

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED
APRIL 30, 2017



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November 27, 2017

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**GOLDEN REIGN RESOURCES LTD.
ANNUAL INFORMATION FORM**

INTRODUCTORY NOTES

Documents Incorporated by Reference

Incorporated by reference into this Annual Information Form (“AIF”) of Golden Reign Resources Ltd. (the “Company” or “Golden Reign”) are the following documents:

- a) Audited Financial Statements of the Company for the years ended April 30, 2017 and 2016 (“**Annual Financial Statements**”);
- b) Management Discussion and Analysis of the Company for the year ended April 30, 2017 dated August 24, 2017 (“**Annual MD&A**”);
- c) Interim Financial Statements of the Company for the three months ended July 31, 2017 dated September 26, 2017 (“**Interim Financial Statements**”);
- d) Management Discussion and Analysis of the Company for the three months ended July 31, 2017 dated September 26, 2017 (“**Interim MD&A**”); and,
- e) NI 43-101 compliant Technical report dated January 14, 2015 entitled “Resource Estimate and Preliminary Economic Assessment on the San Albino Deposit, San Albino-Murra Concession and El Jicaro Concession, Republic of Nicaragua for Golden Reign Resources Ltd.” (“**PEA**”) prepared by P&E Mining Consultants Inc. (“**P&E**”)

copies of which may be obtained online from SEDAR at www.sedar.com.

All financial information in this AIF has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

Effective Date of Information

Throughout this AIF, references to “Golden Reign”, the “Company”, “its”, “our”, “us” and “we”, or related terms refer to Golden Reign Resources Ltd., and includes, where the context requires, its subsidiaries.

All information contained herein is as at April 30, 2017, unless otherwise stated, being the date of our most recently completed financial year, and the use of the present tense and of the words “is”, “are”, “current”, “currently”, “presently”, “now” and similar expressions in this Annual Information Form is to be construed as referring to information given as of that date.

Currency and Exchange Rates

All dollar amounts referenced in this AIF are expressed in Canadian Dollars, unless otherwise indicated. The Company’s financial statements are prepared in accordance with IFRS. All references to “US Dollars” or “USD” or to “US\$” are to United States dollars.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in United States dollars in effect at the end of the periods indicated, the average of exchange rates during such periods, and the high and low exchange rates during such periods based on the noon rate exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars.

Fiscal Year Ended April 30			
Canadian Dollars to US Dollars	2017	2016	2015
Rate at end of period	USD 0.7320	USD 0.7969	USD 0.8252
Average rate for period	USD 0.7590	USD 0.7601	USD 0.8696
High for period	USD 0.7981	USD 0.8368	USD 0.9404
Low for period	USD 0.7321	USD 0.6854	USD 0.7811

On November 27, 2017, the closing rate of exchange for one Canadian dollar in United States dollars as reported by the Bank of Canada was C\$1.00 = US\$0.7852.

Metric Equivalents

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

1 mile = 1.609 kilometres

2000 pounds (1 short ton) = 0.907 tonnes

1 acre = 0.405 hectares

1 ounce (troy) = 31.103 grams

2,204.62 pounds = 1 metric ton = 1 tonne

1 ounce (troy)/ton = 34.2857 grams/tonne

Cautionary Note Regarding Forward-Looking Information

Certain statements contained in this AIF and the documents incorporated by reference herein constitute forward-looking information or forward-looking statements (collectively, "**forward-looking statements**") within the meaning of applicable Canadian and United States securities laws. Forward-looking statements include statements concerning the Company's current expectations, estimates, projections, assumptions and beliefs, and, in certain cases, can be identified by the use of words such as "seeks", "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will be taken", "occur" or "be achieved", or the negative forms of any of these words and other similar expressions.

When we discuss our strategy, plans, future financial and operating performance, financing plans, growth in cash flow and operating margins, planned production, results of exploration and related expenses, or other events that have not yet happened, we are making forward-looking statements. Estimates of Mineral Resources are also forward-looking statements because they constitute projections, based on certain estimates and assumptions, regarding the amount of minerals that may be encountered in the future and/or the anticipated economics of production, should a production decision be made. All statements in this Annual Information Form that address events or developments that we expect to occur in the future are forward-looking statements, including projections of future financial and operational performance; statements with respect to future events or future performance; production estimates; anticipated operating and production costs and revenue; estimates of capital expenditures; future demand for and prices of commodities and currencies; and statements regarding anticipated exploration, development, construction, production, permitting and other activities on the Company's properties, including: the construction of, and the potential development and potential production from, the San Albino Gold Project located on our San Albino-Murra Concession; the projections included in existing technical reports, and our preliminary economic assessment.

Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors, many of which are beyond our ability to control, that may cause our actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, without limitation, gold and other metal price volatility; risks of not achieving production, cost or other estimates; risks and uncertainties associated with mineral exploration and development; discrepancies between actual and estimated Mineral Resources and metallurgical recoveries; political, economic and other uncertainties in the jurisdiction where we have property interests and conduct exploration and development activities; fluctuations in the price and availability of infrastructure and energy and other commodities; inherent hazards and risks associated exploration, development and mining operations, including risks related to infrastructure, accidents and equipment breakdowns; risks of obtaining and maintaining necessary licenses, permits and approvals from various governmental authorities; risks related to compliance with environmental regulations and environmental hazards; risks related to compliance with stringent laws and regulations

and the effect of changes in law and regulatory environment; fluctuations in foreign currency exchange rates; ability to obtain additional financing; risks related to community relations and community action; reliance on outside contractors to conduct certain mining and exploration activities; defective title to mineral claims, surface rights or property or challenges over mineral rights relating to our properties; loss of key personnel and our inability to attract and retain qualified personnel; potential losses, liabilities and damages related to our business which are uninsured or uninsurable; competition with other mining companies; risks associated with litigation; volatility of global financial conditions; taxation, including changes in tax laws and interpretation of tax laws; as well as other risks, uncertainties and other factors, including, without limitation, those referred to in this AIF under the heading “Description of the Business – Risk Factors” and elsewhere herein.

Forward-looking statements are not a guarantee of future performance but, rather, reflect the Company’s current expectations and assumptions, and are subject to a number of known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from those anticipated in such statements. All of the forward-looking statements contained in this Annual Information Form are qualified by these cautionary statements.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking statements, there may be other factors that cause actual results to differ materially from those which are anticipated, estimated, or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on the forward-looking statements or the assumptions on which the Company’s forward-looking statements are based. Readers are further cautioned that the foregoing list of risks and assumptions is not exhaustive and prospective investors should consult the more complete discussion of the Company’s business, financial condition and prospects that is included in this AIF, including the documents incorporated by reference herein.

