Golden Reign Resources Ltd.

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended January 31, 2013

(expressed in Canadian Dollars)

GoldenReign
RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
Expressed in Canadian dollars

As at	**January 31, 2013**	**April 30, 2012**
ASSETS		
Current		
Cash (Note 3)	$ 1,805,054	$ 1,346,557
Receivables (Note 4)	57,639	71,787
Prepaid expenses	16,457	21,096
Total current assets	1,879,150	1,439,440
Equipment (Note 5)	337,599	392,789
Exploration advances (Note 6)	101,299	143,477
Exploration and evaluation assets (Note 7)	16,763,035	12,707,116
TOTAL ASSETS	**$ 19,081,083**	**$ 14,682,822**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 195,590	$ 750,627
Deferred tax liability	332,000	186,000
Total liabilities	527,590	936,627
Shareholders' equity		
Share capital (Note 9)	22,718,767	18,629,397
Reserves – share-based (Note 9(d))	5,207,374	3,371,366
Reserves - translation adjustment	124,029	(151,640)
Deficit	(9,496,677)	(8,102,928)
Total shareholders’ equity	18,553,493	13,746,195
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	**$ 19,081,083**	**$ 14,682,822**

Corporate information and going concern (Note 1)

On behalf of the Board:

“Kim Evans” Director ***“Bryce Porter”*** Director

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

GoldenReign RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS
(Unaudited)
Expressed in Canadian dollars

	Three months ended		Nine months ended	
	January 31, 2013	**January 31, 2012**	**January 31, 2013**	**January 31, 2012**
		(revised note 2)		(revised note 2)
EXPENSES				
Depreciation	$ 59,039	$ 14,993	$ 124,340	35,497
Consulting	16,000	12,680	61,500	12,680
Foreign exchange gain (loss)	3,662	-	(7,151)	-
Management fees	8,500	25,500	59,500	76,500
Office and miscellaneous	26,558	14,382	70,201	79,742
Professional fees	70,049	15,854	135,312	73,483
Regulatory and listing fees	3,036	4,343	37,003	13,051
Share-based compensation (Note 9)	6,158	-	585,216	-
Travel and promotion	19,487	10,051	52,759	64,556
Wages and benefits	66,858	31,123	140,567	103,971
	(279,347)	(128,926)	(1,259,247)	(459,480)
Interest income	3,897	11,811	11,498	47,531
	(275,450)	(117,115)	(1,247,749)	(411,949)
Deferred Income Tax Expense	(146,000)	-	(146,000)	-
Loss for the period	**$ (421,450)**	**$ (117,115)**	**$ (1,393,749)**	**$ (411,949)**
Loss per common share	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	68,915,945	56,937,869	66,850,661	56,589,722

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

GoldenReign RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
Expressed in Canadian dollars

	Three months ended		Nine months ended	
	January 31, 2013	January 31, 2012	January 31, 2013	January 31, 2012
		(revised note 2)		(revised note 2)
Loss for the period	**$ (421,450)**	**$ (117,115)**	**$ (1,393,749)**	**$ (411,949)**
Other comprehensive (loss) income				
Cumulative translation adjustment	207,266	59,411	275,669	140,322
Other comprehensive (loss) income for the period	207,266	59,411	275,669	140,322
Comprehensive (loss) income for the period	**$ (214,184)**	**$ (57,704)**	**$ (1,118,080)**	**$ (271,627)**

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

GoldenReign RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
Expressed in Canadian dollars

