Golden Reign
RESOURCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND SIX MONTH PERIOD ENDED OCTOBER 31, 2010

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements for Golden Reign Resources Ltd. (the “Company”) have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. These financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company’s auditors. The most significant of these accounting principles have been set out in the April 30, 2010 audited consolidated financial statements. The interim consolidated financial statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim consolidated financial statements, management is satisfied that the interim consolidated financial statements have been fairly presented.

GOLDEN REIGN RESOURCES LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited)

	October 31, 2010	April 30, 2010
ASSETS		
Current		
Cash	$ 916,659	$ 437,900
Receivables	29,591	10,137
Prepaid expenses	4,186	5,350
	950,436	453,387
Equipment (Note 3)	56,235	30,833
Mineral properties (Note 4)	1,912,621	985,774
	$ 2,919,292	$ 1,469,994
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 55,140	$ 60,069
Shareholders' equity		
Share capital (Note 5)	6,667,402	5,116,055
Contributed surplus (Note 5)	1,586,105	1,211,943
Deficit	(5,389,355)	(4,918,073)
	2,864,152	1,409,925
	$ 2,919,292	$ 1,469,994

Nature of operations and going concern (Note 1)
Commitments (Note 7)

On behalf of the Board:

"Kim Evans" Director
Kim Evans

"Bryce Porter" Director
Bryce Porter

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN REIGN RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31
(Unaudited)

	2010		2009	
	3 months	6 months	3 months	6 months
EXPENSES				
Amortization	$ 2,954	$ 6,037	$ 667	$ 1,336
Consulting	-	-	-	9,000
Foreign exchange loss (gain)	152	187	(983)	4,631
Management fees	19,500	39,000	19,500	39,000
Office and miscellaneous	15,043	32,657	11,037	20,692
Professional fees	18,205	26,672	3,314	3,314
Property investigation	-	-	-	2,487
Regulatory and listing fees	4,629	15,455	4,628	7,805
Stock-based compensation	298,500	298,500	-	-
Travel and promotion	3,467	12,321	3,133	4,743
Wages and benefits	20,449	40,898	20,449	40,898
	(382,899)	(471,727)	(61,745)	(133,906)
OTHER ITEMS				
Interest income	275	445	513	1,201
Loss and comprehensive loss for the period	(382,624)	(471,282)	(61,232)	(132,705)
Deficit, beginning of period	(5,006,731)	(4,918,073)	(4,649,756)	(4,578,283)
Deficit, end of period	$ (5,389,355)	$ (5,389,355)	$ (4,710,988)	$ (4,710,988)
Net loss per common share				
Basic	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)
Diluted	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding				
Basic	34,942,406	34,849,941	26,287,542	26,523,278
Diluted	38,586,554	38,494,089	26,287,542	26,523,278

The accompanying notes are an integral part of these consolidated financial statements.

GOLDEN REIGN RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31
(Unaudited)

	2010		2009	
	3 months	6 months	3 months	6 months
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (382,624)	$ (471,282)	$ (61,232)	$ (132,705)
Items not affecting cash:				
Amortization	2,954	6,037	667	1,336
Stock-based compensation	298,500	298,500	-	-
Changes in non-cash working capital items				
Decrease (increase) in receivables	(18,106)	(19,454)	(3,034)	(2,487)
Decrease (increase) in prepaid expenses	14,007	1,164	977	584
Decrease in accounts payable and accrued liabilities	(22,050)	(14,389)	(16,301)	(12,068)
Cash flows used in operating activities	(107,319)	(199,424)	(78,923)	(145,340)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment	(1,526)	(31,439)	(19,262)	(20,102)
Expenditures on mineral properties	(437,213)	(679,287)	(175,511)	(308,038)
Cash flows used in investing activities	(438,739)	(710,726)	(194,773)	(328,140)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	520,000	1,412,712	-	-
Share issue costs	-	(23,803)	-	-
Cash flows used by financing activities	520,000	1,388,909	-	-
Decrease in cash during the period	(26,058)	478,759	(273,696)	(473,480)
Cash, beginning of period	942,717	437,900	982,290	1,182,074
Cash, end of period	$ 916,659	$ 916,659	$ 708,594	$ 708,594
Cash paid during the period for:				
Interest	$ -	$ -	$ -	$ -
Income taxes	-	-	-	-

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Reign Resources Ltd. (the "Company") was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act*. Its principal business activity is the acquisition and exploration of mineral properties.

The Company's primary mineral property focus is on the San Albino-Murra Mining Concession, located in Nicaragua, which is in the exploration stage. Recovery of the carrying value of the investment in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development and the attainment of future profitable production or the disposition of these assets for proceeds in excess of their carrying values.

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles which assume that the Company will continue in operation for the foreseeable future and be able to discharge its liabilities and commitments in the normal course of operations.

The Company plans to raise additional financing through the issuance of share capital, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, or the impact on the statement of operations and balance sheet classifications that would be necessary were the going concern assumption not appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared according to Canadian generally accepted accounting principles ("GAAP") as issued by the Canadian Institute of Chartered Accountants ("CICA"). All financial figures are presented in Canadian dollars unless otherwise stated.

Principles of Consolidation

The consolidated interim financial statements at October 31, 2010 include the accounts of the Company and its subsidiary Gold Belt, S.A., incorporated in Nicaragua from the date of formation. All intercompany accounts, transactions and balances have been eliminated on consolidation.

Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant estimates include stock-based compensation and the variables applied in the Black-Scholes model, useful lives of equipment, asset retirement obligations and carrying values and future income taxes. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production. The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in material future write-downs of capitalized property carrying values.

Equipment

Equipment is recorded at cost and is amortized over the estimated useful life at the following rates:

Computer equipment	30% per annum, declining balance
Equipment and furniture	20% per annum, declining balance
Vehicles	30% per annum, declining balance

Foreign currency translation and transactions

The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method.

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses denominated in a foreign currency are translated at rates approximating those on the transaction date. Foreign exchange gains and losses are included in loss for the year.