Our forward-looking statements reflect current expectations regarding future events and operations and speak only as of the date of this AIF. The Company assumes no obligation to update publicly or otherwise revise any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable securities laws. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements.

The forward-looking statements contained in this AIF and the documents incorporated by reference herein are expressly qualified in their entirety by the foregoing cautionary statements and those made in our other filings with applicable securities regulators in Canada and the United States.

Glossary of Terms

In this AIF the following terms have the meanings set forth:

Ag	Silver
AGAT Laboratories	Independent analytical laboratory located in Mississauga, Ontario
BCBCA	British Columbia Business Corporations Act
Bureau Veritas	Bureau Veritas Laboratories
AS	Arsenic
Au	Gold
AuEq	Gold Equivalent, $AuEq (g/t) = Au (g/t) + Ag (g/t)/60$
Board of Directors	Board of Directors of the Company
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
Cm	Centimetre(s)
Common Shares	The common shares without par value in the capital stock of Golden Reign as the same are constituted on the date hereof

Cu	Copper
DDH	Diamond drill hole
deposit	A mineralized body which has been physically delineated by sufficient drilling, trenching and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves or ore, unless final legal, technical and economic factors are resolved
diamond drill	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of the long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock which is recovered in long cylindrical sections, an inch or more in diameter
DGPS	Differential Global Positioning System
Dip	The angle that a stratum or any planar feature makes with the horizontal, measured perpendicular to the strike and in the vertical plane
Director	A member of the Board of Directors of Golden Reign
executive officer	When used in relation to any issuer, including Golden Reign, means an individual who is: <ul style="list-style-type: none"> (a) a chair, vice chair or president; (b) a vice-president in charge of a principal business unit, division or function; (c) an officer of the issuer or any of its subsidiaries that performs a policy-making function in respect of the issuer; or (d) performing a policy-making function in respect of the issuer
ft	Foot
g/t	Grams per tonne (34.2857 g/t = 1.0 troy ounce/tonne)
Ha	Hectare(s)
HLEM	Horizontal Loop Electromagnetic Survey
ICPOES	Inductively Coupled Plasma – Optical Emission Spectrometry
IP/RES	Induced Polarization / Resistivity Survey
Indicated Mineral Resource	That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve
Inferred Mineral Resource	That part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration

Km	Kilometre(s)
m	Metre(s)
Ma	Millions of Years
MAG	Magnetometer Survey
NI	National Instrument
Measured Mineral Reserve	That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve
Mineral Reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study
Mineral Resource	A concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
Mineralization	The concentration of metals in their chemical compounds within a body of rock
Modifying Factor(s)	Considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
NI 43-101	Means National Instrument 43-101 <i>Standards of Disclosure of Mineral Projects</i> adopted by the Canadian Securities Administrators
NSR	Net smelter return
P&E	P&E Mining Consultants Inc.
PEA	Preliminary Economic Assessment
Probable Mineral Reserve	The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower

	than that applying to a Proven Mineral Reserve
Proven Mineral Reserve	The economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.
RC	Reverse circulation drill hole, a percussion hole where the chips formed are blown up the centre of the drill stem and into a sampler.
San Albino Gold Deposit	The most advanced mineralized zones along the Corona de Oro Gold Belt, a 20 km long mineralized trend in Nueva Segovia, Northern Nicaragua.
SEDAR	Means the System for Electronic Document Analysis and Retrieval as located on the internet at www.sedar.com .
T	Metric Tonne(s)
UTM	Universal Transverse Mercator
VLF-EM	Very Low Frequency Electro-Magnetic
QA/QC	Quality Assurance / Quality Control
Technical Report	NI 43-101 compliant Technical Report dated January 14, 2015 entitled “Resource Estimate and Preliminary Economic Assessment on the San Albino Deposit, San Albino-Murra Concession and El Jicaro Concession, Republic of Nicaragua for Golden Reign Resources Ltd.” prepared by P&E Mining Consultants Inc.
TSX-V	Means the TSX Venture Exchange

CORPORATE STRUCTURE

Name, Address & Incorporation

Golden Reign Resources Ltd. was initially incorporated under the Business Corporations Act of the Yukon on April 1, 2004. The Company was discontinued under section 191 of the Business Corporations Act of the Yukon on November 14, 2007, and transitioned to the *Business Corporations Act* (British Columbia) on November 14, 2007.

Pursuant to an initial public offering in August 2006, the Common Shares of the Company began trading on the TSX Venture Exchange (the “**TSX-V**”) on November 27, 2006. Golden Reign is a reporting issuer in each of the Provinces of British Columbia, Alberta, and Ontario. The Company’s Common Shares are listed and posted for trading on the TSX-V under the symbol “GRR”.

The registered office of the Company is located on the 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 and the head office and principal place of business of the Company is located at Suite 501, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

Intercorporate Relationships

The Company has three wholly-owned subsidiaries:

- Gold Belt, S.A. (“**Gold Belt**”) a company constituted under the laws of Nicaragua, on August 7, 2009
- Nicoz Resources, S.A. (“**Nicoz**”), a company constituted under the laws of Nicaragua, on April 11, 2005.
- Golden Reign Resources, S.A. (“**GRR SA**”), a company constituted under the laws of Nicaragua, on September 20, 2011.

In this AIF, the term “Company” includes, where appropriate Gold Belt, and Nicoz. One mining concession is held by each Gold Belt and Nicoz. GRR SA is an inactive holding company.



GENERAL DEVELOPMENT OF THE BUSINESS

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.

In 2009, the Company entered into a 4-year option agreement to acquire an 80% interest in the San Albino-Murra Mining Concession (the “**Property**”) located in the Department of Nueva Segovia, northwestern Nicaragua. In April 2012, Golden Reign announced that it had completed its earn-in of an undivided 80% interest in the Property approximately 1.5 years ahead of schedule, by making aggregate cash payments totaling USD\$450,000, issuing 4,000,000 Common Shares from its treasury and incurring exploration expenditures of USD\$5,000,000. This marked a major milestone for the Company.

In October 2012, Golden Reign completed an agreement to purchase the remaining 20% interest in the Property by making cash payments totaling USD\$650,000 and issuing 2,100,000 Common Shares from its treasury over a period of 12 months.

