold camp hosting multiple high-grade, open-pittable deposits. (see GRR Strategy below)

First Quarter 2018 Significant Events

- During Q1 2018, the Company continued to advance the permitting process for the San Albino Gold Deposit.
- Subsequent to the end of the quarter, on August 25, 2017, the Company held its Public Consultation Meeting, a key step in obtaining an environmental permit. The meeting was attended by representatives from the Ministry of the Environment and Natural Resources (MARENA), the Ministry of Energy and Mines (MEM), the National Forestry Institute (INAFOR), a number of other ministries and variety of businesses, municipal authorities, a non-governmental organization, local judicial and political party representatives, as well as members of the public. Of the over 700 people in attendance, 551 registered participants represented 17 different communities and the local municipality of El Jicaro. The Public Consultation Meeting went extremely well, with the project receiving the support of all parties present.
- On September 12, 2017, Golden Reign announced that it has received its environmental permit for the development, construction and operation of up to a 500 ton per day operation at San Albino.
- During Q1 2018, Golden Reign continued trenching at the Las Conchitas area of the San Albino-Murra Gold Property. This program is a continuation of exploration activities initiated in 2011 that identified at least 7 highly mineralized structures with strike lengths ranging from 500 to 1,500 metres. The 2017 program is intended to outline and further define near-surface, high-grade mineralization that is potentially open-pittable.

San Albino-Murra Property

San Albino Gold Deposit

Environmental Permit Received

On September 12, 2017, Golden Reign announced that it has received its environmental permit for the development, construction and operation of up to a 500 ton per day operation at San Albino. This permit was the final significant hurdle to moving the project forward.

The Company had previously received its Water Use Permit, Forestry Permit, Mill Permit, Construction Permit, Soil Use Permit, Road Permit and Waste Disposal Permit. Other governmental approvals will be sought as required.

The environmental permit was received after a Public Consultation Meeting was held on August 25, 2017, where the project received the support of governmental agencies and ministries, municipal authorities, judicial and political party representatives, businesses and members of the public. The Company delivered an in-depth 3-hour presentation on the San Albino Gold Project, explaining the proposed mining operations, as well as its potential environmental, economic and social impact.

Since we began our work in Nicaragua in 2009, we have fostered strong relations with local and federal agencies, as well as local communities. We continue to communicate and closely engage with all government institutions and local groups to further strengthen our relationships and partnerships.

Golden Reign is the first gold mining company, without existing Nicaraguan operations, to be awarded a permit in the last 13 years. The Company will be the third gold producer within the country and our high-grade, San Albino Gold Project will be the first newly permitted commercial gold processing operation in the country within years.

EPCM contract – next step

Our next step is to finalize an Engineering, Procurement and Construction Management (EPCM) contract and, in due course, commence detailed engineering and construction of a high-grade, high margin gold mine at San Albino.

Gold Streaming Arrangement

In July 2014, Golden Reign completed a Gold Streaming Arrangement (the "Arrangement") with Marlin Gold Mining Ltd. ("Marlin") at the Company's San Albino Gold Deposit (refer to Company news release dated July 11, 2014). The Arrangement covers only the San Albino Gold Deposit, a 3.5 square kilometre area within the Company's highly prospective 138 square kilometre landholdings.

For a purchase price of US$15.0 million Marlin's wholly-owned subsidiary, Sailfish Royalty Corp., will be entitled to purchase 40% of gold production from the San Albino Gold Deposit, comprising a total 3.5 square kilometres, at US$700 per troy ounce[1] until Sailfish recovers US$19.6 million[2]. Thereafter, Sailfish will be entitled to purchase 20% of gold production at US$700 per troy ounce[3]. Prior to commercial production, Sailfish will be entitled to receive an 8% semi-annual coupon payment on the advances from Sailfish.

1 Subject to a 1% per year cost escalation beginning three years from commercial production.
2 Golden Reign will be required to make minimum monthly payments of US$282,800 per month when commercial production commences. Golden Reign, at its sole discretion, may increase the amount of gold delivered and/or cash payments made to Sailfish in order to accelerate repayment and reduce the payment stream percentage.
3 Subject to a 1% per year cost escalation beginning three years from commercial production, plus 50% of the price differential above US$1,200 per troy ounce subject to certain adjustments.

Under the 250 tonnes per day (tpd) PEA scenario, Sailfish would purchase a maximum of 27,883 ounces of gold at an average price of US$703 per ounce (or a combination of gold ounces and cash) in repayment for the funds advanced. Thereafter, Sailfish would purchase an additional 119,174 gold ounces at an average price of US$852 per ounce. Total potential gold stream revenues to Sailfish are estimated at US$121 million, representing 22.3% of total gold production. Golden Reign would retain 77.7% (513,151 ounces) of its gold production and over 90% of its revenue, valued at US$1,250 per ounce, which is estimated at US$639 Million plus 100% of the silver ounces produced which, valued at US$19.50 per silver ounce, is an estimated US$20.4 Million.