Stock-based compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options at the date of the grant is accrued and charged to operations or capitalized to mineral properties, with the offsetting credit to contributed surplus. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date when the equity instruments are granted if they are fully vested and non-forfeitable.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years provided, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not currently have any asset retirement obligations.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Mineral properties in the exploration stage do not have established mineral reserves and a basis for the preparation of a projection of the estimated future net cash flow from the properties does not exist.

However, a mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, capitalized costs are written down to the estimated recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading, financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

The Company designates its cash as held-for-trading, which is measured at fair value. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company had no other comprehensive income or loss transactions during the years presented and no opening or closing balances for accumulated other comprehensive income or loss.

The Company provides disclosure to enable users to evaluate the significance of financial instruments on the Company's financial position and performance, the nature and extent of risks arising from financial instruments the Company is exposed to during the reporting period and as at the balance sheet date, and how the Company is managing those risks.

Financial Instruments – disclosures

CICA Handbook Section 3862, *Financial Instruments – Disclosures* ("Section 3862"), was amended. The amendments provide for additional disclosure requirements about the inputs to fair value measurements of financial instruments, including their classification into one of three levels within a "fair value hierarchy" that prioritizes the inputs to fair value measurement. These disclosures are included in Note 9 of these financial statements.

Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period and the previous Goodwill and intangible assets standard (Section 3062). As a result of the withdrawal of EIC 27, the Company will not be able to defer revenues and related costs incurred prior to commercial production at new operations. There was no effect on the Company's financial statements on adoption of this standard.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Accounting Policy Developments

i) Convergence with International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of the Company will be May 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonable estimated at this time.

ii) CICA Handbook Section 1582 *Business Combinations,* 1601 *Consolidated Financial Statements* and 1602 *Non-controlling interests* will replace the former Sections 1581 *Business Combinations*, 1600 *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 is effective for business combinations for which the acquisition date is on or after January 1, 2011 and Sections 1601 and 1602 apply to consolidated financial statements relating to years beginning on or after January 1, 2011.

The Company does not plan to adopt these accounting standards prior to January 1, 2011 and has not yet determined the accounting impact these new standards will have on its consolidated financial statements.

3. EQUIPMENT

	October 31, 2010			April 30, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 16,629	$ 12,639	$ 3,990	$ 16,629	$ 11,934	$ 4,695
Equipment and furniture	29,334	9,545	19,789	16,521	8,131	8,390
Vehicles	39,494	7,038	32,456	20,880	3,132	17,748
	$ 85,457	$ 29,222	$ 56,235	$ 54,030	$ 23,197	$ 30,833

4. MINERAL PROPERTIES

San Albino-Murra Property, Nicaragua

On June 29, 2009, the Company entered into an option agreement (the "Agreement"), to acquire an 80% interest in the San Albino-Murra Mining Concession (the "Property") located in Nicaragua by:

a) making cash payments to the optionor as follows:
   - (i) US$30,000 (paid) on signing of the Agreement;
   - (ii) US$100,000 (paid), of which US$50,000 was paid upon delivery of an acceptable legal title opinion to the Property and receipt by the Company of conditional acceptance of the Agreement by the TSX-V (received) and the remaining US$50,000 was paid upon receipt by the Company of final acceptance of the Agreement by the TSX-V (the "Approval Date"), which was received on September 30, 2009;
   - (iii) US$40,000 on each six month anniversary of the signing of the Agreement, for the duration of the option earn-in period.

b) incurring aggregate exploration expenditures of US$5,000,000 on the Property, as follows:
   - (i) US$200,000 (incurred) on or before the first anniversary of September 30, 2010;
   - (ii) US$1,000,000 on or before the second anniversary of September 30, 2011;
   - (iii) US$1,800,000 on or before the third anniversary of September 30, 2012; and
   - (iv) US$2,000,000 on or before the fourth anniversary of September 30, 2013.

c) issuing a total of 4,000,000 common shares of the Company, as follows:
   - (i) 1,000,000 common shares (issued at a value of $140,000) within five business days of the Approval Date; and
   - (ii) 1,000,000 common shares to be issued on each of the first (issued at a value of $150,000), second and third anniversary dates of the Agreement.

Upon the Company earning its 80% interest, a participating joint-venture agreement will be entered into, unless the optionor elects to convert its 20% working interest to a 3% Net Smelter Royalty ("NSR") and cause the transfer of its working interest to the Company. In which case, the Company has the right to purchase 50% of the NSR, or 1.5%, for an amount of US$1,850,000, and, further, will have the right of first refusal to purchase the remaining 1.5% NSR should it be offered for sale at any time.

Should a commercial production decision be reached, the Company, at its election, will issue to the optionor additional shares in its capital or cash or a combination thereof, the value of which is to be equivalent to US$3,500,000.

4. MINERAL PROPERTIES (cont'd…)

	October 31, 2010	April 30, 2010
San Albino-Murra Property, Nicaragua		
Acquisition costs		
Balance, beginning of year	$ 349,596	$ -
Option payments	212,630	349,596
	562,226	349,596
Deferred Exploration Costs		
Balance, beginning of year	$ 636,178	$ -
Assaying	70,384	60,990
Drilling	167,793	-
Field office	4,706	6,461
Geological consulting	210,611	239,206
Legal	11,469	27,522
Project expenses	106,317	149,240
Reports	2,146	11,874
Surface fees	38,305	52,419
Stock-based compensation	88,100	29,600
Translation	1,190	6,658
Travel	13,196	52,208
	1,350,395	636,178
San Albino-Murra Property – Balance, end of period	$ 1,912,621	$ 985,774

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares	Share Amount	Contributed Surplus
Authorized:			
Unlimited number of common shares, without par value			
Issued:			
Balance at April 30, 2010	28,814,716	$ 5,116,055	$ 1,211,943
Private placements	6,463,560	1,392,712	-
Stock option exercises	100,000	41,188	(21,188)
Mineral property	1,000,000	150,000	-
Share issue costs	-	(32,553)	8,750
Stock-based compensation	-	-	386,600
Balance at October 31, 2010	36,378,276	$ 6,667,402	$ 1,586,105

Escrowed shares

At October 31, 2010, a total of Nil (2009 – 1,252,000) shares are subject to an escrow agreement.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Private placements

On April 1, 2010, the Company completed the first tranche of a non-brokered private placement issuing 1,875,000 units at a price of $0.20 per unit for gross proceeds of $375,000. Each unit was comprised of one common share and one-half of one share purchase warrant, each full warrant entitling the holder thereof to purchase one additional common share at a price of $0.25 for a period of two years. Finder' fees of $23,000 were paid in cash.