Our flagship 8,700-hectare (87 km²) San Albino-Murra Property is held by Nicoz Resources S.A. ("**Nicoz**"), one of our wholly-owned Nicaraguan subsidiaries, under a renewable 25-year mining license which expires February 3, 2027. The Property has a long history of exploration and mining with several old mines and workings within the property boundaries, including the San Albino mine, a small-scale gold producer that 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. Our strategy since late 2013, is to advance the San Albino Gold Deposit to near-term production, developing its high-grade open-pit resources, in order to self-fund continued exploration and growth our company through cash-flow. We now have the necessary permits in place and are currently moving this area towards production.

In early 2012, Golden Reign acquired the El Jicaro Concession (the "**Concession**"), nearly doubling its land package to an aggregate 13,771 hectares (138 km²). The Concession, which covers an area of 5,071 hectares adjacent to and south of the San Albino-Murra Property, was purchased from a third party, individual Nicaraguan title holder at a cost of USD\$150,000 (CAD\$120,000). The El Jicaro Concession license is valid for a period of 25 years, until September 28, 2033 and renewable for a further 25-year term.

The El Jicaro Concession encompasses the southwest extension of the mineralized structures on the San Albino-Murra Property and hosts the historical El Golfo gold mine.

Golden Reign's property holdings encompass a gold belt – the Corona de Oro Gold Belt – that lies along a southwest to northeast axis, stretching approximately 3 kilometres wide and over 20 kilometres long. Originally discovered by drilling, trenching, geological mapping and geochemical survey, the Corona de Oro Gold Belt is host to hundreds of historical mines and workings.

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

Three Year History

Over the three most recently completed financial years, the significant events described below contributed to the development of our business.

Fiscal 2015 Developments

On July 11, 2014, we announced the completion of the gold streaming arrangement with Marlin Gold Mining Ltd. ("**Marlin**") (TSX-V: MLN), whereby Marlin will provide US\$15 million to be used for construction and development at the San Albino Gold Deposit, which comprises a total of 3.5 square kilometres. In return, 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 ounce¹ until Sailfish recovers US\$19.6 million². Thereafter, Sailfish will be entitled to purchase 20% of gold production at US\$700 per troy ounce³. Prior to commercial production, Sailfish will be entitled to receive an 8% semi-annual coupon payment on the purchase price from Golden Reign.

Sonoran Resources, LLC ("**Sonoran**") is the nominated engineering, procurement and construction management ("**EPCM**") firm that will be responsible for permitting and building the San Albino project with joint oversight by Marlin and Golden Reign.

Concurrent with the closing of the transaction, John Brownlie (former CEO of Marlin) and Akiba Leisman (director of Marlin) were appointed to our Board of Directors and Marlin purchased 21.3 million Common Shares of Golden Reign's issued and outstanding share capital (representing approximately 18.51%) for \$3.2 million. Mr. Brownlie

¹ Subject to a 1% per year cost escalation beginning three years from commercial production.

² Golden Reign will be required to make minimum monthly payments of US\$282,800 per month when commercial production commences.

³ Subject to a 1% per year cost escalation beginning three three years from commercial production, plus 50% of the price differential above US\$1,200 per troy ounce subject to certain adjustments.

served as a director of Golden Reign until September 30, 2015. A fee of \$160,000 was paid to PI Financial Corp. (“PI”), which acted as exclusive financial advisor to Golden Reign with respect to the gold streaming arrangement. Further, Golden Reign will pay PI a cash fee equal to 3.5% of the gross proceeds of the transaction, once the gold stream arrangement is in full effect.

On July 24, 2014, we announced that we had increased our mineral resources at the San Albino Gold Deposit by 67% 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, and 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. The resource estimate was prepared by P&E Mining Consultants Inc. (“P&E”) of Brampton, Ontario, and updated the previous resource estimate prepared by P&E in November 2012.

In March 2015, we reported key information from a Preliminary Economic Assessment (“PEA”) on our San Albino Gold Deposit. The PEA study was prepared by P&E and is based upon an updated mineral resource estimate, open pit and underground mine plan and a 250 tonnes per day process plant. A NI 43-101 compliant technical report for the PEA was filed on April 29, 2015 on SEDAR at www.sedar.com.

Fiscal 2016 Developments

On May 15, 2015, we announced a warrant incentive program to amend the exercise terms for up to 20,132,666 of our then outstanding unlisted common share purchase warrants. The warrants, each of which was exercisable to purchase one common share of the Company at \$0.25 per share, were originally issued by the Company as part of the June 2013 and December 2013 non-brokered unit private placement financings. Under the program, warrant holders were offered an opportunity to elect to pay \$0.05 per warrant in order to extend the expiry date of the warrant to December 31, 2017 and reduce the exercise price to \$0.05 per share for a period of 12 months or \$0.10 per share thereafter until expiry of the term. In all, 6,481,155 warrants were amended, and proceeds of \$324,058 were realized. A further amount of \$324,058 was realized when the amended warrants were exercised during April 2016.

Significant steps towards permitting the San Albino Gold Deposit commenced in May 2015. We received proposals from three Nicaraguan environmental specialist consulting firms for the preparation of an Environmental Impact Assessment (“EIA”) study, required by the Ministry of the Environment and Natural Resources (“MARENA”) in order to receive approval of the development plans.

On October 15, 2015, we announced that Sonoran, the nominated EPCM firm, had been engaged to provide pre-development and pre-construction activities required to advance our San Albino Gold Project. Sonoran’s services are being funded via advances under the gold streaming arrangement with Sailfish. As well, we announced the engagement of Kevin Bullock, P.Eng., as a consultant. With over 25 years of experience at senior levels, in mining exploration, mine development and mine operations, Kevin brings invaluable and first-hand experience in transitioning exploration assets into producing mines.

On October 22, 2015 we announced that we had received the first two of four required permits prior to the development and commencement of mining activities on our wholly-owned San Albino Gold Project. The Company was granted its Water Use Permit and Forestry Permit. A Nicaraguan environmental consulting firm was contracted to complete our EIA study, which is a key component for obtaining the Environmental Permit.

In October 2015, the Company announced the appointment of Abraham (Braam) Jonker to its Board of Directors. Mr. Jonker has more than 20 years of extensive management, accounting and corporate finance experience across 5 continents, mostly in the mining industry. He is a member of the Institutes of Chartered Accountants of England and Wales as well as South Africa. He is also a member of the Chartered Institute of Management Accounts in the United Kingdom and holds a Masters degree in South African and International Tax from the Rand Afrikaans University. Mr. Jonker is chair of the Company’s Audit Committee, taking over from Mr. Bryce Porter who retired at the 2015 Annual General Meeting of shareholders. Subsequently, on April 5, 2017, Mr. Jonker was appointed as Golden Reign’s non-executive Chairman.