Concurrent with the closing of the transaction, Marlin held an 18.51% interest in Golden Reign through the purchase of 21.3 million common shares for proceeds of approximately $3.2 million. Marlin has participated in all of the Company's financings and has increased its holdings to a total of 36,297,218 common shares, representing 18.90% of the Company's issued and outstanding common shares as at the date of this report.

Las Conchitas Area

Las Conchitas is located immediately south of the Company's San Albino Gold Deposit, near the southern end of the Corona de Oro Gold Belt.

2017 Exploration Activities

In late April 2017, Golden Reign announced the resumption of exploration activities at Las Conchitas. A two-staged trenching program totaling approximately 2,150 metres is intended to provide further information on the size and grade of existing open-pittable targets, and identify additional near-surface mineralized zones.

The first stage of work, consisting of 21 trenches totaling approximately 1,050 metres, is designed to expand on mineralization previously intersected by drilling and trenching. Additionally, the trenching will test for mineralization within the host phyllites. Previous sampling confirmed that gold is not restricted solely to the mineralized quartz veins but is distributed within the host rock containing quartz stringers and fragments. Values from trench LC11-TR-26, phyllites with quartz fragments, reported 15.0 metres of 3.29 g/t Au and 5.8 g/t Ag (see news release dated September 17, 2012). This style of mineralization produces significantly thicker zones, offering greater tonnage potential.

The second stage of work, comprising an additional 21 trenches totaling approximately 1,100 metres, is designed to further test and confirm the strong nature of gold mineralization within the Las Conchitas Area.

Positive trenching results will be followed by exploratory drilling, totaling approximately 2,000 metres, to test the most promising targets at depth and along strike. Drill holes are anticipated to be shallow (less than 100 metres), targeting open-pittable mineralization.

The 2017 trenching program is a follow-up to our earlier exploration work, initiated in 2011, that identified no fewer than 7 highly mineralized structures with strike lengths ranging from 500 to 1,500 metres - all within an area of approximately 2.5 square kilometres. Significant trenching was completed covering 3,132 metres in 87 trenches. A small number of the most prospective trenching results have been tested by 18 holes drilled for 3,040 metres. Previous results from Las Conchitas include:

Drilling:		
INT13-03	21.3 metres of 7.20 g/t Au and 14.2 g/t Ag (vertical)	(see news release dated September 11, 2013)
including	5.0 metres of 28.45 g/t Au and 53.7 g/t Ag	
LC11-01	3.0 metres of 62.96 g/t Au and 61.7 g/t Ag (vertical)	(see news release dated February 22, 2012)
LC11-02	3.0 metres of 12.01 g/t Au and 13.1 g/t Ag (vertical)	(see news release dated February 22, 2012)
LC11-05	5.0 metres of 8.63 g/t Au and 3.5 g/t Ag (vertical)	(see news release dated February 22, 2012)
Trenching:		
SAM12-TR11	7.0 metres of 12.14 g/t Au and 28.4 g/t Ag (along dip)	(see news release dated February 25, 2013)
including	2.0 metres of 38.09 g/t Au and 52,8 g/t Ag	
INT11-TR01	8.2 metres of 20.64 g/t Au and 26.87 g/t Ag (along dip)	(see news release dated April 12, 2011)
INT11-TR03	12.8 metres of 16.05 g/t Au and 9.9 g/t Ag (along dip)	(see news release dated April 12, 2011)
including	3.0 metres of 40.97 g/t Au and 23.7 g/t Ag	

Central & Northern Districts

The Central and Northern Districts of the San Albino-Murra Property host a number of highly prospective targets. Our work to date in both areas has been preliminary in nature. However, a number of prospective targets have been identified within the structural corridor that spans our landholdings. Further work is planned.

El Jicaro Concession

El Jicaro encompasses the southwest extension of the mineralized structures identified on the Corona de Oro Gold Belt. It covers an area of 5,071 hectares (51 km^2), nearly doubling the Company's land package to an aggregate 13,771 hectares (138 km^2). Several good exploration targets have been outlined on El Jicaro. The mapping and prospecting programs completed to date have defined four parallel zones of mineralization. Further work is planned.

El Golfo

The Company plans to carry out a preliminary exploration program at the historic El Golfo mine, situated directly south and contiguous to Las Conchitas area, on its wholly-owned El Jicaro Concession. Exploration activities will include soil sampling, geological mapping and limited trenching.