On June 9, 2010, the Company completed the second and final tranche of a non-brokered private, issuing 4,463,560 units at a price of $0.20 per unit for gross proceeds of $892,712. Each unit was comprised of one common share and one-half of one share purchase warrant, each full warrant entitling the holder thereof to purchase one additional common share at a price of $0.25 for a period of two years. Finders' fees of $23,000 cash and 125,000 warrants exercisable into 125,000 common shares at a price of $0.25 per share for a period of two years were paid in connection with this tranche of the private placement. Including the first tranche that closed on April 1, 2010, the Company raised gross proceeds of $1,267,712.

In early October, 2010, the Company completed a non-brokered private placement issuing 2,000,000 units at a price of $0.25 per unit for gross proceeds of $500,000. Each unit was comprised of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share at a price of $0.35 for a period of two years, subject to an acceleration clause should the trading price of the Company's shares for 20 consecutive trading days exceed $0.70 per share during the exercise period, then the expiry time of the warrants shall be 30 calendar days from the date that written notice is provided by the Company to the warrant holders.

Warrants

At October 31, 2010 and 2009, the following share purchase warrants were outstanding:

	Expiry Date	Exercise Price	2010	2009
	April 8, 2012	$0.25	937,500	-
	June 9, 2012	$0.25	2,356,780	-
	September 29, 2012	$0.35	2,000,000	-
			5,294,280	-

Stock options

The Company has a stock option plan, under which the Board of Directors is authorized to grant options to employees, consultants, officers and directors enabling them to acquire up to 10% of the issued and outstanding share capital of the Company. The exercise price of each option is based on the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Options granted to investor relations consultants are subject to vesting provisions, as established by regulatory authorities, over a twelve month period, with no more than ¼ vesting during any three month period. Vesting provisions for other options are determined by the Company's Board of Directors.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock options (cont'd…)

The following options were outstanding and exercisable as at October 31, 2010 and April 30, 2010:

	October 31, 2010			April 30, 2010		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Opening balance	2,250,000	$	0.20	1,675,000	$	0.40
Granted	1,550,000		0.32	575,000		0.20
Exercised	(100,000)		(0.20)	-		-
Re-priced	-		-	(1,675,000)		(0.40)
Re-priced	-		-	1,675,000		0.20
Expired/Cancelled	(100,000)		(0.20)	-		-
Ending balance	3,600,000	$	0.25	2,250,000	$	0.20
Options exercisable	3,600,000	$	0.25	2,250,000	$	0.20

During the year ended April 30, 2010, the Company repriced 1,675,000 outstanding stock options to the exercise price of $0.20 per share, resulting in additional stock-based compensation of $39,000 which was expensed to operations.

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$ 0.20	November 27, 2011	1,525,000	1,525,000	1.07 years
0.20	January 11, 2012	50,000	50,000	1.20 years
0.20	November 9, 2014	475,000	475,000	4.03 years
0.25	September 20, 2015	1,000,000	1,000,000	4.89 years
0.41	October 15, 2015	400,000	400,000	4.96 years
0.50	October 15, 2015	150,000	150,000	4.96 years
$ 0.25		3,600,000	3,600,000	3.52 years

Stock-based compensation

During fiscal 2010, the Company recognized stock-based compensation totaling $48,600, of which $29,600 was capitalized as mineral property expenditures and $19,000 was expensed as stock-based compensation in operations, with a corresponding increase in contributed surplus.

During the first half of fiscal 2011, the Company recorded stock-based compensation totaling $386,600, of which $88,100 was capitalized as mineral property expenditures and $298,500 was expensed as stock-based compensation in operations, with a corresponding increase in contributed surplus.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock-based compensation (cont'd…)

The fair value of stock options was estimated on the measurement date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were as follows:

	2011	2010
Risk-free interest rate	**1.91-2.14%**	**1.59%**
Expected life of options	**5 years**	**3 years**
Expected volatility	**117.24-118.02%**	**133.06%**
Weighted average fair value per option	**$0.32**	**$0.12**
Dividend yield	**Nil**	**Nil**

6. RELATED PARTY TRANSACTIONS

During the period ended October 31, 2010, the Company paid or accrued:

a) management fees of $39,000 (2009 - $39,000) to a director and officer of the Company; and

b) consulting fees of $27,000 (2009 - $27,000) to an officer of the Company for the provision of geological consulting services, of which $27,000 (2009 - $9,000) was capitalized to mineral properties.

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 related parties.

7. COMMITMENTS

As at October 31, 2010, the Company was committed to the following:

a) a management agreement with a director and officer of the Company to pay $6,500 per month for management fees. In the event the Company terminates the agreement without cause, the Company is obligated to pay severance equal to one year's salary;

b) a consulting agreement with an officer of the Company to pay $4,500 per month for consulting fees. In the event the Company terminates the agreement without cause, the Company is obligated to pay severance equal to three months salary; and

c) an operating lease agreement for office premises expiring December 31, 2014. The minimum lease payments per fiscal year are:

2011	$	53,724
2012	$	53,724
2013	$	53,724
2014	$	53,724
2015	$	35,816

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

i) to safeguard its ability to continue as a going concern;

ii) continue the development and exploration of its mineral properties; and

iii) maintain a capital structure which optimizes the cost of capital at acceptable risk.

The management of capital includes cash and shareholders' equity comprised of share capital, contributed surplus and deficit. As at October 31, 2010, the Company had no bank indebtedness and no capital requirements.