On January 19, 2016, we announced the appointment of Kevin Bullock, P.Eng, as Chief Executive Officer of the Company to head up our team as we transition from explorer to developer. Kevin joined us in Fall 2015, initially as a consulting mining engineer.

On March 17, 2016, we raised gross proceeds of \$3,116,640 by completing an over-subscribed, non-brokered private placement of 38,958,000 Common Shares priced at \$0.08 per share. In connection with the offering, we paid finder's fees of \$57,806 cash and 712,075 warrants priced at \$0.12 per Common Share exercisable for a period of twelve months.

On April 5, 2016, Golden Reign announced that it had initiated a three-phase metallurgical/infill diamond drill program intended to: (i) provide sufficient material for the final stage of metallurgical test work, which includes Bond Work Index (WI) and Acid Rock Drainage (ARD) testing; (ii) provide a geotechnical analysis for open pit planning purposes; and (iii) finalize infrastructure location sites based upon condemnation drilling results. The drill program was also intended to enhance the understanding of the resource and the geometry of the open-pittable resources; and provide the information required to refine and optimize the existing mine plan.

Fiscal 2016 Developments

On June 9, 2016, we announced the completion of the metallurgical/infill diamond drill program which commenced in April 2016. In all, 56 diamond drill holes were cored over 2,175.3 metres – all located within the proposed San Albino open-pit mine. The drill rig used for the metallurgical/infill program was moved to the planned infrastructure areas and condemnation drilling commenced with the goal of ensuring that the proposed mill, waste dump and tailings are sited on barren or uneconomic rock as to not compromise future mining operations. The second machine, a reverse-circulation (RC) drill rig, began closely spaced pre-production, grade control drilling.

On September 8, 2016, we announced partial results from the grade control drill program conducted within the proposed Central Pit of the San Albino Gold Deposit, including 4.0 metres of 37.70 g/t gold and 57.7 g/t silver, 4.0 metres of 27.10 g/t gold and 74.6 g/t silver, and 4.0 metres of 19.19 g/t gold and 30.9 g/t silver. Initial plans considered the development of two smaller pits – situated roughly 39 metres apart – representing the first 6 to 12 months of planned open-pit mining activity. In addition to testing the pits vertically to an approximate depth of 20 metres, the grade-control drill program successfully tested the area between the two modelled pits and extended the pit boundaries. Golden Reign's geologists are now confident that the two smaller pits can be merged into one larger pit.

Additional grade-control drill results from the West Pit were announced on October 6, 2016, including: 3.0 metres of 38.38 g/t gold and 43.6 g/t silver, 3.0 metres of 27.10 g/t gold and 36.2 g/t silver; and 4.0 metres of 19.43 g/t gold and 26.6 g/t silver. Drilling confirmed grade and structural continuity of the mineralization, and resulted in the discovery of another mineralized zone, previously interpreted as irregular branching of the main mineralized zone. In all, 79 of the 87 drill holes (91%) intersected mineralization: 58 drill holes (67%) intersected mineralization above the 1.0 g/t gold cut-off grade, with these holes averaging 2.4 metres of 8.95 g/t gold and 14.9 g/t silver (or 9.11 g/t AuEq, using a Ag:Au ratio of 97:1 for the oxide zone as defined in the PEA), and the highest grade interval returning values of 82.50 g/t gold and 74.7 g/t silver over 1.0 metre; 4 drill holes intersected voids, two of which also intersected mineralized zones above the cut-off grade; 21 drill holes were mineralized but under the cut-off grade; and six drill holes, all of which were located on the periphery of the known mineralized zones and designed to test the pit limits, returned below 0.1 g/t gold. Results from the RC grade control drilling have previously been verified with diamond drill holes.

On October 17, 2016, we announced the results from the grade-control drilling and the 2016 trenching program within the Central Pit (Arras zone) of the San Albino Gold Deposit. In all, Golden Reign drilled 104 reverse circulation (RC) drill holes within the Central Pit, and excavated five trenches and nine exploration pits. Highlights from grade-control drilling included: 2.0 metres of 7.09 g/t gold and 12.2 g/t silver; 2.0 metres of 6.48 g/t gold and 11.3 g/t silver; and 1.0 metre of 9.80 g/t gold and 15.9 g/t silver. Out of the 104 holes drilled at Arras, 25 holes had intersections greater than 1.0 g/t Au, 11 holes had intersections between 0.5 and 1.0 g/t Au, 41 holes hit low grade mineralization between 0.1 g/t Au and 0.5 g/t Au. The remainder of the holes (23) encounter mineralization under 0.1 g/t Au. The holes were spaced approximately 10 metres apart and drilled to a vertical depth ranging from 10 to 40 metres. The grade-control drill program was designed to provide in-fill data and test the continuity of mineralization between previously

excavated trenches. The down-dip extension of the mineralized zone was initially exposed in trench AR13-TR-07 over true-width intervals ranging from 1.4 to 4.0 metres. An exploration pit excavated at this trench exposed some exceptionally high-grade material, including 103.06 g/t (3 oz/ton) gold and 123.4 g/t (3.6 oz/ton) silver over 3.3 metres of true-width. Four additional trenches – AR13-TR-16, 17, 18 & 19 – were then excavated, all of which were oriented along strike, bisected AR13-TR-07, and intersected the mineralized zone. Three highly mineralized pods are evidenced where trenches AR13-TR-16, 17, 18 & 19 intersect with trench AR13-TR-07. Sample lengths with grades from these pods include: Pod 1 – 3.0 metres of 12.53 g/t gold and 25.2 g/t silver (along dip) and 11.0 metres of 14.06 g/t gold and 17.5 g/t silver (along strike); Pod 2 – 7.0 metres of 18.85 g/t gold and 27.8 g/t silver (along dip) and 1.2 metres of 4.84 g/t gold and 13.4 g/t silver (average of 3 samples, along strike); Pod 3 – 7.0 metres of 23.43 g/t gold and 57.3 g/t silver (along dip), 5.0 metres of 7.92 g/t gold and 19.0 g/t silver (along strike), and 10.0 metres of 18.99 g/t gold and 40.1 g/t silver (along strike). Other trenching results included: 26.5 metres of 17.85 g/t gold and 29.5 g/t silver (along dip), including 7 one-metres long samples, each over 30 g/t gold, with the best result 1.0 metre of 72.40 g/t gold and 98.0 g/t silver; 1.6 metres of 70.20 g/t gold and 47.0 g/t silver (vertical); 1.6 metres of 13.30 g/t gold and 38.0 g/t silver (vertical); and, 2.0 metres of 29.50 g/t gold and 20.0 g/t silver (vertical). Significantly, the trenching program tested the limits of the Central Pit, extending the Arras mineralization along both strike and dip, and improved our understanding and structural interpretation of the Arras zone.

