GoldenReign
RESOURCES LTD.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended July 31, 2014
(expressed in Canadian dollars)

Q1 Fiscal 2015

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of Golden Reign Resources Ltd. as at July 31, 2014 and 2013, notes to unaudited consolidated interim financial statements and related Management's Discussion and Analysis have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

As at	**July 31, 2014**	**April 30, 2014**
ASSETS		
Current		
Cash (Note 3)	$ 2,322,445	$ 111,047
Receivables (Note 4)	17,513	7,246
Prepaid expenses	19,745	7,573
Total current assets	2,359,703	125,866
Equipment (Note 5)	265,288	290,724
Exploration advances (Note 6)	59,317	30,454
Exploration and evaluation assets (Note 7)	24,209,169	23,609,939
TOTAL ASSETS	**$ 26,893,477**	**$ 24,056,983**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 343,980	$ 540,622
Deferred tax liability (Note 11)	470,000	470,000
Total liabilities	813,980	1,010,622
Shareholders' equity		
Share capital (Note 9)	29,859,707	26,632,309
Reserves - share based (Note 9)	5,629,523	5,461,423
Reserves - translation adjustment	1,382,984	1,457,309
Deficit	(10,792,717)	(10,504,680)
Total shareholders' equity	26,079,497	23,046,361
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 26,893,477**	**$ 24,056,983**

Corporate information and going concern (Note 1)
Subsequent events (Note 14)

On behalf of the Board:

"Kim Evans" Director ***"Bryce Porter"*** Director

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

GoldenReign RESOURCES LTD.

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

	For the three months ended July 31, 2014	July 31, 2013
OPERATING EXPENSES		
Depreciation	$ 770	$ 773
Foreign exchange	(16)	218
Office and miscellaneous	23,341	28,790
Professional fees	8,600	16,751
Regulatory and listing fees	25,393	6,274
Share-based compensation (Note 9)	123,000	136,675
Travel and promotion	10,026	3,411
Wages and benefits	97,080	98,160
OPERATING LOSS	**(288,194)**	**(291,052)**
Interest income	157	1,780
LOSS FOR THE PERIOD	**(288,037)**	**(289,272)**
Cumulative translation adjustment	(74,325)	329,569
COMPREHENSIVE (LOSS)/GAIN FOR THE PERIOD	$ (362,362)	$ 40,297
Basic and diluted loss per common share	$ (0.00)	$ 0.00
Weighted average number of common shares outstanding	**112,028,875**	**80,016,231**

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

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

	For the three months ended	
	July 31, 2014	**July 31, 2013**
Loss for the period	**$ (288,037)**	**$ (289,272)**
Other comprehensive gain (loss)		
Currency translation adjustment	(74,325)	329,569
Other comprehensive gain (loss)for the period	(74,325)	329,569
Comprehensive gain (loss) for the period	**$ (362,362)**	**$ 40,297**

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

GoldenReign
RESOURCES LTD.

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, 2013	**69,937,412**	**$ 22,907,767**	**$ 5,211,182**	**$ (254,633)**	**$ (9,568,482)**	**$ 18,295,834**
Share issue costs - finders warrants	-	(35,564)	35,564	-	-	**-**
Share issue costs – finders fees	-	(45,645)	-	-	-	**(45,645)**
Share issue costs	-	(16,923)	-	-	-	**(16,923)**
Shares issued on exercise of warrants	750,000	187,500	-	-	-	**187,500**
Shares issued for exploration and evaluation assets	525,000	94,500	-	-	-	**94,500**
Shares issued on private placement	15,397,830	2,309,675	-	-	-	**2,309,675**
Shares issued on exercise of options	-	-	-	-	-	**-**
Share-based compensation	-	-	203,375	-	-	**203,375**
Loss for the period	-	-	-	-	(289,272)	**(289,272)**
Other comprehensive gain	-	-	-	329,569	-	**329,569**
Balance – July 31, 2013	**86,610,242**	**$ 25,401,310**	**$ 5,450,121**	**$ 74,936**	**$ (9,857,754)**	**$ 21,068,613**
Balance - April 30, 2014	**93,914,353**	**$ 26,632,309**	**$ 5,461,423**	**$ 1,457,309**	**$ (10,504,680)**	**$ 23,046,361**
Shares issued on private placement	21,333,333	3,200,000				**3,200,000**
Share issue costs	-	(159,241)	-	-	-	**(159,241)**
Shares issued on exercise of warrants	1,244,255	186,638	-	-	-	**186,638**
Share-based compensation	-	-	168,100	-	-	**168,100**
Loss for the period	-	-	-	-	(288,037)	**(288,037)**
Other comprehensive loss	**-**	**-**	**-**	(74,325)	-	**(74,325)**
Balance – July 31, 2014	**116,491,941**	**$ 29,859,706**	**$ 5,629,523**	**$ 1,382,984**	**$ (10,792,717)**	**$ 26,079,497**

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

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
Expressed in Canadian dollars

	For the three months ended	
	July 31, 2014	July 31, 2013
OPERATING ACTIVITIES		
Loss for the period	$ (288,037)	$ (289,272)
Items not affecting cash:		
Depreciation	770	773
Share-based compensation	123,000	136,675
Changes in non-cash working capital items related to operations:		
Receivables	(10,267)	7,041
Prepaid expenses	(12,191)	(12,850)
Accounts payable and accrued liabilities	29,527	(6,686)
Cash used in operating activities	(157,198)	(164,319)
INVESTING ACTIVITIES		
Acquisition of equipment	-	(5,815)
Exploration advances	(28,791)	(83,842)
Expenditures on exploration and evaluation assets	(829,917)	(1,554,846)
Cash used in investing activities	(858,708)	(1,644,503)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	3,200,000	2,309,675
Exercise of warrants	186,638	187,500
Share issue costs	(159,241)	(62,568)
Cash generated by financing activities	3,227,397	2,434,607
Increase in cash during the period	2,211,491	625,785
Effect of foreign exchange on cash	(93)	322
Cash, beginning of period	111,047	752,203
Cash, end of period	$ 2,322,445	$ 1,378,310

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

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
Expressed in Canadian dollars

Supplemental cash flow information

	July 31, 2014	April 30, 2014
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-cash financing and investing activities:		
Issuance of common shares for exploration and evaluation assets	$ -	$ 217,875
Stock-based compensation included in exploration costs	45,100	66,700
Reallocation of long term advances	-	49,782
Depreciation included in exploration costs	21,303	110,329
Exploration costs included in accounts payable	9,082	208,934
Fair value of warrants issued as finders' fees	-	37,466

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

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")and 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 exploration and evaluation asset is the San Albino-Murra Mining Concession, located in Nicaragua, which is in the advanced 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 unaudited 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 mineral properties.

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 unaudited 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. The Company received additional funds subsequent to year end and estimates it has sufficient working capital to continue operations for the upcoming year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unaudited consolidated interim financial statements, including comparatives, have been prepared in accordance with 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 unaudited consolidated interim financial statements were approved by the Board of Directors on September 26, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of presentation

These consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting. The comparative figures presented in these consolidated financial statements are in accordance with IFRS and have not been audited.