	Number of shares	Share capital	Reserves - Share based	Reserves -translation adjustment	Deficit	Total Equity
Balance – April 30, 2011	**53,847,548**	**$ 14,120,827**	**$ 2,257,116**	**$ (197,219)**	**$ (6,254,832)**	**$ 9,925,892**
Shares issued on exercise of warrants	1,968,500	1,369,985	-	-	-	**1,369,985**
Share issue costs	-	(1,274)	-	-	-	**(1,274)**
Finder's fee on warrants exercised	-	65,736	(65,736)	-	-	**-**
Shares issued on property purchase	1,000,000	810,000	-	-	-	**810,000**
Shares issued on exercise of options	1,304,000	262,250	-	-	-	**262,250**
Share based compensation on options exercised	-	391,935	(391,935)	-	-	**-**
Loss for the period	-	-	-	-	(411,949)	**(411,949)**
Other comprehensive gain	-	-	-	140,322	**-**	**140,322**
Balance January 31, 2012	**58,120,048**	**$ 17,019,459**	**$ 1,799,445**	**$ (56,897)**	**$ (6,666,781)**	**$ 12,095,226**
Balance April 30, 2012	**60,925,847**	**$ 18,629,397**	**$ 3,371,366**	**$ (151,640)**	**$ (8,102,928)**	**$ 13,746,195**
Share issue costs – finders warrants	-	(52,298)	52,298	-	-	**-**
Share issue costs	-	(243,944)	-	-	-	**(243,944)**
Shares issued on exercise of warrants	3,243,425	1,015,856	-	-	-	**1,015,856**
Share based compensation	-	-	793,516	-	-	**793,516**
Share issued on private placement	4,711,640	3,156,799	-	-	-	**3,156,799**
Shares issued on exercise of options	6,500	1,625	-	-	-	**1,625**
Shares issued on property payment	525,000	210,000	-	-	-	**210,000**
Proceeds on warrant amendment program	-	-	991,526	-	-	**991,526**
Share based compensation on options exercised	-	1,332	(1,332)	-	-	**-**
Loss for the period	-	-	-	-	(1,393,749)	**(1,393,749)**
Other comprehensive gain	**-**	-	-	275,669	-	**275,669**
Balance – January 31, 2013	**69,412,412**	**$ 22,718,767**	**$ 5,207,374**	**$ 124,029**	**$ (9,496,677)**	**$ 18,553,493**

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

GoldenReign
RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the nine months ended January 31, 2013 and 2012

	Nine months ended	
	January 31, 2013	**January 31, 2012**
		(revised note 2)
OPERATING ACTIVITIES		
Loss for the period	$ (1,393,749)	$ (411,949)
Items not affecting cash:		
Depreciation	124,340	35,497
Share-based compensation	585,216	-
Deferred income tax expense	146,000	-
Changes in non-cash working capital items related to operations:		
Receivables	14,148	(36,847)
Prepaid expenses	4,743	(61,221)
Payables and accrued liabilities	(12,123)	574,284
Cash used in operating activities	(531,425)	99,764
INVESTING ACTIVITIES		
Acquisition of equipment	(71,545)	(177,973)
Exploration Advances	(101,299)	-
Expenditures on exploration and evaluation assets	(3,759,065)	(5,473,522)
Cash used in investing activities	(3,931,909)	(5,651,495)
FINANCING ACTIVITIES		
Proceeds from warrant amendment	991,526	-
Proceeds from issuance of shares	3,156,799	-
Exercise of options	1,625	262,250
Exercise of warrants	1,015,856	1,369,985
Share issue costs	(243,944)	(1,274)
Cash generated by financing activities	4,921,862	1,630,961
Change in cash during the period	458,528	(3,920,770)
Effect of foreign exchange on cash	(31)	4,908
Cash, beginning of period	1,346,557	7,167,471
Cash, end of period	$ 1,805,054	$ 3,251,609

Supplemental cash flow information (Note 11)

1 CORPORATE INFORMATION 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 exploration and evaluation assets. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol GRR. The address of the company's corporate office and principal place of business is 501 – 595 Howe Street, Vancouver, BC, Canada.

The Company's primary asset is the San Albino-Murra Mining Concession, located in Nicaragua, which is in the exploration stage. Recovery of the carrying value of the investment in exploration and evaluation assets 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.

The Company is a mineral exploration company focused on acquiring, exploring and developing exploration and evaluation assets in Nicaragua. In conducting operations in Nicaragua, the Company is subject to considerations and risks such as the political, economic and legal environments in an emerging market. Among other things, the Company's results may be adversely affected by changes in conditions in Nicaragua, and by changes in governmental policies with respect to mining laws and regulations, and rates and methods of taxation.