On October 19, 2016, announced the results from the most recent trenching program conducted on our El Jicaro Concession and in the Las Conchitas area of the San Albino-Murra Property. Trenching highlights included: 1.5 metres of 17.00 g/t gold and 9.7 g/t silver (vertical); 1.5 metres of 14.50 g/t gold and 10.6 g/t silver (vertical); 2.0 metres of 139.44 g/t gold and 115.0 g/t silver (down dip); 2.0 metres of 46.61 g/t gold and 56.5 g/t silver (along strike) and 1.0 metre of 31.14 g/t gold and 318.0 g/t silver (vertical).

The El Jicaro Concession is adjacent to and south of the San Albino-Murra Property which hosts the pre-development phase San Albino Gold Deposit. It encompasses the southwest extension of mineralized structures found on the San Albino-Murra Property. These structures were partially mined by the Spaniards in the late 1700's and then by larger scale operations until 1915. The most significant of these workings is the historical El Golfo mine, which has a similar size footprint to the San Albino Gold Deposit and is located 4 km to the south. The El Golfo mineralization is on strike with and very similar to that of Las Conchitas – located 1 kilometre to the north. Dubbed the “Golden Mile”, the Las Conchitas-El Golfo mineralization has a strike length of at least 2,500 metres and is the longest high-grade, near-surface quartz vein structures defined on the Company's landholdings to date. Currently, there are eight main gold-bearing structures outlined at Las Conchitas, ranging from 0.3 to 2.5 kilometres in length. El Golfo represents the southwest extension of *at least five* of these mineralized zones. Both El Golfo and Las Conchitas contain strongly mineralized vein structures with similar grades and thicknesses, representing potential open-pittable targets. All zones are open down dip and in both directions along strike, and only limited by the extent of trenching and drilling completed to date.

All of the mineralization, from the San Albino Gold Deposit through Las Conchitas to El Golfo, is similar in grade and structure, representing an 8 square kilometre gold camp. Only a 3.5 square kilometre area of interest, covering solely the San Albino Gold Deposit, is subject to the US\$15 million gold streaming arrangement with Marlin Gold Mining Ltd.

On December 8, 2016, we announced a non-brokered private placement offering of up to 9,545,455 Common Shares of the Company at a price of \$0.22 per Common Share for gross proceeds of up to \$2,100,000. We closed the first tranche of the offering, comprised of 7,181,575 Common Shares for proceeds of \$1,579,946, on December 30, 2016. In connection with the closing of the first tranche, we paid finder's fees of \$51,001 cash and 154,483 warrants priced at \$0.22 per Common Share exercisable for a period of eighteen months. The second and final tranche of the offering was completed on January 11, 2017. A further 12,716,605 Common Shares were issued at \$0.22 per Common Share for proceeds of \$2,797,653. Finder's fees of \$107,761 cash and 517,326 warrants priced at \$0.22 per Common Share exercisable for a period of eighteen months were issued in connection with the closing of the second tranche. In aggregate, Golden Reign issued 19,898,180 Common Shares under the offering, for gross proceeds of \$4,377,599. Due to demand from investors the offering was increased from \$2.1 million to \$4.3 million.

On January 24, 2017, a brokered private placement offering was completed. Golden Reign issued 8,454,545 Common Shares priced at \$0.22 per Common Share for proceeds of \$1,859,999.90. Beacon Securities Limited, as lead agent and book-runner, and PI Financial Corp. (together, the “Agents”) acted as agents for and on behalf of the Company in connection with the Offering. The Agents received a cash commission equal to 6% of the gross proceeds of the offering and 591,818 compensation options, each of which is exercisable to acquire one Common Share at a price of \$0.22 per Common Share until July 24, 2018.

In March 2017, we announced positive drilling analyses from a hydrological test hole completed at our San Albino Gold Deposit. A diamond drill hole, SA16-GEOT-4020, drilled for hydrological testing purposes was logged, assayed and returned uncut values of 6.0 metres averaging 13.94 g/t gold and 142.7 g/t silver.

Dr. Rael Lipson, Director, and Zoran Pudar, VP Exploration, co-presented “San Albino: A high-grade, free gold, Macraes analogue in Nicaragua” on March 8, 2017 at the Prospectors & Developers Association Conference in Toronto, Canada, as part of the PDAC’s technical sessions on New Discoveries and Developments.

On April 27, 2017, the Company announced the the resumption of exploration activities at Las Conchitas. A two-staged trenching program totaling approximately 2,150 metres is intended to provide further information on the size and grade of existing open-pittable targets, and identify additional near-surface mineralized zones.

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

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

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

The program is a continuation of exploration activities initiated in 2011 that identified at least seven highly mineralized structures with strike lengths ranging from 500 to 1,500 metres, all located within a 2.5 square kilometre area. Prior, significant trenching has been completed at Las Conchitas, covering 3,132 metres in 87 trenches. A small number of the most prospective trenching results were tested by 18 holes drilled for 3,040 metres. Golden Reign aims to accelerate the development of a gold camp hosting multiple high-grade, open-pittable deposits.

Subsequent Developments

On August 25, 2017, we held our Public Consultation Meeting, a key step in the EIA permitting process for the San Albino Gold Deposit. The meeting was attended by representatives from MARENA, the Ministry of Energy and Mines (MEM), the National Forestry Institute (INAFOR), a number of other ministries and variety of businesses, municipal authorities, a non-governmental organization, local judicial and political party representatives, as well as members of the public. Of the over 700 people in attendance, 551 registered participants represented 17 different communities and the local municipality of El Jicaró. The Company delivered an in-depth 3-hour presentation on the San Albino Gold Project, explaining the proposed mining operations, as well as its potential economic and social impact. The meeting also provided a forum for questions and responses. The Public Consultation Meeting went extremely well, with the project receiving the support of all parties present.

On September 12, 2017, we announced the receipt of the environmental permit for the development, construction and operation of up to a 500 ton per day operation at the San Albino Gold Deposit. Golden Reign is the first gold mining company, without existing Nicaraguan operations, to be awarded a permit in the last 13 years. The Company will be

the third gold producer within the country and our high grade, San Albino Gold Project will be the first newly permitted commercial gold processing operation in the country within years.