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

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company's subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

All intercompany balances, transactions, income and expenses have been eliminated upon consolidation.

(d) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those of the Company.

The consolidated financial statements of the Company include the following subsidiaries:

Name of subsidiaries	Place of incorporation	Percentage ownership
Nicoz Resources, S.A.	**Nicaragua**	**100%**
Gold Belt, S.A.	**Nicaragua**	**100%**

(e) Determination of Functional Currency

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Golden Reign Resources Ltd., is the Canadian dollar; and the functional currency of the Company's subsidiaries is the US dollar. The presentation currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identifies in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(e) Determination of Functional Currency(cont'd…)

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the financial reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the year (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity.

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

(f) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

(i) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. FVTPL assets are initially recorded at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Receivables are classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(g) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

(i) Other financial liabilities

The category consists of liabilities carried at amortized cost being the effective interest method. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

(h) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the assets have been impacted.

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principle payments; or
- It has become probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

In a subsequent period if, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(i) Exploration and evaluation assets

Exploration costs prior to obtaining legal title are expensed in the period in which they are incurred. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

Management reviews the capitalized costs on its exploration and evaluation assets at least annually to consider if there is an impairment value to take into consideration from current exploration results and management's

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(i) Exploration and Evaluation Assets (cont'd…)

assessment of the exploration results and of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have nofuture economic potential, the acquisition and accumulated exploration and evaluation costs are written off to profit or loss. If the carrying value of a project exceeds its estimated value, an impairment provision is recorded. Should a project be put into production, all capitalized costs will be amortized over the life of the project based on estimated economic reserves.

(j) Decommissioning, restoration and similar liabilities

The Company recognizes the liabilities for statutory, contractual, constructive or legal obligations associated with the decommissioning of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company has no known restoration, rehabilitation or environmental costs related to its exploration and evaluation assets.

(k) Equipment

Equipment is recorded at historical cost less related accumulated depreciation and impairment losses. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. When an asset is disposed of, its carrying cost is derecognized. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The Company provides for depreciation of equipment on a straight line basis unless otherwise noted using the following annual rates:

Building	10%
Computer equipment	20% - 50%
Furniture and equipment	30%
Exploration equipment	50%
Vehicles	20% - 50%

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(k) Equipment (cont'd…)

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

When equipment is composed of major components with different useful lives, the components are accounted for as separate items of capital assets. Expenditures incurred to replace an asset component that is accounted for separately, including major inspections and overhaul expenditures, are capitalized.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(l) Share capital

The Company has one class of shares, common shares, which are classified as share capital. These are recorded at the proceeds received less any direct issue costs and related taxes. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Where the Company purchases any of the Company's equity share capital, the consideration paid is deducted from equity attributable to the Company's equity holders until shares are cancelled, reissued or disposed of.

(m) Deferred taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or loss. Current income tax expense represents the expected income tax payable (or recoverable) on taxable income for the period using income tax rates enacted or substantially enacted at the end of the reporting period and taking into account any adjustments arising from prior periods.

Deferred tax is recorded, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(m) Deferred Taxes(cont'd…)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Loss per share

The Company presents basic and diluted loss per share data for common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(o) Share-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock option is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to contributed surplus.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based compensation. Otherwise, share-based payments are measured at the fair value of goods or services received.

(p) Significant accounting judgments and estimation uncertainties

The preparation of the unaudited consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statement, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(p) Significant accounting judgments and estimation uncertainties (cont'd…)

(i) Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

1. The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probably mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

2. Valuation of share-based payments and compensatory warrants

Share-based payments and compensatory warrants are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

3. Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

(ii) Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy involves judgments or assessments made by management.

(q) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(r) Changes in accounting policies and new accounting pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, and IFRS 13 Fair Value Measurement, IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The Company has adopted these policies and they did not have a significant effect on the financial statements.

Accounting standards issued but not yet applied

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended July 31, 2014:

- IFRS 9 — New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets[(i)]
- IAS 32 (Amendment) — New standard that clarifies requirements for offsetting financial assets and financial liabilities. [(ii)]
- IAS 36 (Amendment) — This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal. [(ii)]
- IFRIC 21 — This is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.[(ii)]

i) Effective tentatively for annual periods beginning on or after January 1, 2018

ii) Effective for annual periods beginning on or after January 1, 2014

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

3. CASH

Cash consists of the following:

	July 31, 2014	April 30, 2014
Cash	$ 2,322,445	$ 111,047

4. RECEIVABLES

Receivables consist of the following:

	July 31, 2014	April 30, 2014
HST/GST Receivable	$ 17,513	$ 7,246

5. EQUIPMENT

	Building	Computer equipment	Furniture and Equipment	Exploration Equipment	Vehicles	Total
Cost						
Balance at April 30, 2013	**$ 124,901**	**$ 96,850**	**$ 16,688**	**$ 82,697**	**$ 274,771**	**$ 595,907**
Additions and Reclassifications	-	3,772	3,414	603	-	7,789
Disposals	-	-	-	-	-	-
Translation adjustment	11,013	5,707	495	7,290	24,227	48,732
Balance at April 30, 2014	**$ 135,914**	**$ 106,329**	**$ 20,597**	**$ 90,590**	**$ 298,998**	**$ 652,428**
Additions and Reclassifications	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Translation adjustment	(695)	(374)	(49)	(463)	(1,528)	(3,109)
Balance at July 31, 2014	**$ 135,219**	**$ 105,955**	**$ 20,548**	**$ 90,127**	**$ 297,470**	**$ 649,319**
Depreciation and impairment						
Balance at April 30, 2013	**$ 22,054**	**$ 40,317**	**$ 13,716**	**$ 33,292**	**$ 121,284**	**$ 230,663**
Additions	13,591	16,076	1,356	27,622	54,777	113,422
Disposals	-	-	-	-	-	-
Translation adjustment	1,944	1,814	233	2,935	10,693	17,619
Balance at April 30, 2014	**$ 37,589**	**$ 58,207**	**$ 15,305**	**$ 63,850**	**$ 186,754**	**$ 361,705**
Additions and Reclassifications	3,380	3,908	170	4,006	12,536	24,000
Disposals	-	-	-	-	-	-
Translation adjustment	(191)	(180)	(22)	(327)	(954)	(1,674)
Balance at July 31, 2014	**$ 40,778**	**$ 61,935**	**$ 15,453**	**$ 67,529**	**$ 198,336**	**$ 384,031**
Carrying amounts						
At April 30, 2014	**$ 98,325**	**$ 48,122**	**$ 5,292**	**$ 26,741**	**$ 112,244**	**$ 290,724**
At July 31, 2014	**$ 94,441**	**$ 44,020**	**$ 5,095**	**$ 22,598**	**$ 99,134**	**$ 265,288**

6. EXPLORATION ADVANCES

The Company has paid the following exploration advances related to the San Albino-Murra Property:

	July 31, 2014	April 30, 2014
Surface fees	$ 5,993	$ 21,679
Professional fees	3,324	8,774
	$ 59,317	**$ 30,453**

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 upon signing of the Agreement on October 23,2012 (the "Acceptance Date");

ii) the payment of US$137,500 on or before each three month anniversary from the Acceptance Date over a period of twelve months, for an aggregate of US$550,000 (paid); 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 (issued at a value of $613,770).