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses since its inception, expects to incur further losses in the development of its business and has no assurance that sufficient funding will be available to conduct further exploration of its exploration and evaluation assets.

Management estimates it will have sufficient working capital to conduct its planned operations for fiscal 2013. In the future, the Company may 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 that would be necessary if the going concern assumptions were not appropriate.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements were approved on April 1, 2013.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(b) Basis of presentation

(i) These statements are consolidated from the statements of Golden Reign Resources Ltd. and our Nicaraguan wholly owned subsidiaries, Gold Belt, SA and Nicoz, SA. The functional currency of the Nicaraguan subsidiaries is the US dollar and are restated to Canadian dollars, Golden Reign's reporting currency according to IAS 21 " The Effects of Changes in Foreign Exchange Rates:".

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified at fair value through profit or loss which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting. The comparative figures presented in these condensed consolidated interim financial statements are in accordance with IFRS and have not been audited. The comparative figures have been revised to accord with the presentation of figures for the current year. The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions in the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These interim financial statements do not include all the information required for full annual financial statements.

The accounting policies set out below have been applied consistently to all periods in these condensed consolidated interim financial statements.

The significant accounting policies for the quarter are consistent with those disclosed in the audited annual consolidated financial statements for the year ended April 30, 2012 except as specified below. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2012.

(ii) Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation. The reclassification resulted in a decrease to income of $484,166, a decrease to exploration and evaluation assets of 503,506 and a decrease in net equity of $19,585.

(c) Future accounting pronouncements (effective for annual periods beginning on or after January 1, 2013)

The following standards and interpretations have been issued but are not yet effective:

(i) Fair-value measurement

IFRS 13, "Fair Value Measurement" is a comprehensive standard for fair value measurement and disclosure requirement for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing about fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company is currently evaluating the impact of IFRS 13 is expected to have on its financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(ii) Financial instruments

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In January 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively. The Company is currently evaluating the impact of IFRS 9 is expected to have on its financial statements.

(iii) Consolidated financial statements

IFRS 10, "Consolidated Financial Statements" requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation – Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures". The Company is currently evaluating the impact of IFRS 10 is expected to have on its financial statements.

(iv) Separate financial statements

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

(v) Disclosure of interests in other entities

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(v) Disclosure of Interest in other entities

other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures". The Company is currently evaluating the impact of IFRS 12 is expected to have on its financial statements.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3 CASH

Cash consists of the following:

	January 31, 2013	April 30, 2012
Cash	$ 840,054	$ 141,557
Demand deposit	965,000	1,205,000
	$ 1,805,054	$ 1,346,557

As at January 31, 2012, the Company's demand deposit consisted of a guaranteed investment certificate bearing an interest rate of prime lending rate of the Bank of Montreal less 1.75%, which is redeemable, in whole or in part, at any time with an expiry date of July 11, 2013.

4 RECEIVABLES

Receivables consist of the following:

	January 31, 2013	April 30, 2012
HST receivable	$ 46,724	$ 69,607
Accounts receivable	4,274	-
Interest receivable	6,641	2,180
	$ 57,639	$ 71,787

5 EQUIPMENT

	Building	Computer Equipment & Software	Furniture and Equipment	Exploration Equipment	Vehicles	Total
Cost						
Balance at April 30 2011	**$ -**	**$ 16,629**	**$ 17,094**	**$ 90,103**	**$ 57,929**	**$ 181,755**
Additions	107,391	15,485	28,309	90,799	73,477	315,461
Disposals	-	-	-	-	-	-
Translation adjustment	(831)	-	45	3,250	1,972	4,436
Balance at April 30, 2012	**$ 106,560**	**$ 32,114**	**$ 45,448**	**$ 184,152**	**$ 133,378**	**$ 501,652**
Additions and reclassifications	15,883	37,064	(10,061)	(113,541)	139,065	68,410
Disposals	-	-	-	-	-	-
Translation adjustment	(40)	(100)	12	311	(372)	(189)
Balance at January 31, 2013	**$ 122,403**	**$ 69,078**	**$ 35,399**	**$ 70,922**	**$ 272,071**	**$ 569,873**