Golden Reign's next step is to finalize an EPCM contract and, in due course, commence detailed engineering and construction of a high grade, high margin gold mine at San Albino.

On September 28, 2017, we announced trenching results from our exploration program at Las Conchitas. The trenching program at Las Conchitas initially targeted Mina Francisco and the Intermediate zone – two of seven zones which the Company plans to trench prior to drill testing. The structural setting and style of mineralization for the Mina Francisco and Intermediate targets are similar to the San Albino Gold Deposit.

Highlights from trenching at Mina Francisco include:

- SAM17-TR06 3.0 m averaging 13.10 g/t gold and 17.9 g/t silver (along dip)
- SAM17-TR06-Ext Pit 4.1 m averaging 15.66 g/t gold and 20.9 g/t silver (along dip)
- SAM17-TR06-Ext Pit 1.5 m of 27.90 g/t gold and 36.3 g/t silver (along strike)
- SAM17-TR06-Ext including 7.7 m averaging 18.51 g/t gold and 13.2 g/t silver (along dip)
1.5 m of 62.30 g/t gold and 31.8 g/t silver
- SAM17-TR06-Ext 4.6 m averaging 13.07 g/t gold and 20.1 g/t silver (along dip)
- SAM17-TR06-Ext 0.6 m of 128.10 g/t gold and 94.2 g/t silver (vertical)
- SAM17-CATA 15 0.8 m averaging 15.00 g/t gold and 33.6 g/t silver (vertical)
- SAM17-CATA 18 2.0 m averaging 27.05 g/t gold and 57.7 g/t silver (along dip)
- SAM17-CATA 18 1.7 m averaging 4.50 g/t gold and 5.9 g/t silver (waste dump material)

Highlights from trenching at Intermediate include:

- SAM17-TR01 1.7 m of 2.34 g/t Au and 3.1 g/t Ag (vertical)
- SAM17-TR02 1.3 m of 8.88 g/t gold and 26.4 g/t silver (vertical)
- SAM17-TR04-Ext 10.8 m averaging 9.39 g/t gold and 10.8 g/t Ag (along dip)
- SAM17-TR04 1.0 m of 9.95 g/t gold and 26.4 g/t silver (along dip)

(The mineralized intervals shown above utilize a 1.0 g/t gold cut-off grade. The results presented above are preliminary in nature. There has been insufficient exploration to date to estimate a "Mineral Resource", as such term is defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects". There is no certainty that further exploration will result in the identification of Mineral Resources.) (The full set of exploration results are included in the table available on our website at www.goldenreignresources.com)

The conceptual model for the Las Conchitas mineralization consists of multiple closely spaced, parallel quartz veins that dip gently to the northwest. Gold mineralization is not restricted solely to quartz veins, but occurs in the host rock (phyllite/schist) containing quartz veinlets. The best result from sampling country rock returned 1.0 metre of 22.40 g/t Au and 25.2 g/t Ag (SAM17-CATA 18).

The goal of the Las Conchitas trenching program was three-fold: (i) to confirm the extensions of structures previously identified by the Company; (ii) to test for other similar structures in the near-surface oxide domain; and (iii) to obtain information to be used in the design of a drilling program.

The 2017 trenching program at Las Conchitas confirmed the extension and continuity of the Mina Francisco vein previously tested by underground sampling and a single drill hole (INT13-10) completed in 2013. Underground channel sampling, consisting of 35 vertical samples over a 12 metre strike length, returned an average thickness of 1.56 metres grading 13.04 g/t gold and 22.7 g/t silver (see news release dated June 24, 2014), including:

- 2.0 metres of 33.35 g/t gold and 42.8 g/t silver (vertical)
- 2.0 metres of 26.45 g/t gold and 30.7 g/t silver (vertical)
- 2.0 metres of 23.87 g/t gold and 40.8 g/t silver (vertical)

South of Mina Francisco, the Company previously drilled a hole to confirm the up-dip extension of the vein. A mineralized interval containing both quartz vein and country rock was intercepted, with a length of 2.4 metres averaging 12.52 g/t gold and 33.6 g/t silver (see news release June 24, 2014):

Hole ID	From (m)	To (m)	Width (m)	Au (g/t)	Ag (g/t)	Description
INT13-10	8.50	9.90	1.40	17.9	22.8	qtz vein (vertical)
INT13-10	9.90	10.90	1.00	4.98	46.4	footwall (vertical)

The Intermediate structure has now been outlined by drilling and trenching over a strike length of 600 metres. It remains open along strike in both directions and down-dip.

Situated over 300 metres to the southwest of Mina Francisco and at a vertical depth from surface of approximately 55 metres, the Intermediate zone previously returned the following drill results (see news releases dated February 22, 2012 and September 11, 2013):

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

Previous trenching of the Intermediate zone also returned excellent results, including (see news release dated April 12, 2011):

- INT11-TR-01 6.2 metres averaging 18.63 g/t gold and 24.0 g/t silver (along dip)
including 3.2 metres averaging 29.81 g/t gold and 40.7 g/t silver
- INT11-TR-02 8.0 metres averaging 4.37 g/t gold, minor silver (along dip)
including 3.0 metres averaging 8.83 g/t gold, minor silver
and 5.0 metres averaging 9.44 g/t gold and 9.9 g/t silver (along dip)
and 1.0 metre averaging 32.87 g/t gold and 51.5 g/t silver (along dip)
- INT11-TR-03 12.8 metres averaging 16.05 g/t gold and 9.9 g/t silver (along dip)
including 3.0 metres averaging 40.97 g/t gold and 23.7 g/t silver
and 1.8 metres averaging 42.33 g/t gold and 15.9 g/t silver (along dip)
- INT11-TR-04 1.0 metre averaging 4.52 g/t gold, minor silver (along dip)
and 2.0 metres averaging 3.11 g/t gold and 9.1 g/t silver (along dip)

For a complete list of trenching results, please see the table titled “2017 Mina Francisco/Intermediate Trenching Results” available on our website at www.goldenreignresources.com.