There is no net smelter return, other than that payable to the Nicaraguan government pursuant to existing mining laws.

The San Albino-Murra Property license is valid until February 3, 2027.

In February 2014, the Company entered into a binding Letter of Intent ("LOI") with Marlin Gold Mining Ltd. ("Marlin") for a US$15.0 million gold streaming arrangement at its San Albino Gold Deposit and surrounding area. Under the arrangement, Marlin's wholly-owned subsidiary, Sailfish Royalty Corp. ("Sailfish") will be entitled to purchase 40% of gold production from the San Albino Gold Deposit at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production, until Sailfish recovers US$19.6 million. During this period, the Company will be required to make minimum monthly payments of US$282,800 per month when commercial production commences. Thereafter, Sailfish will be entitled to purchase 20% of gold production at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production plus 50% of the price differential above US$1,200 per troy ounce subject to certain adjustments. Prior to commercial production, Sailfish will be entitled to receive an 8% semi-annual coupon payment on the outstanding balance due from the Company. Closing of the arrangement was subject to the satisfactory completion of a due diligence review.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(a) El Jicaro Concession, Nicaragua

In January 2012, the Company paid $119,472 (USD$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.

For the Period Ended July 31, 2014:

	San Albino-Murra	El Jicaro	Total
Acquisition costs			
Balance, April 30, 2014	$ 4,489,152	$ 131,520	$ 4,620,672
Cash payment – surface rights	8,114	-	8,114
Translation adjustment	(22,873)	(672)	(23,545)
	$ 4,474,393	**$ 130,848**	**$ 4,605,241**
Deferred exploration costs			
Balance, April 30, 2014	18,959,332	29,935	18,989,267
Assaying	3,245	-	3,245
Depreciation	23,070	-	23,070
Field office	37,250	-	37,250
Geological consulting	112,862	-	112,862
Professional fees	346,247	-	346,247
Project expenses	75,611	4,340	79,951
Reports	17,088	-	17,088
Share-based compensation	45,100	-	45,100
Travel	5,445	-	5,445
Translation adjustment	(55,478)	(119)	(55,597)
	19,569,772	**34,156**	**19,603,928**
Balance, July 31, 2014	**$ 24,044,165**	**$ 165,004**	**$ 24,209,169**

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

For the Period Ended July 31, 2013:

	San Albino-Murra	El Jicaro	Total
Acquisition costs			
Balance, April 30, 2013	$ 3,629,843	$ 120,864	$ 3,750,707
Option payments	141,240	-	141,240
Shares issued	92,265	-	92,265
Translation adjustment	72,078	2,400	74,478
	$ 3,935,426	$ 123,264	4,058,690
Deferred exploration costs			
Balance, April 30, 2012	14,288,129	12,193	14,300,322
Assaying	234,483	-	234,483
Depreciation	32,999	-	32,999
Drilling	503,628	-	503,628
Field office	54,091	-	54,091
Geological consulting	208,369	-	208,369
Professional fees	10,770	-	10,770
Project expenses	240,038	3,888	243,926
Reports	7,018	-	7,018
Share-based compensation	66,700	-	66,700
Travel	12,745	-	12,745
Translation adjustment	282,364	243	282,607
	15,941,335	16,323	15,957,658
Balance, July 31, 2013	**$ 19,876,761**	**$ 139,587**	**$ 20,016,348**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2014	April 31, 2014
Accounts payable	$ 233,715	$ 240,377
Accrued liabilities	101,665	300,245
	$ 335,380	$ 540,622

9. SHARE CAPITAL

Authorized:

Unlimited number of common shares, without par value

See the consolidated statements of changes in equity for a summary of changes in Share capital and Reserves share based for the periods ended July 31, 2014 and 2013.

9. SHARE CAPITAL (cont'd...)

(a) Private placements during the three-month period ended July 31, 2014

Marlin $3.2 Million Equity Investment

Concurrent with the closing of the transaction, Marlin has purchased 21.3 million common shares, representing approximately 18.51% of Golden Reign's issued and outstanding share capital, for $3.2 million. The common shares issued pursuant to this private placement are subject to a four month hold period expiring on November 11, 2014. A fee of $160,000 is payable to PI Financial Corp., advisors to Golden Reign.

PI Financial Corp as Advisors

PI Financial Corp. ("PI") has acted as exclusive financial advisor to Golden Reign with respect to the Gold Streaming Arrangement. The Company will pay PI a cash fee equal to 3.5% of the gross proceeds of the transaction payable as to 25% at closing, 25% four months from the date of closing and 50% payable eight months from the date of closing.

(b) Private placements during the year ended April 30, 2014

In December 2013, the Company closed the first tranche of a non-brokered private placement of 2,429,411 units at a price of $0.17 per unit to raise gross proceeds of $413,000. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase an additional common share a price of $0.25. The Company paid finder's fees of $20,850 cash and 28,235 warrants priced at $0.25 per share exercisable for a period of two years. The share purchase warrants were valued at $1,119 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk free interest rate of 1.10%, an expected life of two years, an expected volatility of 74.75% and a dividend yield rate of nil. The second and final tranche of the non-brokered private placement of units was closed in March 2014 and comprised 4,349,700 units to raise gross proceeds of $739,449. In connection with the second tranche, the Company paid finder's fees of $7,284 cash and 12,000 warrants priced at $0.25 per share exercisable for a period of two years. The share purchase warrants were valued at $783 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk free interest rate of 1.02%, an expected life of two years, an expected volatility of 77.55% and a dividend yield rate of nil.

In June 2013, the Company closed a non-brokered private placement of 15,797,830 units at a price of $0.15 per unit to raise gross proceeds of approximately $2.37 million. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase an additional common share a price of $0.25 for a period of two years. In connection with the offering, the Company paid finder's fees of $45,645 cash and 242,800 warrants priced at $0.25 per share exercisable for a period of two years. The share purchase warrants were valued at $35,564 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk free interest rate of1.07%, an expected life of two years, an expected volatility of 80.37% and a dividend yield rate of nil.

9. SHARE CAPITAL (cont'd...)

(c) Share purchase warrants

During the three-month period ended July 31, 2014, the Company amended 4,711,640 share purchase warrants by extending the expiry date to December 31, 2014 and reducing the price to $0.15 if exercised on or before the original expiry date of July 12, 2014 and at a price of $0.25 thereafter until the end of the revised term.