The Company is involved in mineral exploration which is a high risk activity. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

Management reviews its capital management approach on an ongoing basis and believes this approach, given the relative size of the Company, is reasonable.

9. FINANCIAL INSTRUMENTS

Fair value

The Company's financial assets and liabilities consist of cash, receivables and accounts payable and accrued liabilities. The estimated fair values of receivables and accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is valued using Level 1 inputs.
There were no financial liabilities measured at fair value at October 31, 2010.
There were no transfers between levels during the 2011 fiscal year.

Financial risk factors:

Credit and Interest rate risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has significant cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and other receivables. The Company's current policy is to invest excess cash in variable interest investment-grade short-term or demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Receivables are due from a government agency.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, dispositions of assets and accessing financing through private placements. The exposure of the Company to liquidity risk is considered to be minimal.

10. FINANCIAL INSTRUMENTS (cont'd…)

Financial risk factors (cont'd…):

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

Foreign currency risk

The Company's functional currency is Canadian dollars. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates. A reduction in the value of the Nicaraguan Cordoba ("NIO") 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.

10. SEGMENTED INFORMATION

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's identifiable capital assets are located primarily in Canada and Nicaragua. Geographic information is as follows:

	October 31, 2010	April 30, 2010
Capital assets		
Nicaragua	$ 1,961,732	$ 1,008,431
Canada	7,124	8,176
	$ 1,968,856	$ 1,016,607

GOLDEN REIGN RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
QUARTERLY REPORT –October 31, 2010

This Management Discussion and Analysis ("MD&A") of Golden Reign Resources Ltd. (the "Company" or "Golden Reign") provides analysis of the Company's financial results for the three and six month period ended October 31, 2010. The following information should be read in conjunction with the accompanying unaudited interim consolidated financial statements and the notes thereto for the three and six month period ended October 31, 2010, and the audited consolidated financial statements for the year ended April 30, 2010 all of which are available on SEDAR at www.sedar.com. This MD&A is current as at December 27, 2010.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles and presented in Canadian dollars unless otherwise indicated.

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.

Forward-Looking Statements

Certain statements contained in the following MD&A may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from the actual results, performance and achievements expressed or implied by these forward-looking statements.

BUSINESS OVERVIEW

Golden Reign, an early stage exploration company, was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act*. Common shares of the Company are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "GRR".

On June 29, 2009, the Company announced the signing of an option agreement to acquire an 80% interest in the San Albino-Murra Mining Concession located in Nicaragua. The 8,700 hectare property, held by a private Nicaraguan company under a 25 year mining license expiring February 3, 2027, has a long history of exploration and mining. There are several old mines and workings within the property boundaries. The San Albino mine, a historical small-scale gold producer commenced production in the early 1920's and operated on and off until approximately 1940, reportedly producing 10 tons per day of 1 oz/t gold material.

Under the terms of the agreement, the Company is required to make aggregate cash payments of US$450,000, incur aggregate exploration expenditures of US$5,000,000 on the property and issue a total of 4,000,000 common shares from its treasury over a period of 4 years to earn an 80% interest in the property. To date, the Company has made cash payments of US$250,000, issued a total of 2,000,000 common shares to the vendor and has recently completed its initial diamond drill program.

Upon the Company earning its 80% interest, a participating joint-venture agreement will be entered into, unless the optionor elects to convert its 20% working interest to a 3% Net Smelter Royalty ("NSR"). In which case, the Company has the right to purchase 50% of the NSR, or 1.5%, for an amount of US$1,850,000, and, further, will have the right of first refusal to purchase the remaining 1.5% NSR should it be offered for sale at any time.

San Albino-Murra Property, Nicaragua

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

- it is a more advanced exploration project, with historical workings and production;
- there exists significant potential to outline and increase estimated resources;
- it offers a low cost production opportunity;
- it is located in a politically stable environment;
- existing infrastructure includes access roads, water, power and readily available timber;
- it has an all-year exploration/development season;
- the acquisition cost, including share dilution, is reasonable; and
- a quality partnership with the vendor is being developed.

Although it boasts a long history of gold production, Nicaragua is under-explored - particularly when compared to other Latin American countries such as Brazil, Peru and Chile. A democratic republic since 1996, Nicaragua has a modern mining law, fair tax regime and strong foreign investment law. Bordered by Honduras to the north and Costa Rica to the south, it is easily accessible and has skilled, available labour.

Current operations

Since the commencement its first phase field program in October 2009, Golden Reign has focused its efforts on the southern, San Albino District, which covers approximately 24 square kilometres of the 87 square kilometre property. The San Albino Mine area, covering 2 square kilometres, is the most advanced prospect and the Company's primary target.

The San Albino Mine area hosts at least two highly mineralized zones – San Albino and Arras/San Lorenzo – which are situated roughly 300 metres apart and have together been traced for 1,200 metres along strike. In July 2010, the Company commenced a first phase diamond drill program designed to test grade and continuation of mineralization of both zones at depth and along strike. Drilling was completed in early October 2010. A total of 1,515 metres were cored.

A fence of nine diamond drill holes was drilled at the San Albino zone. All nine diamond drill holes intersected the San Albino vein structure, confirming the uniformity of high-grade near-surface mineralization, both in thickness and grade. As previously reported, several drill holes returned excellent gold intervals over significant widths:

- SA10-06 averaged 22.40 g/t gold over 3.1 metres.
- SA10-02 averaged 29.32 g/t gold over 2.0 metres
- SA10-03 averaged 10.75 g/t gold over 2.13 metres
- SA10-01 averaged 7.35 g/t gold over 4.0 metres

In addition, drill holes SA10-06 and SA10-04 identified new, parallel mineralized zones below the San Albino zone. SA10-06 intersected a total of four highly mineralized gold zones, ending at 284.38 metres within a graphitic schist package hosting gold mineralization. The San Albino zone was intersected at 48.2 metres. The three new parallel gold zones were intersected at 128.93 metres, 247.50 metres and 268.00 metres depth, respectively.

Results from drill holes SA10-01 through SA10-09 correlate strongly with historical underground sampling of the 200, 300 and 400 levels of the San Albino Mine. Systematic sampling in 1919 and 1935 was conducted to effectively define ore grade and to ensure an economically optimized mill feed during the mining operation.