On October 2, 2017, we announced that we have engaged Adelaide Capital Markets Inc. (“Adelaide Capital”) for the provision of marketing, investor relations and communications services. Coordinated marketing and investor relations activities by the Company and Adelaide Capital will build broader market awareness of Golden Reign and its Nicaraguan gold properties within the retail, brokerage and institutional investment communities in both North America and Europe. Adelaide Capital will receive \$5,000.00 per month for an initial six-month term, which may be extended by mutual agreement. In addition, Adelaide Capital has been granted an option to purchase up to 150,000 common shares of the Company at a price of \$0.35 per share for a period of up to five years, subject to vesting provisions in accordance with Company’s Stock Option Plan and the policies of the Exchange. Adelaide Capital, an arms-length company based in Toronto, Ontario, provides marketing, investor relations and communication services to public companies.

Significant Acquisitions

Since May 1, 2016, being the commencement of the Company’s last completed fiscal year, Golden Reign did not complete any significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

DESCRIPTION OF THE BUSINESS

General

Summary

We are a Vancouver-based exploration company engaged in the acquisition, exploration and development of minerals properties. The Company is in the advanced exploration stage, as we are currently moving our San Albino Gold Deposit towards commercial production. We do not currently mine, produce or sell any mineral products.

Our objective is to establish a low cost, profitable cornerstone operation at the San Albino Gold Deposit, located on our flagship San-Albino Murra Concession, with the aim of self-funding exploration and growing our operations in a non-dilutive manner, through free cash flow.

Golden Reign has built a property position that encompasses most of the Corona de Oro gold belt in northern Nicaragua. Located near the southern end of a 20 kilometre long mineralized trend outlined and defined by Golden Reign as the Corona de Oro Gold Belt, the San Albino Gold Deposit is the first of five areas initially slated for potential development by the Company. We are advancing San Albino on an expedited basis with a goal of achieving early production. In July 2014, the Company signed a US\$15.0 million gold streaming arrangement with Sailfish Royalty Corp., a wholly owned subsidiary of Marlin Gold Mining Ltd., that covers solely the San Albino Gold Deposit, a 3.5 square kilometre area (the “**Marlin AOI**”) within the Company’s 138 square kilometre landholdings. In April 2015, we filed a PEA study and updated resource calculation on the San Albino Gold Deposit. Since that time, we have been completing advanced engineering and pre-development work at San Albino. On September 12, 2017, we received our environmental permit for the development, construction and operation of up to a 500 ton per day operation at the San Albino Gold Deposit – marking a major accomplishment and milestone for Golden Reign.

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

Our most significant asset continues to be the exploration potential of the Nicaraguan property holdings. We plan to continue to advance exploration targets at Las Conchitas, Murra and on the El Jicaro Concession.

Specialized Skill and Knowledge

All aspects of our business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning, geophysics, metallurgy and mineral processing, implementation of exploration programs, mine development, mine operation, as well as legal compliance, finance and accounting. The Company has found that it can locate and retain competent employees and consultants in such fields and believes it will continue to be able to do so at a reasonable cost.

Competitive Conditions

All of the raw materials we require to carry on our business are readily available through normal supply or business contracting channels in Canada and/or Nicaragua. The Company has secured, or reasonably believes that it will be able to secure, personnel and materials to conduct its planned programs.

Additionally, the gold exploration and mining business is a competitive business. We compete with numerous other companies and individuals in the search for and the acquisition of quality gold properties, mineral claims, permits, concessions and other mineral interests, as well as recruiting and retaining qualified employees.

Cycles

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Fluctuations in supply and demand in various regions throughout the world are common. In recent years, mineral prices have fluctuated widely. Moreover, it is difficult to predict with any

certainty future mineral prices. In recent years, the significant demand for minerals in some countries (notably China and India) drove commodity prices to historic highs. When the price of commodities being explored declines investor interests subside and capital markets can become very difficult. The price of commodities varies on a daily basis and there is no proven methodology for determining future prices. Price volatility could have dramatic effects on the results of operations and the ability of Golden Reign to execute its business plans.

Gold prices specifically are historically subject to wide fluctuation and are influenced by a number of factors beyond the control or influence of the Company. Some factors that affect the price of gold include: industrial and jewellery demand; central bank lending or purchase or sales of gold bullion; forward or short sales of gold by producers and speculators; future level of gold productions; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, individuals or funds. Gold prices are also affected by macroeconomic factors including: confidence in the global monetary system; expectations of the future rate of inflation; the availability and attractiveness of alternative investment vehicles; the general level of interest rates; the strength of, and confidence in the U.S. dollar, the currency in which the price of gold is generally quoted, and other major currencies; global and regional political or economic events; and costs of production of other gold producing companies. All of the above factors can, through their interaction, affect the price of gold by increasing or decreasing the demand for or supply of gold.

Economic Dependence

Notwithstanding the gold streaming arrangement with Marlin Gold Mining Ltd., as described elsewhere in this AIF, our business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Environmental Protection Requirements

Our activities are subject to extensive laws and regulations governing the protection of the environment, natural resources and human health. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by exploration activities and/or mining operations. Violations of environmental, health and safety laws may be subject to civil sanctions and, in some cases, criminal sanctions, including the suspension or revocation of permits. Failure to comply with environmental laws and regulations or liabilities related to hazardous substance contamination could result in project development delays, material financial impacts or other material impacts to our projects and activities, fines, penalties, lawsuits by the government or private parties, or material capital expenditures. Our NI 43-101 Preliminary Economic Assessment report estimates our closure and reclamation cost at the San Albino Deposit at approximately US\$3.5 million on an undiscounted basis. This estimate is based on conceptual level engineering and will be updated as the project progresses through to the development and production phases.

Employees

Our business is administered principally from our offices located in Vancouver, British Columbia, and Toronto, Ontario, Canada. We also have offices in Managua, Nicaragua and El Jicaro, Nicaragua. As at the date of this AIF we, including our subsidiaries, employ a total of 23 full time employees (excluding directors), and 7 part-time employees. We also utilize temporary and/or contract employee labour with respect to various work programs on our mineral properties.

Foreign Operations

Our principal operations and assets are located in Nicaragua. Our operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to government regulations (or changes to such regulations), with respect to restrictions on production, export controls, income taxes,

expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people and mine safety. The effect of these factors cannot be accurately predicted. See “*Risk Factors*”.

Risk Factors

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in relation to the Company’s business, actually occur, the Company’s assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

The exploration, development and mining of natural resources are highly speculative in nature and are subject to significant risks. The risk factors noted below do not necessarily comprise all risks faced by us. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business, operations and future prospects. If any of the following risks actually occur, our business may be harmed and our financial condition and results of operations may suffer significantly.