Share purchase warrant transactions are summarized for the periods ending July 31, 2014 and April 30, 2014:

	July 31, 2014			April 30, 2014		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Opening balance	26,559,885	$	0.35	11,464,686	$	0.65
Granted	-		-	22,459,976		0.25
Repriced	4,711,640		0.65	6,081,244		0.25
Exercised	(1,244,255)		0.15	(750,000)		0.25
Expired	(138,269)		0.67	(6,614,777)		0.32
Ending balance	25,177,361	$	0.25	26,559,885	$	0.35
Warrants exercisable	25,177,361	$	0.25	26,559,885	$	0.35

At July 31, 2014 and April 30, 2014 the following share purchase warrants were outstanding:

Expiry Date	**Exercise Price**	**July 31, 2014**	**April 30, 2014**	**Weighted Average Remaining Contractual Life**
July 12, 2014	$0.80	-	138,629	0.00 years
December 31, 2014	$0.25	3,467,385	4,711,640	0.42 years
June 4,2015	$0.25	14,647,830	14,647,830	0.84 years
June 4, 2015	$0.25	242,800	242,800	0.84 years
December 13, 2015	$0.25	2,429,411	2,429,411	1.37 years
December 13, 2015	$0.25	28,235	28,235	1.37 years
March 12, 2016	$0.25	4,349,700	4,349,700	1.62 years
March 12, 2016	$0.25	12,000	12,000	1.62 years
	$0.25	**25,177,361**	**26,559,885**	**0.81 years**

(d) 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.

9. SHARE CAPITAL (cont'd...)

(d) Share options (cont'd…)

The following options were outstanding as at July 31, 2014 and April 30, 2014:

	July 31, 2014		**April 30, 2014**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	7,814,000	$0.63	6,774,000	$0.70
Granted	-	-	1,935,000	0.20
Repriced	5,310,000	0.56	(895,000)	0.25
Ending balance	7,814,000	$0.25	7,814,000	$0.63
Options exercisable	7,814,000	$0.25	7,814,000	$0.63

At the Annual General Meeting of Shareholders held on June 26, 2014, an aggregate 5,310,000 share options were re-priced to $0.25.

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

Weighted Average Exercise Price	**Expiry Date**	**Number Outstanding**	**Number Exercisable**	**Weighted Average Remaining Contractual Life**
$ 0.80	August 8, 2014	50,000	50,000	0.02 years
1.00	August 8, 2014	50,000	50,000	0.02 years
0.20	November 9, 2014	375,000	375,000	0.28 years
0.25	September 20, 2015	909,000	909,000	1.14 years
0.25	October 15, 2015	400,000	400,000	1.21 years
0.25	October 15, 2015	150,000	150,000	1.21 years
0.25	February 7, 2016	1,450,000	1,450,000	1.53 years
0.25	February 15, 2017	1,945,000	1,945,000	2.55 years
0.25	August 8, 2017	1,365,000	1,365,000	3.03 years
0.20	July 15, 2018	1,060,000	1,060,000	3.96 years
0.25	October 16, 2018	60,000	60,000	4.22 years
$ 0.25		**7,814,000**	**7,814,000**	**2.22 years**

(e) Share-based compensation

During the period ended July 31, 2014, the Company recorded share-based compensation totaling $168,100 (April 30, 2014 - $212,775) of which $45,100 (April 30, 2014 - $66,700) was capitalized as mineral property expenditures and $123,000 (April 30, 2014 - $146,075) was expensed as share-based compensation in operations, with a corresponding increase in reserves-share based.

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:

9. SHARE CAPITAL (cont'd...)

(e) Share-based compensation (cont'd…)

The fair values of the options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

	July 31, 2014	July 31, 2013
Risk-free interest rate	1.73 -1.94%	1.07 – 1.73%
Expected life of options	5 years	2 - 5 years
Expected volatility	91.11 - 106.78%	80.37 – 106.78%
Weighted average fair value per option	$0.15	$0.15
Dividend yield	Nil	Nil

10. RELATED PARTY TRANSACTIONS

Key management includes directors (executive and non-executive), the President, CFO, COO and VP of Exploration. The Compensation paid or payable to key management for employee services is shown below:

	July 31, 2014	July 31, 2013
Management & consulting fees (included in E&E assets)	$ -	$ 10,000
Wages	65,400	76,500
Share-based compensation	41,825	120,945
Total	$ 107,225	$ 207,445
Accounts payable due to related parties	$ 742	$ 15,556

11. 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).

(a) Fair value

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. 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 fair value because of the short-term nature of these instruments.

(b) Credit and interest risk

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

(c) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met 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. During the period ended July 31, 2014, the Company raised additional funding.

(d) Commodity risk

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

(e) Foreign currency risk

The Company's functional currency is the Canadian dollar; however, its subsidiaries' functional currency however is the US dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. Currently this risk is quantified at a 1% change. The Company has not hedged its exposure to currency fluctuations.

12. CAPITAL MANAGEMENT

The Company manages its common shares, stock 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 mineral properties 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 July 31, 2014.

13. SEGMENTED INFORMATION

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

	July 31, 2014	April 30, 2014
Equipment		
Nicaragua	$ 255,785	$ 280,451
Canada	9,503	10,273
	$ 265,288	**$ 290,724**
Exploration and evaluation assets		
Nicaragua	$ 24,209,169	$ 23,609,939
	$ 24,209,169	**$ 23,609,939**

14. SUBSEQUENT EVENTS

Subsequent to July 31, 2014, 100,000 share options expired unexercised, 50,000 at $0.80 and 50,000 at $1.00.

MANAGEMENT DISCUSSION AND ANALYSIS
For the Three-month Period ended July 31, 2014

This Management Discussion and Analysis ("MD&A") of Golden Reign Resources Ltd. (the "Company" or "Golden Reign") provides analysis of the Company's financial results for the three-month period ended July 31, 2014 and should be read in conjunction with the Company's unaudited consolidated interim financial statements and the notes thereto for the three-month period ended July 31, 2014 and the audited consolidated financial statements and notes thereto for the year ended April 30, 2014, which are available on SEDAR at www.sedar.com. This MD&A is current as at September 26, 2014, the date of preparation.

The July 31, 2014 interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Forward-Looking Statements
Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

GRR Strategy – transition from explorer to emerging producer

Golden Reign's objective is to become a small but high-margin producer capable of self-funding brownfields exploration on its highly prospective Nicaraguan properties, which cover 138 square kilometres in northern Nicaragua.

The Company is advancing its San Albino Gold Deposit open-pit oxide zone to production on an expedited basis via a small, low impact operation that will offer the opportunity to self-fund exploration and growth through cash flow. In July 2014, the Company completed a US$15.0 million gold streaming arrangement that covers solely the San Albino Gold Deposit, a 3.5 square kilometre area (the "Marlin AOI") within the Company's highly prospective 138 square kilometre landholdings.

Golden Reign's most significant asset continues to be the exploration potential of its Nicaraguan property holdings. The Company will continue to advance exploration targets at Las Conchitas, Murra and the El Jicaro Concession.

Located at the southern end of a 20 kilometre long mineralized trend outlined and defined by Golden Reign as the Corona de Oro Gold Belt, the San Albino Gold Deposit is the first of the five areas slated for development by the Company. The remaining four areas, all of which lie outside of the Marlin AOI, are characterized by similar mineralogy, grades and thicknesses as those outlined at San Albino, and offer potential for future open-pit development. All are located within an 8 square kilometre area in the Southern District, which hosts the San Albino Gold Deposit and prospective Las Conchitas area. Situated just 1 kilometre south of the San Albino Deposit, the Las Conchitas project offers potential of expanding open-pittable resources.