GRR STRATEGY

Golden Reign has built a property position that encompasses most of the Corona de Oro gold belt in northern Nicaragua. Our strategy is to accelerate the development of a gold camp hosting multiple high-grade, open-pittable deposits.

Golden Reign's initial objective is to establish a low cost, profitable cornerstone operation at San Albino - *an area that represents only 2% of our landholdings* - with the aim of self-funding exploration and growing our operations, in a non-dilutive manner, through free cash flow.

Located near the southern end of a 20-kilometre long mineralized trend outlined and defined by Golden Reign as the Corona de Oro Gold Belt, the San Albino Gold Deposit is the first of the five areas slated for potential development by the Company. We are seeking to advance San Albino on an expedited basis with a goal of achieving early production. In July 2014, the Company signed a US$15.0 million gold streaming arrangement with Sailfish Royalty Corp., a wholly-owned subsidiary of Marlin Gold Mining Ltd., that covers solely San Albino, a 3.5 square kilometre area (the "Marlin AOI") within the Company's 138 square kilometre landholdings.

The Company believes that the remaining four areas, all of which lie outside of the Marlin AOI, are characterized by similar mineralogy, grades and thicknesses as those outlined at San Albino, and offer potential for future development.

Our most significant asset continues to be the exploration potential of the Nicaraguan property holdings. The Company will continue to advance exploration targets at Las Conchitas, Central District, Northern District and on the El Jicaro Concession.

Nicaragua

Although it boasts a long history of gold production, Nicaragua is under-explored – but is 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.

EXPLORATION AND EVALUATION ASSETS

	July 31, 2017	April 30, 2017
Acquisition Costs	$ 5,619,406	$ 6,149,165
Deferred Exploration Costs	30,245,998	32,381,909
	$ 35,865,404	**$ 38,531,074**

For a comprehensive breakdown of exploration and evaluation costs, please refer to Note 3 of the unaudited interim consolidated financial for the three-month period ended July 31, 2017.

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	2017	2016	2015
Net Sales	Nil	Nil	Nil
Net Loss	$ (1,455,124)	$ (466,598)	$ (814,735)
Comprehensive Income	$ 1,420,732	$ 594,017	$ 1,733,433
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.01)
Total Assets	$ 43,409,438	$ 33,773,374	$ 28,647,858
Total Long-term liabilities	Nil	Nil	$ 144,000
Cash dividends per share, common	N/A	N/A	N/A

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

The Company's recorded loss for the financial years ended April 30, 2017, 2016 and 2015 is comprised mainly of general and administrative expenses. The reported net loss for 2017, 2016 and 2015 includes share-based compensation expense of $900,500, $26,900 and $142,189, respectively.

Summary of Quarterly Results

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

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	$ (127,194)	$ (134,258)	$ (160,931)	$ (368,210)	$ (791,725)	$ (41,804)	$ (139,788)	$(144,662)
Comprehensive loss	$ (3,234,753)	$ 1,633,285	$(1,227,245)	$ 504,617	$ 510,075	$(3,971,049)	$ 2,218,807	$ (14,104)
Basic and diluted loss per share	($0.00)	($0.01)	($0.00)	($0.01)	($0.00)	($0.00)	($0.00)	($0.00)

Three Months ended July 31, 2017

The Company reported a net loss of $127,194 for the three-month period ended July 31, 2017, as compared to a net loss of $791,725 for the same period in the prior fiscal year. The difference is primarily attributable to the recording of share-based compensation for an option grant during the prior three-month period. This difference was offset by an increase in professional fees and a decrease in travel and promotion.

General and administrative expenses for the three months ended July 31, 2017 totaled $135,205 (2016 – $791,725), including a foreign exchange loss of $18,617 (2016 – gain of $90). Share-based compensation expense was $Nil (2016 - $667,900), related to the grant of stock options that vested during the quarter. The Company recorded interest income of $8,011 (2016 - $Nil) during the quarter.

Wages and benefits for three-month period ended July 31, 2017 was consistent with the prior year at $68,860 (2016 - $68,068).

Office and miscellaneous expenses decreased by $1,120 to $27,491 (2016 - $28,611) and included: bank charges of $478 (2016 - $622); office expenses of $2,612 (2016 - $3,952); office rent of $18,115 (2016 - $17,535); telecommunications of $2,335 (2016 - $2,553); commercial liability insurance of $1,243 (2016 - $1,243); and, office insurance of $208 (2016 - $206); directors' and officers' insurance of $2,500 (2016 - $2,500). Depreciation was $3,045 (2016 - $781).