	Building	Computer Equipment & Software	Furniture and Equipment	Exploration Equipment	Vehicles	Total
Depreciation						
Balance at April 30, 2011	**$ -**	**$ 13,342**	**$ 8,751**	**$ 3,351**	**$ 11,715**	**$ 37,159**
Additions	10,740	3,309	4,557	27,333	25,607	71,546
Disposals	-	-	-	-	-	-
Translation adjustment	(84)	-	(10)	(64)	316	158
Balance at April 30, 2012	**10,656**	**16,651**	**13,298**	**30,620**	**37,638**	**108,863**
Additions	9,226	10,350	11,503	(5,659)	98,215	123,635
Disposals	-	-	-	-	-	-
Translation adjustment	(25)	(22)	(12)	67	(232)	(224)
Balance at January 31, 2013	**$ 19,857**	**$ 26,979**	**$ 24,789**	**$ 25,028**	**$ 135,621**	**$ 232,274**
Carrying amounts						
At April 30, 2011	**$ -**	**$ 3,287**	**$ 8,343**	**$ 86,752**	**$ 46,214**	**$ 144,596**
At April 30, 2012	**$ 95,904**	**$ 15,463**	**$ 32,150**	**$ 153,532**	**$ 95,740**	**$ 392,789**
At January 31, 2013	**$ 102,546**	**$ 42,099**	**$ 10,610**	**$ 45,894**	**$ 136,450**	**$ 337,599**

6 EXPLORATION ADVANCES

The Company had the following exploration advances outstanding related to the San Albino-Murra Property:

	January 31, 2013	April 30, 2012
Drilling advances	$ 4,944	$ 97,820
Professional fees	96,355	45,657
	$ 101,299	**$ 143,477**

7 EXPLORATION AND EVALUATION ASSETS

(a) San Albino-Murra Property, Nicaragua

The Company acquired an 80% interest in the San Albino-Murra Mining Concession (the "Property") located in Nicaragua by making cash payments of US$450,000, incurring aggregate exploration expenditures of US$5,000,000 and issuing 4,000,000 common shares at a value of $2,200,000. In October 2012, the Company entered into an agreement (the "Agreement") to acquire the remaining 20% interest in the Property by making cash payments totaling US$650,000 and issuing 2,100,000 common shares over a period of 12 months, as follows:

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

The first payment of US$137,500 and the first issuance of 525,000 common shares of the Company were made in January 2013.

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

(b) El Jicaro Concession, Nicaragua

In January 2012, the Company paid $119,472 (US$120,000) to acquire a 100% interest in the El Jicaro Concession, which is contiguous to the San Albino-Murra Property, located in Nueva Segovia, Nicaragua. The El Jicaro Concession license is valid for a period of twenty-five years until September 28, 2033.

7 EXPLORATION AND EVALUATION ASSETS (cont'd…)

For the Nine months ended January 31, 2013

	San Albino-Murra	El Jicaro	Total
Acquisition Costs			
Balance at April 30, 2012	2,793,829	118,548	2,912,377
Option payments	269,861	-	269,861
Shares issued	210,000	-	210,000
Translation adjustment	26,584	1,128	27,712
Acquisition costs, January 31, 2013	$ 3,300,274	$ 119,676	$ 3,419,950
Deferred exploration costs			
Balance, April 30, 2012	9,794,739	-	9,794,739
Assaying	131,855	-	131,855
Drilling	1,325,576	-	1,325,576
Field office	64,501	-	64,501
Geological consulting	179,517	-	179,517
Professional fees	28,728	1,297	30,024
Project expenses	50,846	7,027	57,873
Mapping	1,356,183		1,356,183
Reports	59,999	-	59,999
Share based compensation	207,738		207,738
Travel	41,882	-	41,882
Translation adjustment	93,197	-	93,197
	13,334,761	8,324	13,343,085
Balance January 31, 2013	**$ 16,635,035**	**$ 128,000**	**$ 16,763,035**

8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2013	April 30, 2012
Accounts payable	$ 102,417	$ 690,791
Accrued liabilities	93,173	59,836
	$ 195,590	$ 750,627

9 SHARE CAPITAL

Authorized:

Unlimited number of common shares, without par value

See the condensed consolidated interim statements of changes in equity for a summary of changes in share capital and reserves share-based for the periods ended January 31, 2013 and 2012.