San Albino Gold Deposit - Moving towards production with a US$ 15.0 Million Gold Streaming Arrangement

On February 26, 2014, the Company announced that it entered into a binding Letter of Intent with Marlin Gold Mining Ltd. ("Marlin") for a US$15.0 million gold streaming arrangement at its San Albino Gold Deposit and surrounding area, comprising a total 3.5 square kilometres. Under the arrangement, Marlin's wholly-owned subsidiary, Sailfish Royalty Corp. ("Sailfish") will be entitled to purchase 40% of gold production from the San Albino Gold Deposit at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production, until Sailfish recovers US$19.6 million. During this period, the Company will be required to make minimum monthly payments of US$282,800 per month when commercial production commences. Thereafter, Sailfish will be entitled to purchase 20% of gold production at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production plus 50% of the price differential above US$1,200 per troy ounce subject to certain adjustments. Prior to commercial production, Sailfish will be entitled to receive an 8% semi-annual coupon payment from the Company.

Sonoran Resources, LLC ("Sonoran") will be the nominated engineering, procurement and construction management ("EPCM") firm that will be responsible for permitting and building the San Albino project. Marlin and the Company shall jointly oversee Sonoran's activities. Sonoran has the management expertise and significant technical experience required to advance small scale assets to the production level. Throughout the America's their experience to date profile examples of cost effective, efficient and environmentally friendly operations. Sonoran is one of the few engineering firms that have senior engineers with direct operating experience in Nicaragua.

The transaction was closed on July 10, 2014, subject to the completion of certain due diligence items and filing of required documentation with various Nicaraguan regulatory authorities.

Upon closing of the transaction, John Brownlie (CEO and Director of Marlin) and Akiba Leisman (Director of Marlin) were each appointed to the Board of Directors of the Company.

Concurrent with the closing of the transaction, Marlin took an 18.51% interest in the Company by purchasing 21.3 million common shares for approximately $3.2 million, subject to regulatory approvals.

San Albino Gold Deposit Conceptual Starter Pit

Golden Reign has the potential to advance its San Albino Gold Deposit to near-term production by developing part of its high-grade deposit as a starter pit. The resources in the conceptual open-pit start at surface and extend to a maximum depth of 100 metres, closely following topography. A low strip ratio is anticipated which should result in quick cash generation.

The conceptual starter pit is being designed for low environmental impact. It should provide an opportunity for Golden Reign to self-fund continued exploration and growth through cash-flow. The schedule for development depends upon completion of steps currently underway, including further detailed mine planning. As Golden Reign does not currently intend to complete a feasibility study prior to potentially commencing production at the San Albino Gold Deposit, there may be increased risk of failure. Significant engineering work has been completed to date, including a scoping study. An NI 43-101 compliant Preliminary Economic Assessment is being prepared and anticipated to be completed in early 2015.

The table below provides a breakdown of open-pit tonnages and resources by category for the In-Pit Resources.

Table 1. San Albino Gold Deposit – In-Pit Resources

Zone	Classification	Cut-off grade (g/t)	Tonnes	Au (g/t)	Au Ounces	Ag (g/t)	Ag Ounces	Au Eq (g/t)	AuEq Ounces
Oxide	Indicated	0.23	750,000	5.70	137,500	9.9	239,000	5.81	140,200
	Inferred	0.23	750,000	5.01	120,900	7.7	185,000	5.10	123,000
Fresh	Indicated	0.50	44,000	10.51	15,000	14.6	21,000	10.73	15,300
	Inferred	0.50	286,000	8.07	74,300	8.6	79,000	8.20	75,500
Total	**Indicated**		**794,000**	**5.97**	**152,500**	**10.2**	**260,000**	**6.09**	**155,500**
	Inferred		**1,036,000**	**5.86**	**195,200**	**7.9**	**264,000**	**5.96**	**198,500**

Updated Mineral Resource Estimate- July 2014

In July 2014, the Company announced a 67% increase in indicated mineral resources and 8.5% rise in inferred resources at the San Albino Gold Deposit. The resource estimate was prepared by P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario, and updates the previous resource estimate prepared by P&E in November 2012.

Resource Estimate Highlights:

- a 67% increase in Indicated resources, from an initial 95,000 gold equivalent ("AuEq") ounces to 158,800 AuEq ounces at 5.97 g/t contained in 827,000 tonnes
- a 8.5% increase in Inferred resources, from 805,000 AuEq ounces to 873,300 AuEq ounces at 7.97 g/t contained in 3,410,000 tonnes
- new El Jobo mineralized zone identified and included in open-pittable resources
- the San Albino Gold Deposit is near-surface, within 300 metres vertical depth, and remains open along strike in both directions and at depth

Table 2. San Albino Gold Deposit - Total Resources

Zone	Classification	Tonnes	Au (g/t)	Au ounces	Ag (g/t)	Ag ounces	AuEq (g/t)	AuEq Ounces
Oxide	Indicated	764,000	5.64	138,600	9.8	241,000	5.75	141,300
	Inferred	857,000	4.72	130,100	7.5	208,000	4.81	132,500
Fresh	Indicated	63,000	8.50	17,200	11.7	24,000	8.67	17,500
	Inferred	2,553,000	8.83	724,900	12.9	1,061,000	9.02	740,800
Total	**Indicated**	**827,000**	**5.86**	**155,800**	**10.0**	**265,000**	**5.97**	**158,800**
	Inferred	**3,410,000**	**7.80**	**855,000**	**11.6**	**1,269,000**	**7.97**	**873,300**

Mineral Resource Estimate Notes and Parameters:

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves;
2. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, although the Company is not aware of any such issues;
3. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
4. Gold Equivalent was calculated on the basis of 1 gram gold = 64 grams silver

The 2014 mineral resource estimate update categorizes resources as either In-Pit (open-pittable) and Out-of-Pit (underground).

The Company's 2013 exploration program at the San Albino Gold Deposit was designed to de-risk the project by upgrading the quality of the In-Pit resource through additional infill and step-out drilling, and trenching. In all, a further 6,160.5 metres were cored in 73 drill holes, including 236.9 metres across 12 drill holes utilized for metallurgical test work. Trenching comprised 24 trenches, 28 exploration pits and 4 road cuts across 3,945.0 metres.

The program was successful, increasing Indicated resources by 113% from 70,000 AuEq ounces to 155,500 AuEq ounces grading 6.09 g/t (as shown in Table 1 above).

Drilling and trenching were focused on the extensions of near-surface, shallow-dipping, high grade open-pittable mineralized zones situated within 100 metres vertical depth. This resulted in the discovery of a new zone, El Jobo, which lies at surface, structurally above the San Albino zone. There is virtually no waste stripping anticipated for mining of the El Jobo zone.

Four mineralized zones – El Jobo, San Albino, Naranjo and Arras – comprise the open-pittable resources which are characterized as either oxide or fresh rock. The In-Pit oxide zone has a 0.23 g/t AuEq cut-off grade. The mining costs for this zone are anticipated to be significantly lower, as drilling and blasting will not be required and the strip ratio is expected to be low. Notably, the lower cut-off grade for the oxide zone did not significantly increase the total gold content due to the well constrained block model (see Resource Estimate Sensitivities tables on website). The fresh rock zone has an AuEq cut-off grade of 0.5 g/t.