- On the 200 and 300 levels, sampling recorded a grade of 0.70 ounces gold per ton (24 g/t gold) over a strike length of 70 metres and an average vein width of 1.33 metres
- On the 400 level, sampling returned a grade of 0.89 ounces gold per ton (30.7 g/t gold) over a strike length of approximately 70 metres and an average vein width of 1.25 metres

A 3D model of drilling completed at San Albino is now available on the Company's website at www.goldenreignresources.com.

The San Albino Gold Zone, which hosts the San Albino Mine, has been extended from 70 metres to 200 metres along strike. Additionally, the zone has been extended to depth by up to 50 metres from level 400, giving merit to historical projections for the development of new levels, 500 and 600, at San Albino Mine. The San Albino Zone remains open in both directions along strike and at depth. This zone is one of four parallel zones being investigated in the area of the San Albino Mine.

The San Albino Mine area has an excellent potential to host a significant gold deposit. The discovery of three new mineralized zones has greatly expanded the size potential of such a deposit. All four gold zones remain open along strike and at depth.

A total of five diamond drill holes were completed at the Arras prospect, located approximately 450 metres southeast of the San Albino Mine. Drill holes AR10-01, AR10-03, AR10-04 and AR10-05 all intersected the Arras zone mineralization, with the best intercepts returning:

- AR10-01 1.15m of 31.15 g/t gold and 83.6 g/t silver
- AR10-03 2.14 metres of 21.43 g/t gold and 47.3 g/t silver

Drilling at Arras has confirmed high-grade, near surface mineralization. The silver to gold ratio is roughly 2:1 at Arras, as compared to the 1:1 silver to gold ratio received from drilling at the San Albino Mine.

A cross-section running from San Albino drill hole SA10-06 to the Arras surface showing indicates that the Arras mineralized zone can be traced 450 metres down dip. The Arras zone, which has already been traced for 200 metres along strike, is open in both directions and down dip. The third intersection in drill hole SA10-06, which returned **4.0 metres of 13.67 g/t gold** and **31.41 g/t silver** including **0.8 metres of 42.28 g/t gold** and **123.0 g/t silver**, and the Arras mineralization are not only visually similar but also chemically similar in that the silver to gold ratio is approximately 2:1. A copy of the cross-section is available on the Company's website.

Large, regional shear zones host the mineralized zones and are responsible for continuity of both grade and thickness within the mineralized zones.

Concurrent with the first phase drill program, geological mapping, prospecting and sampling of the northern-most Murra District of the Property continued. While there is little information available on Murra, the area is also host to a number of historic workings, many dating back to the Spaniards.

One such prospect is Mina Estrella, an old artisanal underground working, was sampled, returning an average of 62.34 g/t gold over 3.0 metres (see news release dated September 8, 2010). This included 1.0 metre of 54.14 g/t gold, 1.0 metre of 23.41 g/t gold and 1.0 metre of 109.47 g/t gold. High-grade results received from the first phase exploration program were followed up by a second program comprised of continuous channel sampling over the entire width of the adit which returned 10.5 metres of 24.75 g/t gold, including 1.1 metres of 112.09 g/t gold and 0.7 metres of 176.18 g/t gold.

Within the Mina Estrella adit, the main vein is 5.0 metres wide, averaging 26.47 g/t gold. It is one of three exposed quartz veins that intrude into the chlorite schist host rock. These quartz veins, as well as the other quartz veins mapped within the Murra District are similar in style and chemistry to those at the San Albino Mine in the southern district. Most of the veins consist of drusy, white quartz with manganese and iron oxide. The chlorite schist often contains quartz veinlets, several centimeters wide, which carry significant gold mineralization. Mineralized veins within the Murra District are substantially wider (five metres or more) and steeper dipping (subvertical) than the veins in the southern, San Albino District.

Work to date

Although the San Albino-Murra Property is well known and the San Albino Mine has a long mining history, the Property is under-explored. Other than limited trenching and drilling around the Arras Mine in the mid-2000's, there has been no systematic exploration using modern exploration techniques.

The Company started by defining three separate blocks, or districts of the Property: San Albino District, Central District and Murra District.

The 2009 Phase I exploration program consisted of geological mapping, prospecting and surface channel sampling of mineralized outcrops within the San Albino District. Golden Reign was also able to evaluate several old workings and finalize rehabilitation plans. Priority has been given to old workings where sampling, both historical and more recent, returned the highest values of gold mineralization - San Albino, Arras/San Lorenzo, San Pablo/Las Conchitas and San Jose.

The 2010 Phase II program similarly focused on the San Albino District. It included geological mapping, prospecting, trenching, and underground and surface channel sampling. The first half of the program consisted of follow-up evaluation of anomalous values received from the 2009 exploration program. Work confirmed the structural controls for gold mineralization; identified extensive old Spanish workings; and samples taken had encouragingly high gold values.

Golden Reign has outlined a structural corridor approximately 3 kilometres wide by 15 kilometres long, which spans the Property, stretching from Las Conchitas in the south to the northeast mining town of Murra. Old workings exist along the corridor. The San Albino Mine flanks the northwestern edge of this structural trend.

Based on the work done to date, including reviews of historical data, the San Albino vein is considered a substantial initial target for exploration. It is also postulated that it is one of a series of parallel veins that have penetrated SW-NE trending shear zones. Gold values are found in veins and also in immediately adjacent host rocks.

Broad, north-east trending highly mineralized shear zones, similar to those previously established at the San Albino Mine, have now been confirmed in three additional areas of the Property; thus, greatly expanding the scope of a potential deposit. The newly identified shear zones are situated in the following areas:

- San Pablo-Las Conchitas, which lies to the south of the San Albino Mine area
- San Jose, which is situated across the Jicaro River to the east of the San Albino Mine area
- Central District, trending northeast into the Murra District.

Petrographical studies have verified that the mineralization is epithermal in nature, lying within volcanic rocks.