9 SHARE CAPITAL (cont'd…)

Private Placement

In July, 2012, the Company completed a brokered and non-brokered private placement issuing 4,711,640 units at a price of $0.67 per unit for gross proceeds of $3,156,799. 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 $0.80 for a period of two years. Finders fess of $243,944 cash and 138,269 warrants exercisable into 138,269 common shares at a price of $0.67 per share for a period of two years were paid in connection with the private placement. The share purchase warrants were valued at $52,298 and credited to reserves-share based. Fair value was determined using the Black-Sholes valuation model, based on a risk free interest rate of .97%, an expected life of two years, an expected volatility of 88.67% and a dividend yield rate of nil.

Share purchase warrants

In July 2012, 4,711,640 warrants were issued at a price of $0.80 as a component of the Units offered in the Private Placement closed by the Company.

In January 2013, holders of expiring 6,614,777 non-compensatory warrants, elected to amend their warrants. The extension required an upfront payment of $0.15 per warrant and resulted in a receipt of proceeds of $991,526 and a reduction of the warrant price to $0.55 and an extension of the expiry date to January 2014.

Share purchase warrant transactions are summarized for the periods ending as at January 31, 2013 and April 30, 2012:

	January 31, 2013			April 30, 2012		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Opening balance	18,702,623	$	0.67	22,456,422	$	0.64
Granted	4,849,909		0.80	-		-
Exercised	(3,243,425)		0.31	(3,753,799)		0.50
Expired	(15,459,198)		0.75	-		-
Amended	6,614,777		0.55	-		-
Ending balance	11,464,686	$	0.65	18,702,623	$	0.67
Warrants exercisable	11,464,686	$	0.65	18,702,623	$	0.67

At January 31, 2013 and April 30, 2012 the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	January 31, 2013	April 30, 2012	Weighted Average Remaining Contractual Life
June 9, 2012	$0.25	-	1,273,425	0.00 years
September 29, 2012	$0.35	-	1,950,000	0.00 years
January 18, 2013	$0.75	-	15,479,198	0.00 years
January 18, 2014	$0.55	6,614,777	-	0.96 years
July 12, 2014	$0.80	4,711,640	-	1.44 years
July 12, 2014	$0.67	138,269	-	1.44 years
		11,464,686	**18,702,623**	**1.17 years**

9 SHARE CAPITAL (cont'd...)

(c) Share options

The Company has a share option plan, under which the Board of Directors is authorized to grant options to employees, directors, officers and consultants, 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 share 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.

In August 2012, the Company issued 100,000 options as compensation for investor relation services, 50,000 options at an exercise price of $0.80 and 50,000 options at an exercise price of $1.00. Another 1,445,000 options were issued at an exercise price of $0.80 to staff, directors and officers of the Company.

The share option transactions are summarized for the periods ending at January 31, 2013 and April 30, 2012:

	January 31, 2013			**April 30, 2012**		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Opening balance	5,340,500	$	0.67	4,830,000	$	0.37
Granted	1,545,000		0.81	2,000,000		1.10
Exercised	(6,500)		0.25	(1,324,500)		0.20
Expired	(105,000)		0.84	(165,000)		0.85
Ending balance	6,774,000	$	0.70	5,340,500	$	0.67
Options exercisable	6,724,000	$	0.70	5,340,500	$	0.67

All share options had exercise prices that were higher or equal to market prices at the date of grant.