The open pit resource model was designed using a Whittle pit optimization model to ensure application of a reasonable stripping ratio and economic assumptions.

Table 2. San Albino Gold Deposit - Out-of-Pit Resources

Zone	Classification	Cut-off grade (g/t)	Tonnes	Au (g/t)	Au Ounces	Ag (g/t)	Ag Ounces	Au Eq (g/t)	AuEq Ounces
Oxide	Indicated	1.5	14,000	2.43	1,100	5.1	2,000	2.49	1,100
	Inferred	1.5	107,000	2.69	9,300	6.5	22,000	2.77	9,500
Fresh	Indicated	1.5	19,000	3.72	2,200	5.0	3,000	3.79	2,300
	Inferred	1.5	2,267,000	8.93	650,600	13.5	982,000	9.13	665,200
Total	**Indicated**		**33,000**	**3.17**	**3,300**	**5.0**	**5,000**	**3.24**	**3,400**
	Inferred		**2,374,000**	**8.65**	**659,900**	**13.2**	**1,004,000**	**8.84**	**674,700**

The San Albino resource model now consists of four shallow dipping, high grade, and narrow vein systems over a strike length of 670 metres, down dip extension of 905 metres, with a minimum true width of one metre and average true width of 2.6 metres. Gold grade capping varied from no capping to 85 g/t depending on the vein system. All silver assays were capped at 90 g/t. Inverse distance cubed grade interpolation was on 2m x 2m x 6m blocks utilizing Gemcom modeling software. 223 drill holes and 92 trenches at the San Albino Gold Deposit were utilized in the resource estimate calculation.

The updated mineral resource estimate for the San Albino Gold Deposit was prepared by P&E in accordance with the Canadian Securities Administrators ("CSA") National Instrument 43-101 ("NI 43-101") and resources have been estimated using the Canadian institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

The San Albino Gold Deposit is envisaged by the Company as the first of potentially several similar sized deposits to be outlined on the property.

The remainder of the San Albino-Murra property, along with El Jicaro Concession, offers exploration potential. Hundreds of historical workings and showings – including mines, mine dumps and adits dating back to the Spanish explorers in the late 1700's - have been located, sampled and merit additional review.

Current operations

San Albino Gold Deposit

The independent NI 43-101 compliant technical report on the Company's initial resource, the San Albino Gold Deposit, was completed by P&E and filed in early January, 2013, marking a major milestone for the Company. An update of the mineral resources estimate followed in July 2014.

In-line with the Company's prime objective of adding resources – in particular, open-pittable resources – further trenching and drilling activities were undertaken in early 2013. Excavation of an additional 8 trenches has more than doubled the surface exposure of the San Albino Zone from 350 to 750 metres. The San Albino Zone is one of four zones comprising the Company's NI 43-101 compliant resource estimate.

Highlights from 2013 trenching include:

- SA13-TR-12 13.50 g/t gold and 8.3 g/t silver over 2.0 metres
  and 8.51 g/t gold and 7.2 g/t silver over 2.0 metres
- SA13-TR-13 13.38 g/t gold and 39.7 g/t silver over 10.0 metres
  and 22.20 g/t gold and 66.4 g/t silver over 2.0 metres
  and 14.02 g/t gold and 50.3 g/t silver over 2.8 metres
  and 23.72 g/t gold and 65.0 g/t silver over 3.0 metres
  and 19.53 g/t gold and 45.7 g/t silver over 3.0 metres
  and 7.74 g/t gold and 8.2 g/t silver over 1.25 metres
- SA13-TR-15 2.27 g/t gold and 1.6 g/t silver over 2.0 metres

- SA13-TR-16 3.49 g/t gold and 6.9 g/t silver over 3.6 metres
  and 4.03 g/t gold and 20.6 g/t silver over 3.3 metres
  and 2.97 g/t gold and 3.5 g/t silver over 4.0 metres

When trenching SA13-TR-13, the Company encountered a robust vein structure that returned very strong assay results. Situated in very close proximity to trench SA13-TR-13 is drill hole AR11-12. The discovery of the vein structure in SA13-TR-13 led the Company to test the upper portion of drill hole AR11-12, never previously assayed. Mineralization started at surface and continued to 8 metres depth, averaging 22.74 g/t gold and 63.4 g/t silver. The upper portions of certain other 2011 drill holes were similarly re-sampled.

Golden Reign excavated exploration pits at 4 of the 8 trenches to further expose the dip and true thickness of the vein. Results include the following:

Highlights from 2013 exploration pits include:

- SA13-TR-11 9.27 g/t gold and 12.9 g/t silver over 3.0 metres
  and 6.45 g/t gold and 11.4 g/t silver over 1.5 metres
  and 13.94 g/t gold and 18.9 g/t silver over 1.8 metres
  and 7.21 g/t gold and 14.7 g/t silver over 1.8 metres
  and 9.40 g/t gold and 22.5 g/t silver over 2.0 metres
- SA13-TR-13 20.40 g/t gold and 38.2 g/t silver over 3.0 metres
  and 9.61 g/t gold and 42.3 g/t silver over 4.0 metres
  and 36.44 g/t gold and 111.0 g/t silver over 2.0 metres
  and 7.56 g/t gold and 13.9 g/t silver over 2.0 metres
  and 7.55 g/t gold and 10.0 g/t silver over 2.0 metres
  and 4.41 g/t gold and 13.0 g/t silver over 2.0 metres
  and 9.01 g/t gold and 30.4 g/t silver over 2.0 metres
- SA13-TR-14 24.03 g/t gold and 34.6 g/t silver over 1.8 metres
- SA13-TR-16 46.38 g/t gold and 65.5 g/t silver over 2.0 metres
  and 10.52 g/t gold and 49.1 g/t silver over 1.1 metres

San Albino Deposit metallurgical test work very positive

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

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

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

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

In March 2014, the Company received the final metallurgical report from Inspectorate on its second stage of metallurgical testing which focused solely on the oxide (weathered) portion of the San Albino Deposit - in preparation for designing a concentrator mill flow sheet prior to construction of a mill and open pit mine.

Four composite samples, representing low and high grade mineralization, were tested for gold recovery using centrifugal gravity concentration followed by cyanide leaching using the CIL process.

The combined gravity and cyanide leach tests yielded total gold recoveries in the range of ***91.0 to 93.5%***, with the exception of only one sample, AR-01, which returned a combined gold recovery of 82.9%. Combined silver recoveries were in the range of 42.7 to 68.0% for all four composites.

Simple gravity concentration tests returned excellent gold recoveries in the range of 47.1% to 56.9% in all four composites. Interestingly, these are lower than the gravity recoveries from the sulphide zone obtained in the first round of metallurgical testing.

The gravity concentrates were leached by cyanide solution for 72 hours using a carbon-in-pulp leach (CIL) test. All of the composite samples responded similarly to CIL leaching, with gold leach extractions ranging from 83.0 to 85.6%, with the exception again of composite AR-01, which yielded 67.3% gold extraction.