Expenditure on travel and promotion totaled $903 (2016 - $17,653). Costs paid included meals and entertainment of $111, travel of $492, and shareholder communications costs of $300. The higher costs in the prior period was due to the Company's attendance at various trade shows.

Professional fees of $15,110 (2016 - $7,360) consisted of audit fees and accruals.

Regulatory and listing fees for the quarter were $1,179 (2016 – $1,472) for transfer agency services.

Trends

The Company has been in a growth pattern, actively exploring with a view to developing its San Albino-Murra 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 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. In July 2014, the Company reported an updated NI 43-101 compliant resource at the San Albino Gold Deposit. On May 1, 2015, Golden Reign announced the filing of the Preliminary Economic Analysis and updated mineral resource estimate for its San Albino Gold Deposit.

Volatile market conditions and the availability of financing may affect the Company's planned level of activity and development during Fiscal 2018.

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 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. Over the course of the last year, the gold price has ranged from US$1,128 to US$1,363/oz. Demand for physical gold continues to be good. (Source: www.kitco.com). Silver is currently trading at approximately US$17/oz. There is an industrial demand for silver; however, it is the investment demand that primarily drives its pricing.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2017, the Company's primary asset was its investment in exploration and evaluation assets of $35,865,404 (April 30, 2017 - $38,531,074).

As at July 31, 2017, the Company held cash and cash equivalents of $3,899,353 (April 30, 2017 - $4,737,796) and had working capital of $2,154,583 (April 30, 2017 – $2,835,928).

During the three-month period ended July 31, 2017, the Company experienced cash outflows of $122,917 (2016 - $223,209) from operating activities. Investing activities used cash of $646,470 (2016 - $1,697,611), with $646,470 (2016 - $1,693,851) spent on the Company's Nicaraguan projects and $Nil (2016 - $3,760) paid for equipment. Financing activities realized positive cash flows of $Nil (2016 - $12,915) from the exercise of warrants, and $Nil (2016 - $262,358) recorded in respect of advances received from Marlin pursuant to the gold streaming arrangement.

Development of the Company's initial operation at the San Albino Gold Mine is anticipated to be funded mainly under the Marlin/Sailfish gold streaming arrangement. However, if capital requirements exceed US$15.0 million additional funds will be required. Drawdowns to date total US$1,096,051 (CAD$1,470,062). During the three-month period ended July 31, 2017, Golden Reign made an interest payment of US$42,923 (CAD$56,606) on the principal amount drawn down. At July 31, 2017, the accrued interest payable on the amount drawn down was US$7,467 (CAD$9,323). The balance of the US$15.0 million is subject to Marlin's election to proceed and is payable in installments once the project schedule and project budget are complete, approved by the Company and accepted by Marlin and the associated Engineering, Procurement and Construction Management contract executed.

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, and impacted by 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 through the issuance of shares and/or debt instruments, 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.

Other than the gold streaming arrangement described herein, debt financing has not been used to fund the Company's property acquisitions and exploration activities. The Company, other than as stated herein, 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.

SUBSEQUENT EVENTS

Subsequent to July 31, 2017 the Company:

i) Received its environmental permit for the development, construction and operation of up to a 500 ton per day operation at the San Albino Gold Deposit;

ii) amended certain terms of its employment contract with Kevin Bullock, CEO, whereby in the event of a Change of Control of the Company Mr. Bullock shall now be entitled to receive payment of an amount equal to two years' salary plus any bonuses at the highest rate in effect during the twelve-month period immediately preceding the Change of control, unless otherwise determined by the Company's board of directors. Prior, Mr. Bullock was entitled to a payment of an amount equal to six months' salary plus any bonuses at the highest rate in effect during the twelve-month period immediately preceding the Change of control, unless otherwise determined by the Company's board of directors;

iii) granted 890,000 options to directors, officers, employees and consultants at an exercise price of $0.26 per share for a term of five years and had 1,105,000 options expire unexercised on August 8, 2017; and

iv) realized gross proceeds of $16,657 upon the exercise of 65,000 stock options priced at $0.20 per share and 16,621 finder's warrants priced at $0.22 per share.

TRANSACTIONS WITH RELATED PARTIES

During the three-month period ended July 31, 2017, the Company paid or accrued:

(a) salaries of $75,000 (2016 - $75,000) to Kevin Bullock, a director and officer of the Company, which was capitalized to mineral properties;
(b) salaries of $30,000 (2016 - $30,000) to Kim Evans, a director and officer of the Company;
(c) salaries of $12,000 (2016 - $12,000) to Michele Pillon, an officer of the Company; and,
(d) salaries of $24,000 (2016 - $24,000) to Zoran Pudar, an officer of the Company, which was capitalized to mineral properties.