Historic San Albino Mine
The first discovery of gold mineralization within the area, and perhaps within Nicaragua itself, was made by Spaniards in the immediate vicinity of San Albino around 1790. During the 1920’s, limited mining activities were conducted before revolutionary activity halted mining and development. After that period, there were attempts to rehabilitate the mine and continue exploration in the area, but no mine production was reported.

Gold mineralization is observed within both quartz veins and the surrounding graphite schist.

Situated 100 metres southwest of the San Albino Mine, is the El Jobo mine, which returned 16.06 g/t gold over 1.4 metres in quartz veins. The Company believes that the mineralization found at San Albino is an extension of that at El Jobo; however, further evaluation is required.

Arras/San Lorenzo
Recent sampling and mapping by Golden Reign has confirmed the continuity of the Arras vein system to include the San Lorenzo vein, for a total length of 900 metres.

Further, sampling results obtained at the old San Lorenzo mine site and surface exposure of the mineralized structure within the Arras and San Lorenzo historical workings justify reopening the mine and performing systematic sampling.

Historical sampling at Arras was validated by the Company’s 2009 sampling program, with values of 10.0 to 20.0 g/t gold in quartz veins over 2.0 to 4.0 metres wide and more recently by the 2010 drill program.

At San Lorenzo, quartz veins returned grades ranging from 1.4 to 27.0 g/t gold from grab samples of quartz float.

San Pablo-Las Conchitas area
Further to the south, the San Pablo-Las Conchitas area is less advanced than San Albino Mine area but has returned promising sample results. This area is comprised of two structurally controlled, highly mineralized zones - the San Pablo and Las Conchitas zones - situated approximately 1.5 and 2.5 kilometres south, respectively, of the San Albino Mine. Consistent with the San Albino area, gold and silver mineralization is predominately controlled by 60^{O} trending structures. Mineralization has been traced at surface over a distance of 1.5 kilometres. The majority of the samples taken during Phase II were quartz with sulphides. The more significant sampling results ranged from 1.67 to 126.99 g/t Au and 1.70 to 180.80 g/t Ag.

San Jose area
The previously unmapped San Jose area lies to the east of the Jicaro River. Phase II mapping led to the discovery of an intrusive body, confirmed to consist of intrusive and volcanic rocks.
Additional work has exposed three areas of historical Spanish workings: Mina Peru, San Jose Mine and Mina Angela.

The largest of the Spanish workings is Mina Peru, which boasts multiple terraces of stacked tailings. Approximately three hectares of land was used for milling and amalgamation in the recovery of gold and silver. Several samples of fine tailings contained iron oxides (hematite, goethite, jarosite) and galena, which are often associated with high gold and silver mineralization.

Just east of Mina Peru, the San Jose Mine consists of several adits, chimneys and terraces, covering an area of one hectare. Spanish mining activity is evident in the abundance of test pits and chimneys overlying buried mines. Mine dumps and tailings piles are scattered across an area of 200 x 150 metres.

Significantly, in all three areas - Mina Peru, San Jose Mine and Mina Angela – mineralization is controlled by the same structures as the San Albino Mine mineralized shear zone, which strikes 60º and is cut by faults striking 310º. The more significant sampling results from Phase II ranged from 0.34 to 5.17 g/t Au and 0.50 to 266.80 g/t Ag.

Historical mining within the area was limited to near-surface high grade vein material. Identification of several additional historical mine dumps strongly suggests that there is excellent potential for discovery of other mineralized structures.

Mineral Properties and Deferred Exploration Costs

	Balance April 30, 2010	Additions	Written-Off	Balance October 31, 2010
Mineral property costs	$ 349,596	$ 212,630	$ -	$ 562,226
Deferred exploration costs	636,178	714,217	-	1,350,395
	$ 985,774	$ 926,847	$ -	$ 1,912,621

For a comprehensive breakdown of mineral property costs and deferred exploration costs by property, please refer to Note 4 to the unaudited interim consolidated financial statements for the period ended October 31, 2010.

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	**2010**	**2009**	**2008**
Net Sales	Nil	Nil	Nil
Net and comprehensive Loss	$ 339,790	$ 304,361	$ 1,878,718
Basic and diluted loss per share	$ 0.01	$ 0.01	$ 0.07
Total Assets	$ 1,469,994	$ 1,203,275	$ 1,543,964
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	N/A	N/A	N/A

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

The Company’s recorded loss for the financial years ended April 30, 2010, 2009, and 2008 is comprised mainly of general and administrative expenses. The reported net loss for 2010, 2009 and 2008 includes write-down of mineral property interests of $Nil, $1 and $1,480,196, respectively and stock-based compensation expense of $58,000, $Nil and $7,886, respectively.

Summary of Quarterly Results

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

	2011		**2010**				**2009**	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net and comprehensive loss	$ 382,624	$ 88,658	$ 115,528	$ 91,557	$ 61,232	$ 71,473	$ 68,854	$ 76,200
Basic and diluted loss per share	$ 0.01	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Three Months ended October 31, 2010

The Company reported a net and comprehensive loss of $382,624 for the three month period ended October 31, 2010 compared to a net and comprehensive loss of $61,232 for the same period in the prior fiscal year. General and administrative expenses for this period totaled $382,899 (2009 - $61,745).

The increase in expenditures over the prior year is primarily attributable to stock-based compensation of $386,600 (2009 - $Nil), which was computed under the fair value method of accounting for stock options upon the grant and vesting of options granted to directors, officers, employees and consultants. This amount is offset by a credit of the same amount to contributed surplus. Of this amount, $88,100 was capitalized as mineral properties expenditures and the remaining balance of $298,500 was expensed to operations.

Consulting fees paid or accrued during the quarter for geological consulting services provided by an officer of the Company totaled $13,500 (2009 - $13,500), which was capitalized to mineral properties (2009 - $9,000).

Wages and benefits were unchanged from the previous year and totalled $20,449. Management fees were also consistent with the prior year at $19,500.