One sample of gravity tails was subject to a CIL test over a reduced time period of only 24 hours. There was an insignificant effect on gold and silver recoveries; however, the shorter period of leaching resulted in significantly reduced cyanide consumption (61% less).

Las Conchitas

Golden Reign is aiming to add potentially open-pittable resources at Las Conchitas, located approximately 1.0 kilometre to the south of the San Albino Gold Deposit.

The Las Conchitas project hosts four prospective areas of high-grade, near-surface mineralization over an area of 2.5 square kilometres. All four zones remain open in both directions and at depth. Golden Reign anticipates that it will be able to extend quite significantly all mineralized zones.

The Intermediate Area is one of four near-surface, high-grade mineralized zones outlined by trenching. It has a current strike length of approximately 1.0 kilometre, remaining open along strike in both directions and down-dip. A comprehensive trenching program consisting of 13 trenches across 417 metres was completed in 2011. Highly-mineralized intercepts, as previously reported, in trenches INT11-TR-01 through INT11-TR-04 were targeted for drilling in July 2013. Highlights from drilling include:

- INT13-01 2.5 metres averaging 15.69 g/t gold and 15.5 g/t silver
- INT13-02 3.0 metres averaging 3.39 g/t gold and 10.3 g/t silver
- INT13-03 21.3 metres averaging 7.20 g/t gold and 14.2 g/t silver
  including 5.0 metres averaging 28.45 g/t gold and 53.7 g/t silver

These true-width mineralized intersections are within approximately 55 metres vertical depth from surface.

BUSINESS OVERVIEW

Golden Reign Resources Ltd. is listed on the TSX Venture Exchange ("TSX-V") under the symbol "GRR".

Since June 2009, Golden Reign has been focused on its operations in Nicaragua. Golden Reign has a 138 square-kilometre land package, comprising its flagship San Albino-Murra Property and the El Jicaro Concession.

San Albino-Murra Property, Nicaragua

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

- it is an advanced exploration project, with historical workings and production;
- has a pipeline of additional attractive targets at various stages of exploration;
- it is located in a politically stable environment;
- existing infrastructure includes access roads, water, power and readily available timber;
- it has an all-year exploration/development season; and
- the acquisition cost, including share dilution, was reasonable.

The 8,700 hectare San Albino-Murra Property, held under a 25 year mining license expiring February 3, 2027, has a long history of exploration and mining. There are several old mines and workings within the property boundaries. The San Albino mine, a historical small-scale gold producer, commenced production in the early 1920's and operated on and off until approximately 1940, reportedly processing 10 tons per day of 1 oz/t gold material.

Pursuant to the terms of the agreement, the Company made aggregate cash payments of US$450,000, incurred aggregate exploration expenditures of US$5,000,000 on the Property and issued a total of 4,000,000 common shares from its treasury to earn its 80% interest in the Property. The Company has entered into an agreement (the "Agreement") to purchase the remaining 20% interest in the Property by making cash payments totaling US$650,000 and issuing 2,100,000 common shares from its treasury over a period of 12 months, as follows:

i) the payment of US$100,000 upon signing of the Agreement on October 23, 2012 (the "Acceptance Date");
ii) the payment of US$137,500 on or before each three month anniversary from the Acceptance Date over a period of twelve months, for an aggregate of US$550,000 (paid); and
iii) the issuance of a total of 2,100,000 common shares, to be issued in four equal installment of 525,000 common shares on or before each three month anniversary from the Acceptance Date over a period of twelve months (issued at a value of $613,770).

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

El Jicaro Concession, Nicaragua

In early February 2012, the Company announced the acquisition of the El Jicaro Concession (the "Concession") at a cost of US$120,000 (CAD$119,472). The Concession license, valid for a period of twenty-five years until September 28, 2033, was acquired from a third party, individual Nicaraguan title holder.

The El Jicaro Concession encompasses the southwest extension of the mineralized structures identified on the San Albino-Murra Property. The Concession covers an area of 5,071 hectares (51 km^2), nearly doubling the Company's current land package to an aggregate 13,771 hectares (138 km^2). Several good exploration targets have been outlined on the property. Mapping and prospecting program completed to date have defined four parallel zones of mineralization. Further work is planned.

Nicaragua

Although it boasts a long history of gold production, Nicaragua is under-explored – but is attracting international interest. A democratic republic since 1996, Nicaragua has a modern mining law, fair tax regime and strong foreign investment law. Bordered by Honduras to the north and Costa Rica to the south, it is easily accessible and has skilled, available labour.

Exploration and Evaluation Assets

	July 31, 2014	April 30, 2014
Acquisition Costs	$ 4,605,241	$ 4,620,672
Deferred Exploration Costs	19,603,928	18,989,267
	$ 24,209,169	**$ 23,609,939**

For a comprehensive breakdown of exploration and evaluation costs by property, please refer to Note 7 of the unaudited consolidated interim financial statements for the three-month period ended July 31, 2014.

RESULTS OF OPERATIONS

Selected Annual Information

Fiscal Year	2014	2013	2012
Net Sales	Nil	Nil	Nil
Net Loss	$ 936,198	$ 1,465,554	$ 1,848,096
Comprehensive (Gain) Loss	$ (775,744)	$ 1,568,547	$ 1,802,517
Basic and diluted loss per share	$ 0.01	$ 0.02	$ 0.03
Total Assets	$ 24,056,983	$ 19,296,608	$ 14,682,822
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, 2014, 2013, and 2012 is comprised mainly of general and administrative expenses. The reported net loss for 2014, 2013, and 2012 includes share-based compensation expense of $146,075, $589,024 and $1,100,133, respectively.

Summary of Quarterly Results

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

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (loss) gain	$(288,037)	$(138,366)	$(131,758)	$(221,802)	$(289,272)	$(71,805)	$(421,450)	$(763,549)
Comprehensive (loss)gain	$(362,362)	$(893,288)	$1,837,889	$(209,154)	$40,297	$(450,467)	$(214,184)	$(911,275)
Basic and diluted loss per share	($0.00)	($0.01)	$0.00	$0.00	$0.00	($0.02)	($0.01)	($0.01)

Three Months ended July 31, 2014

The Company reported a net loss of $288,037 for the three-month period ended July 31, 2014, as compared to a net loss of $289,272 for the same period in the prior fiscal year. Total costs between the two periods remained consistent.

General and administrative expenses for the three months ended July 31, 2014 totaled $165,194 (2013 – $154,377) including a foreign exchange gain of $16 (2013 – loss of $218). Share-based compensation expense was $123,000 (2013 - $136,675).

Wages and benefits decreased slightly in 2014 to $97,080 (2013 - $98,160).

Office and miscellaneous expenses decreased by $5,449 to $23,341 (2013 - $28,790) and included: bank charges of $444; courier costs of $369; office expenses of $2,131, office rent of $12,844; telecommunications of $2,430; office insurance of $538; commercial liability insurance of $1,243; and directors' and officers' insurance of $3,000.

Expenditure on travel and promotion totaled $10,026 (2013 - $3,411). Costs paid included travel of $1,709 meals and entertainment of $85, email and newswire services of $299, website creation/maintenance costs of $600, printed materials of $552 and costs of $6,781 related to the Company's Annual General Meeting of Shareholders.