At January 31, 2013 the following share options were outstanding:

Exercise Price	**Expiry Date**	**Number Outstanding**	**Number Exercisable**	**Weighted Average Remaining Contractual Life**
$ 0.20	November 9, 2014	375,000	375,000	1.77 years
0.25	September 20, 2015	909,000	909,000	2.64 years
0.41	October 15, 2015	400,000	400,000	2.70 years
0.50	October 15, 2015	150,000	150,000	2.70 years
0.56	February 7, 2016	1,450,000	1,450,000	3.02 years
1.10	February 15, 2017	1,945,000	1,945,000	4.04 years
1.00	August 8, 2014	50,000	25,000	1.52 years
0.80	August 8, 2014	50,000	25,000	1.52 years
0.80	August 8, 2017	1,365,000	1,365,000	4.52 years
0.80	September 10, 2017	80,000	80,000	4.61 years
$ 0.70		**6,774,000**	**6,724,000**	**3.47 years**

9 SHARE CAPITAL (cont'd...)

(d) Share-based compensation

During the first nine months of fiscal 2013, the Company granted 1,545,000 share options with a fair value of $799,100 or $0.52 per option and recognized share-based compensation totaling $793,516 of which $585,216 was expensed as share-based compensation in operations and $208,300 was capitalized. There was a corresponding increase in Reserves–share-based. There were no similar expenses incurred during the first nine months of fiscal 2012.

The fair value of share 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:

	January 2013
Risk-free interest rate	1.16% - 1.40%
Expected life of options	4.8 years
Expected volatility	88.39% - 109.74%
Weighted average fair value per option	$0.09 - 0.54
Dividend yield	Nil

10 RELATED PARTY TRANSACTIONS

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

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

Nine month period ended:	January 31, 2013	January 31, 2012
Management fees and salaries	$ 76,500	$ 76,500
Consulting fees and salaries	58,500	58,500
Share-based compensation	475,389	-
Total	$ 610,389	$ 135,000
Accounts Payable and Related Parties	$ 10,056	$ 12,903

11 SUPPLEMENTAL CASH FLOW INFORMATION

Nine month period ended:	January 31, 2013	January 31, 2012
Cash paid during the period for:		
Interest	$ -	$ -
Income taxes	-	-
Non-cash financing and investing activities:		
Share-based compensation for exploration and evaluation assets	208,300	-
Issuance of 525,000 common shares for exploration and evaluation assets	210,000	-
Issuance of 1,000,000 common shares for exploration and evaluation assets	-	810,000
Exploration costs included in accounts payable	65,583	133,921
Fair value of warrants issued as finders' fees	52,298	-

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

(a) Fair value

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

(b) Credit and interest risk

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

(c) Liquidity risk

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

(d) Commodity risk

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

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

(e) Foreign currency risk

The Company's functional currency is the Canadian dollar; however, there are transactions in US dollars. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. The subsidiary's functional currency however is USD and therefore the entire subsidiary is USD. As this is where all exploration and evaluation spending occurs, it would make sense that the Company would be exposed to foreign currency risk and currently this risk is quantified at a 1% change. A reduction in the value of the US Dollar relative to the Canadian dollar would have a favourable impact on funding required for exploration, subject to any resulting inflationary impacts; while an increase in that value would have an unfavourable impact. The Company has not hedged its exposure to currency fluctuations.

13 CAPITAL MANAGEMENT

The Company manages common shares, share options, and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand and demand deposits. There have been no changes to the Company's approach to capital management during the period ended January 31, 2013. The Company is not subject to externally imposed capital requirements.

14 SEGMENTED INFORMATION

The Company operates in the single business segment of mineral exploration and evaluation. The Company's identifiable capital assets are located primarily in Nicaragua. Geographic information is as follows:

	January 31, 2013	April 30, 2012
Equipment		
Nicaragua	$ 324,456	$ 375,098
Canada	13,143	17,691
	$ 337,599	$ 392,789
Exploration and evaluation assets		
Nicaragua	$ 16,763,035	$ 12,707,116
Canada	-	-
	$ 16,763,035	**$ 12,707,116**