Office and miscellaneous expenses totaled $15,043 (2009 - $11,037) and included: office rent of $8,931; bank charges of $881; courier costs of $187; office expenses of $2,983; office insurance of $833; and, telecommunication costs of $1,228. Amortization was recorded at $2,954 (2009 - $667). During the quarter, the Company realized foreign exchange losses of $152, as compared to a $983 gain in the prior year. Amortization totaled $2,954 (2009 - $667).

Expenditure on travel and promotion totaled $3,467 (2009 - $3,133) during the period. Costs paid during the quarter include $320 (2009 - $2,880) for website hosting and maintenance, meals and entertainment of $Nil (2009 - $35) and $2,546 (2009 - $218) for news wire services. During the period an amount of $601 (2009 – $Nil) was incurred with respect to the Company’s Annual General Meeting of Shareholders.

Legal fees of $5,565 (2009 - $514) were incurred in respect of general corporate matters. Audit related fees and accruals of $12,640 (2009 – $2,800) were recorded during the period.

Regulatory and listing fees for the quarter were $4,629 (2009 - $4,628) and included $3,195 for filings related to the Company’s 2010 audited consolidated financial statements and $1,509 paid for transfer agency services rendered.

As the Company is an exploration stage company and does not generate any cash flow, it has no income other than interest income. The Company relies on equity financings for its working capital requirements and to fund its planned exploration activities. Interest income for the three months ended October 31, 2010 was $275 (2009 - $513).

Six Months ended October 31, 2010

The Company reported a net and comprehensive loss of $471,282 for the six month period ended October 31, 2010 compared to a net and comprehensive loss of $132,705 for the same period in the prior fiscal year. General and administrative expenses for this period totaled $471,727 (2009 - $133,906).

The increase in expenditures over the prior year is primarily attributable to stock-based compensation of $386,600 (2009 - $Nil), which was computed under the fair value method of accounting for stock options upon the grant and vesting of options granted to directors, officers, employees and consultants. This amount is offset by a credit of the same amount to contributed surplus. Of this amount, $88,100 was capitalized as mineral properties expenditures and the remaining balance of $298,500 was expensed to operations.

Consulting fees paid or accrued during the quarter for geological consulting services provided by an officer of the Company totaled $27,000 (2009 - $27,000), which was capitalized to mineral properties (2009 - $9,000).

Wages and benefits were unchanged from the previous year and totaled $40,898. Management fees were also consistent with the prior year at $39,000.

Office and miscellaneous expenses were $32,657 (2009 - $20,692) and included: office rent of $17,789; bank charges of $1,668; courier costs of $354; office expenses of $9,447; office insurance of $833; and, telecommunication costs of $2,566. Amortization was recorded at $6,037 (2009 - $1,336). During the first half of fiscal 2011, the Company realized foreign exchange losses of $187, as compared to a $4,631 gain in the prior year.

Expenditure on travel and promotion totaled $12,321 (2009 - $4,743) during the period. Costs paid include $8,500 (2009 - $Nil) for advertising, $570 (2009 - $3,180) for website hosting and maintenance, meals and entertainment of $61 (2009 - $35) and $2,589 (2009 - $1,301) for news wire services. An amount of $601 was incurred with respect to the Company's 2010 Annual General Meeting of Shareholders.

Legal fees of $6,432 were incurred during 2010 for general corporate matters. Audit related fees and accruals of $20,240 were recorded.

Regulatory and listing fees for the period were $15,455 (2009 - $7,805) and included: $4,689 for filings related to the non-brokered private placements which raised gross proceeds of $1,392,712; $4,045 for statutory filing fees; $4,049 paid in relation to the Company's Frankfurt listing; and $2,672 paid for transfer agency services rendered.

In the prior year, the Company paid property investigation costs of $2,487 during the review of potential acquisitions. There were no similar costs incurred during the current year.

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 period ended October 31, 2010 was $445 (2009 - $1,201).

Trends

The Company is in a growth pattern, actively exploring with a view to developing its San Albino-Murra gold property in northern Nicaragua. Since acquiring the option on the property in late June 2009, Golden Reign has completed geological mapping and prospecting work and an initial drill program at the San Albino Mine, the most advanced prospect. Outlays have been increasing and are expected to trend upwards, as the Company moves towards drilling to define a resource.

The Company's general and administrative expenditures are related to the level of financing and exploration activities that are being conducted, which may in turn depend on the Company's exploration activities and prospects, as well as general market conditions relating to the availability of funding for exploration-stage resource companies. The Company does not acquire properties or conduct exploration work on its properties on a pre-determined basis. Thus, there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

Other than as herein disclosed, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company's revenues, income from continuing operations, profitability, liquidity or capital resources, of that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Market Trends

Gold prices have been on an uptrend for more than three years. During 2009, the gold price surged over US$1,000/oz, with an average price of US972/oz. Thus far during 2010, the price of gold has continued to be strong, due in large part to the uncertainty of world economies, and is to remain at or above currently levels for the remainder of 2010 and onwards. Presently, the gold price is hovering over US$1,400/oz and may see a rise of 30% this coming year driven by investors seeking an alternative to increasingly volatile currencies, the uncertain U.S. economic outlook and Europe's debt crisis.

Silver is currently trading around US$30/oz. There is an industrial demand for silver; however, it is the investment demand that has been driving prices higher, which is likely to continue. The gold-silver ratio is near multi-year lows at roughly 46.

(Sources include: www.kitco.com; agmetalminer.com; www.mineweb.net; www.lme.co.uk)

RISK FACTORS

The Company's principal activity of mineral exploration is considered to be very high risk. Companies involved in this industry are subject to many and varied types of risks, including but not limited to: environmental, commodity prices; political; and economic. Some of the more significant risks are:

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

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

Additionally, turbulent world markets, volatile stock prices, scarcity of capital and fluctuating commodity prices are clear indicators that the economic cycle is currently in a declining phase.

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2010, the Company's primary capital asset was its investment in mineral properties of $1,912,612 (April 30, 2010 - $985,774).