Professional fees of $8,600 (2013 - $16,751) consisted of audit fees and accruals of $8,600 (2013 - $15,000) and legal fees of $Nil (2013 - $1,751).

Regulatory and listing fees for the quarter were $25,393 (2013 - $6,274). Included in this amount were payments made to the TSX Venture Exchange for the filing of various forms of $24,410 and transfer agency service expenses of $983.

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 July 31, 2014 was $157 (2013 - $1,780). The decrease over the same period of the prior year being attributable to fewer funds held on account.

Trends

The Company has been in a growth pattern, actively exploring with a view to developing its San Albino-Murra Gold Property in northern Nicaragua. After acquiring the option on the Property in late June 2009, Golden Reign completed geological mapping and prospecting work throughout the property and an initial drill program at the San Albino Mine, the most advanced prospect. In early 2012, the Company undertook a major trenching program in the Southern District. In April 2012, a definition drilling program was initiated at the San Albino Gold Deposit, completing in July 2012. The Company's initial resource calculation was announced in late November 2012. An independent NI 43-101 technical report and resource estimate was filed in early January 2013. In July 2014, the Company reported an updated NI 43-101 compliant resource at the San Albino Gold Deposit.

Volatile market conditions and a scarcity of available financing may affect the Company's planned level of activity and development during fiscal 2015.

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

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

Market Trends

In recent years, the gold price has experienced high levels of volatility. In 2012, the price of gold reached new heights, briefly exceeding US$1,900/oz. It currently is priced in the range of US$1,200 to US$1,300/oz. Demand for physical gold continues to be strong, despite the more recent sell-off of gold ETFs. Despite a number of potential bullish factors – South African mining disputes, the U.S Federal Reserve stimulus package and continued sluggish world economies – the price of gold is not yet on a sustained upward trend.

Silver is currently trading approximately US$20/oz. There is an industrial demand for silver; however, it is the investment demand that has been primarily driving its price.

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

RISK FACTORS

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

- substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely low;
- mineral resource amounts are estimates only and may be unreliable. The Company cannot be certain that any specified level of recovery of minerals from mineralized material will, in fact, be realized or that any of its mineral property interests or any other mineral deposit will ever qualify as a commercially mineable ore body that can be economically exploited. Material changes in the quantity of mineralization, grade or stripping ratio or mineral prices may affect the economic viability of the properties.

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

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

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2014, the Company's primary capital asset was its investment in exploration and evaluation assets of $24,209,169 (April 30, 2014 - $23,609,939).

It held cash of $2,322,445 (April 30, 2014 - $111,047) and had working capital of $2,015,723 (April 30, 2014 – negative working capital of $414,756). During the period, the Company issued 21.3 million common shares priced at $0.15 for gross proceeds of $3.2 million. Further financing will be required to progress the flagship San Albino-Murra Property and the El Jicaro Concession. The Company also raised proceeds of $186,638 from the exercise of warrants.

During the three-month period, the Company experienced cash outflows of $157,198 (2013 - $164,319) from operating activities. Investing activities used cash of $858,708 (2013 - $1,644,503), including $829,917 (2013 - $1,554,846) spent on the Company's Nicaraguan projects and $Nil (2013 - $5,815) paid for equipment. Financing activities realized positive cash flows of $3,227,397 (2013 - $2,434,607). Overall, cash increased by $2,211,491, as compared to $625,785 in the same three-month period of the prior year.

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

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

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

Development of the Company's initial operation at the San Albino Gold Mine is anticipated to be funded under the Marlin/Sailfish gold streaming arrangement; however, if capital requirements exceed US$15.0 million additional funds will be required.

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

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the three-month period ended July 31, 2014, the Company paid or accrued:

(a) salaries of $30,000 (2013 - $30,000) to Kim Evans, a director and officer of the Company;
(b) salaries of $11,400 (2013 - $Nil) to Michele Pillon an officer of the Company;
(c) salaries of $24,000 (2013 - $24,000) to Zoran Pudar, an officer of the Company, which was capitalized to mineral properties; and,
(d) consulting fees of $Nil (2013 - $10,000) to Kevin Weston, a former officer of the Company, which was capitalized to mineral properties.

Included in accounts payable and accrued liabilities is a total of $742 (2013 - $15,556) due to related parties for expenses. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

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

Foreign currency translation and transactions

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the financial reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of profit or loss.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity. The Company's Nicaraguan subsidiaries functional currency is the US dollar.

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

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 cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Receivables are primarily due from a government agency. The Company's credit risk has not changed significantly from the prior year.

(c) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, dispositions of assets and accessing financing through private placements and other tools. On July 10, 2014, the Company raised additional funding of $3.2 million.

(d) Commodity risk

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

(e) Foreign currency risk

The Company's functional currency is the Canadian dollar; however, its subsidiaries' functional currency however is the US dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates and the degree of volatility in these rates. Currently this risk is quantified at a 1% change. The Company has not hedged its exposure to currency fluctuations.

OUTSTANDING SHARE DATA AS AT SEPTEMBER 26, 2014:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	116,491,941

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	375,000	375,000	0.20	November 9, 2014
Options	909,000	909,000	0.25	September 20, 2015
Options	400,000	400,000	0.41	October 15, 2015
Options	150,000	150,000	0.50	October 15, 2015
Options	1,450,000	1,450,000	0.56	February 7, 2016
Options	1,945,000	1,945,000	1.10	February 15, 2017
Options	1,365,000	1,365,000	0.80	August 8, 2017
Options	1,060,000	1,060,000	0.20	July 15, 2018
Options	60,000	60,000	0.25	October 16, 2018
	7,714,000	7,714,000		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	3,482,385	0.25	December 31, 2014
Warrants	14,632,830	0.25	June 4, 2015
Warrants	242,800	0.25	June 4, 2015
Warrants	2,429,411	0.25	December 13, 2015
Warrants	28,235	0.25	December 13, 2015
Warrants	4,349,700	0.25	March 12, 2016
Warrants	12,000	0.25	March 12, 2016
	25,177,361		

SUBSEQUENT EVENTS

Subsequent to July 31, 2014, 100,000 share options expired unexercised, 50,000 at $0.80 and 50,000 at $1.00.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments was issued by the IASB and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. Requirements for financial liabilities are included in IFRS 9 and they largely carry forward existing requirements from IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

In July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9. The IASB agreed that the mandatory effective date should no longer be annual periods beginning on or after January 1, 2015 but rather be left open pending the finalization of the impairment and classification and measurement requirements. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design and operating effectiveness of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed and were operating effectively as at July 31, 2014.

DISCLOSURE CONTROLS

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Company's disclosure controls and procedures as of July 31, 2014 and have concluded that these controls and procedures are effective.

OTHER INFORMATION

For additional disclosures concerning the Company's general and administrative expenses and exploration and evaluation assets, please refer to the consolidated financial statements for the three-month period ended July 31, 2014, which are available on the Company's website at www.goldenreign.com or on SEDAR at www.sedar.com.