Included in accounts payable and accrued liabilities is a total of $7,571 (2016 - $602) 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.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Transactions in currencies other than the entity's functional currency 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 for 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.

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 and cash equivalents, receivables, accounts payable and accrued liabilities, and the Gold Streaming Arrangement liability.

(a) Fair value

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable, and the Gold Streaming Arrangement liability. The carrying values of cash, receivables, and payables approximate 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 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 year.

(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 by accessing financing through private placements and other tools. During the year ended April 30, 2017, Golden Reign completed two equity financings, issuing 28,352,725 common shares for aggregate gross proceeds of $6,237,599, less finder's fees of $270,362 and share issue costs of $126,107. The Company also received gross proceeds of $85,449 from the exercise of warrants and $245,000 from the exercise of options, less share issue costs of $1,284. There were no similar transactions during the first quarter of fiscal 2018. Subsequent to July 31, 2017, the Company has received additional gross proceeds of $3,657 from the exercise of warrants and $13,000 from the exercise of options.

(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, its subsidiaries' functional currency is the US dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. A 1% change in rates would result in a nominal increase / decrease to monetary assets. The Company has not hedged its exposure to currency fluctuations.

OUTSTANDING SHARE DATA AS AT SEPTEMBER 26, 2017:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	192,077,517

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	895,000	895,000	0.20	July 15, 2018
Options	60,000	60,000	0.25	October 16, 2018
Options	2,000,000	1,375,000	0.10	February 19, 2021
Options	5,485,000	5,485,000	0.25	June 14, 2021
Options	2,415,000	2,415,000	0.30	August 25, 2021
Options	890,000	890,000	0.26	August 21, 2022
Agents' Options	591,818	591,818	0.22	July 24, 2018
	12,336,818	11,711,818		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	139,262	0.22	June 30, 2018
Warrants	515,926	0.22	July 12, 2018

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 applies to an annual reporting period beginning on or after January 1, 2018.

IFRS 9, *Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, *Leases*

IFRS 16 specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

The Company is in the process of determining the impact that these changes will have on its financial statements.

RISK AND UNCERTAINTIES

The Company's principal activity of mineral exploration is generally considered to have high risk. It is exposed to a number of risks and uncertainties that are common to other mining exploration companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, inflation and other risks. The Company currently has no source of revenue other than interest income. With the exception of the San Albino Gold Deposit which is subject to a gold streaming arrangement with Sailfish, the Company will rely mainly on equity financing to fund its activities. The Company's mineral properties are located in Nicaragua, which exposes the Company to risks associated with possible political or economic instability, changes to applicable laws, and impairment or loss of mining title or other mineral rights.

Some of the other significant risks are:

- the likelihood of identifying economical reserves is 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.

Mitigating Risk

Golden Reign continues to actively work to mitigate the risk associated with developing the San Albino Gold Deposit by:

- focusing on a high margin development scenario, with low-tonnage, high-grade material and a modest initial capital investment;
- completing substantial, advanced metallurgical test work for the PEA, where simple gravity concentration tests returned excellent gold recoveries and overall recoveries for the oxide zone were 91% for gold, 59% for silver and the fresh (sulphide) zone were 95% for gold and 91% for silver;
- utilizing existing infrastructure – the project is easily accessible via good year-round roads, it has multiple on-site water sources, the national power grid passes directly through the property and its gentle topography is very amenable to the planned mining operations;
- continuing to nurture and develop strong community relations;
- maintaining good relationships with the Nicaraguan government and its agencies;
- planning the expansion of potential resources through additional shallow drilling and trenching; and
- securing funding for the development and construction of the San Albino mine under a Gold Streaming Arrangement with Marlin Gold Mining Ltd.

CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financials statements and the respective accompanying Management's Discussion and Analysis.

DISCLOSURE CONTROLS

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

TSXV listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: regulatory and permitting considerations, financing of the Company's acquisitions and other activities, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information as well as other risks and uncertainties referenced under "Risks and Uncertainties" in this MD&A.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below and including those referenced in the "Risks and Uncertainties" section of this MD&A, and, as a result they may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- financing, capitalization and liquidity risks;
- mineral exploitation and exploration program cost estimates;
- the nature and impact of drill results and future exploration;
- regulatory risks relating to mineral tenure, permitting, environmental protection, taxation, and royalties;

- volatility of currency exchange rates, metal prices and metal production;
- other factors referenced under "Risks and Uncertainties"; and
- other risks normally incident to the acquisition, exploration, development and operation of mining properties.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online at www.sedar.com.