It held cash of $916,659 (April 30, 2010 - $437,900) and had working capital of $895,296 (April 30, 2010 - $393,318). During the period, the Company completed non-brokered private placements for gross proceeds of $1,392,712. Additional proceeds of $20,000 were received from an exercise of options. Management believes that cash on hand will be sufficient to fund near-term operations. Further financing will be required to maintain and progress the San Albino-Murra property. The Company's continuance as a going concern in the future will depend upon its ability to obtain adequate financing.

On June 29, 2009, the Company announced that it had entered into an option agreement to acquire an 80% interest in the San Albino-Murra mining concession in Nicaragua. At October 31, 2010, the Company had expended $1,912,621 with respect to the mineral property, comprised of option payments totaling $562,226 and deferred exploration costs of $1,350,395.

During fiscal 2011, the Company acquired equipment, primarily for its Nicaraguan operations, at a cost of $31,439 (2009 - $20,102).

On April 1 2010, the Company completed the first tranche of a non-brokered private placement issuing 1,875,000 units at a price of $0.20 per unit for gross proceeds of $375,000. Each unit was comprised of one common share and one-half of one share purchase warrant, each full warrant entitling the holder thereof to purchase one additional common share at a price of

$0.25 for a period of two years. Cash finder's fees of $23,000 were paid in connection with the initial tranche. On June 9, 2010, a further 4,463,560 units, subject to the same terms, were issued via the second tranche of the private placement for gross proceeds of $892,712. Finder's fees of $23,000 and 125,000 warrants exercisable into 125,000 common shares at $0.25 per share for a period of two years were paid in connection with the second tranche of the placement. The gross proceeds for the two tranches, totalling $1,267,712, will be used for continued mineral property exploration and general working capital. In early October 2010, a further $500,000 was raised via the issuance of 2,000,000 units priced at $0.25 pursuant to a non-brokered placement. The units were comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.35 for a period of two years, subject to an acceleration clause should the trading price of the Company's shares for 20 consecutive trading days exceed $0.70 per share during the exercise period, then the expiry time will be 30 calendar days from the date that written notice is provided by the Company to the warrant holders. There were no finder's fees paid in connection with the financing. The Company did not undertake any financing activities during the same period of fiscal 2010.

For the period ended October 31, 2010, the Company experienced negative cash flows of $199,424 (2009 - $145,340) from operating activities.

The Company does not derive any revenues from operations and does not expect to generate any revenues from operations in the foreseeable future. The Company has no material income from operations.

The Company's financial performance is dependent upon many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and respond to changes in domestic and international political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production are difficult to predict. Changes in events could materially affect the financial performance of the Company.

The Company's mineral exploration activities have provided the Company with no sources of income and a history of losses and deficit positions. However, given the nature of its business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of the Company's performance and valuation.

The Company is dependent on raising funds by the issuance of shares or disposing of interests it has in mineral properties in order to finance further acquisitions, undertake exploration and development activities on mineral properties and meet general and administrative expenses in the long term.

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

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

Debt financing has not been used to fund the Company's property acquisitions and exploration activities. The Company has no current plans to use debt financing for such transactions and activities. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the period ended October 31, 2010, the Company paid or accrued:

(a) management fees of $39,000 (2009 - $39,000) to Kim Evans, a director and officer of the Company; and,

(b) consulting fees of $27,000 (2009 - $27,000) to Zoran Pudar, an officer of the Company, for the provision of geological consulting services, of which $27,000 (2009 - $9,000) was capitalized to mineral properties.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production. The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in material future write-downs of capitalized property carrying values

Foreign currency translation and transactions

The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method.

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses denominated in a foreign currency are translated at rates approximating those on the transaction date. Foreign exchange gains and losses are included in loss for the year.

Accounting Policy Developments

i) Convergence with International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of the Company will be May 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. The Company has begun assessing the adoption of IFRS for 2011.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at changeover date.

For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on May 1, 2011, with comparative information to be provided under the IFRS rules as well. As a result, the Company has begun to develop a plan to convert it financial statements to IFRS. Accounting policies initially identified for evaluation include First Time Adoption (IFRS 1), Exploration for and Evaluation of Mineral Resources (IFRS 6, IAS 16, IAS 38), Impairment of Assets (IAS 36, IFRIC10) and Share-based Compensation (IFRS 2).

Management has been attending training seminars on the transition to IFRS and reviewing newsletters and pamphlets distributed by accounting firms and others on various IFRS issues and topics. The Company will be monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting. At the present time, it does not appear that conversion to IFRS will greatly impact upon the Company's financial statement presentation. Nor does the Company anticipate that implementation of IFRS will have any material impact on its disclosure controls and procedures.

ii) Section 1582 *Business Combinations*, 1601 *Consolidated Financial Statements* and 1602 *Non-controlling interests* will replace the former Sections 1581 *Business Combinations*, 1600 *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 is effective for business combinations for which the acquisition date is on or after January 1, 2011 and Sections 1601 and 1602 apply to consolidated financial statements relating to years beginning on or after January 1, 2011.

The Company does not plan to adopt these accounting standards prior to January 1, 2011 and has not yet determined the accounting impact these new standards will have on its consolidated financial statements.

OUTSTANDING SHARE DATA AS AT DECEMBER 27, 2010:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	36,378,276

(b) Summary of options outstanding:

Security	Number Granted	Number Exercisable	Exercise Price	Expiry Date
Options	1,525,000	1,525,000	$ 0.20	November 27, 2011
Options	50,000	50,000	0.20	January 11, 2012
Options	475,000	475,000	0.20	November 9, 2014
Options	1,000,000	1,000,000	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
	3,600,000	3,600,000		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	937,500	$ 0.25	April 8, 2012
Warrants	2,356,780	0.25	June 9, 2012
Warrants	2,000,000	0.35	September 29, 2012
	5,294,280		

(d) There are a total of Nil (2009 – 1,252,000) shares subject to an escrow agreement.

OTHER INFORMATION

The Company's web site address is www.goldenreign.com. Other information relating to the Company may be found on SEDAR at www.sedar.com.

Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers, such as the Company, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007 and thereafter. The Company is now required to file basic certificates, which is has done during fiscal 2009 and 2010. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at October 31, 2010.