Risks related to our business

Exploration, Development and Production Risks

An investment in the Company’s Common Shares is speculative due to the nature of the Company’s involvement in the acquisition, exploration, evaluation, and, if warranted, development and production of minerals.

Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries in commercial quantities to return a profit from production.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Major expenses may be required to locate and establish Mineral Reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The Company cannot give any assurance that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves or expand current reserves.

Whether a mineral deposit will be commercially viable depends on a number of factors, including, but not limited to:

- the interpretation of geological data obtained from drill holes and other sampling techniques;
- the particular attributes of the deposit, such as size, grade, metallurgy and proximity to infrastructure;
- the cost of power and water;
- metal prices which are highly cyclical;
- fluctuations in inflation and currency exchange rates;
- higher input commodity and labour costs
- the cost of operations and processing equipment; and
- government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, allowable production, importing and exporting of minerals and environmental protection.

The Company's development projects are also subject to the issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may adversely affect the Company's business.

In addition, as a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the mine. The project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a mine. Substantial expenditures are required to build mining and processing facilities for new properties. The timeline to obtain these government approvals is often beyond our control. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated.

The combination of these factors may result in our inability to develop our non-producing properties, to achieve estimated production, revenue or cost levels, or to receive an adequate return on invested capital, which could have a material adverse effect on our business, results of operations and financial condition.

While the Company has a number of identified exploration prospects, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Company depends on its ability to find, develop and commercially produce reserves.

Uncertainty of Mineral Reserves and Mineral Resources

Mineral reserves and resources estimates for the Company's properties are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of gold will be realized. The ore grade actually recovered may differ from the estimated grades of the mineral reserves and mineral resources. Prolonged declines in the market price of gold may render mineral reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce the Company's reserves. Should such reductions occur, the Company could be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period. Mineral Reserves are not revised in response to short-term cyclical price variations in metal markets.

Golden Reign's PEA study has progressed the San Albino Gold Deposit to an advanced level that includes metallurgical studies and detailed process opex/capex estimates. However, it should be noted that the PEA is a conceptual study of the potential viability of mineral resources. The potential mill feed tonnages utilized in the PEA contain both Indicated and Inferred resources. Readers are cautioned that Inferred resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that value from such resources will be realized either in whole or in part. As the Company does not currently intend to complete a Pre-Feasibility or Feasibility Study prior to potentially commencing small scale production at the San Albino Gold Deposit there is an increased risk that the economic and technical aspects of the PEA may not be realized.

The San Albino Gold Deposit is currently in a pre-development phase and we may not be able to successfully establish mining operations or the actual costs or time frame of establishing mining operations may differ materially from the Company's current estimates.

Development of the San Albino Gold Deposit will require the construction and operation of, initially, a number of open-pit mines, processing plant and related infrastructure. As a result, we are and will continue to be subject to all of the risks associated with establishing new mining operations including:

- the availability of funds to finance construction and development activities;
- the receipt of required governmental approvals and permits;
- the availability and costs of skilled labour and the ability of key contractors to perform services in the manner contracted for;
- unanticipated changes in grade and tonnage of ore to be mined and processed;
- unanticipated adverse geotechnical conditions;
- incorrect data on which engineering assumptions are made;
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials, skilled labour, security and supplies;
- adequate access to the site and unanticipated transportation costs or disruptions; and
- potential opposition or obstruction from non-governmental organizations, environmental groups, terrorists or local groups which may delay or prevent development activities.

Additional Funding Requirements

From time to time, the Company may require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities, delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties, and reduce or terminate its operations. If the Company's future revenues decrease as a result of lower commodity prices or otherwise, it will affect the Company's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Company's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favourable terms. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Fluctuations in the Price of Gold

Gold is a commodity whose price is determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for gold have fluctuated widely in recent years. The volatility of mineral prices represents a substantial risk which no amount of planning or technical expertise can fully eliminate. Metal prices are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

The volatility in gold prices is illustrated by the following table, which presents the high, low and average fixed price in US dollars for an ounce of gold, based on the London Bullion Market Association P.M. fix, over the past five years:

Year	High US\$	Low US\$	Average US\$
2013	1,694	1,192	1,411
2014	1,385	1,142	1,267
2015	1,296	1,049	1,160
2016	1,366	1,077	1,251
January 1, 2017 to November 27, 2017	1,346	1,151	1,256

Current and future price declines could cause commercial production or the development of new mines to be impracticable. If gold prices decline significantly, or decline for an extended period of time, we might not be able to continue our operations, develop our properties, or fulfill our obligations under our permits and licenses, or under our agreements with our partners. This could result in us losing our interest in some or all of our properties, or being forced to cease operations or development activities or to abandon or sell properties, which could have a negative effect on our profitability and cash flow.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that we will be able to obtain and/or maintain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on us.

Surface Rights and Access

Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop mineral deposits it may locate.

Political, Economic and Other Risks

Our exploration, development and production activities are conducted in Nicaragua and, as such, our operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, the existence or possibility of terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; uncertainty as to the outcome of any litigation in foreign jurisdictions; uncertainty as to enforcement of local laws; environmental controls and permitting; restrictions on the use of land and natural resources; renegotiation or nullification of existing concessions; licenses; permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; corruption; unstable legal systems; changing political conditions; changes in mining and social policies; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require equity participation by local citizens; and other risks arising out of foreign sovereignty issues.

Nicaragua is a developing country and our mineral exploration and mining activities may be affected in varying degrees by political instability and governmental legislation and regulations relating to foreign investment and the mining industry. Changes, if any, in mining or investment policies or shifts in political attitude in Nicaragua, may adversely affect our operations or profitability.

Operations may be affected in varying degrees by:

- government regulations with respect to, but not limited to, restrictions on production, price controls, exchange controls, export controls, currency remittance, income or other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, local content and ownership, water use and mine safety; and

- the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our business, financial condition and results of operations.

Furthermore, in the event of a dispute arising from our activities, we may be subject to the exclusive jurisdiction of courts or arbitral proceedings outside of North America which could unexpectedly and adversely affect the outcome of a dispute.

Availability of Infrastructure, Energy and Other Commodities

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Our inability to secure adequate water and power resources, as well as other events outside of our control, such as unusual or infrequent weather phenomena, sabotage, community, or government or other interference in the maintenance or provision of such infrastructure, could adversely affect our operations, financial condition and results of operations.

Profitability is affected by the market prices and availability of commodities that we use or consume for our operations and planned development projects. Prices for commodities like diesel fuel, electricity, steel, concrete, and chemicals (including cyanide) can be volatile, and changes can be material, occur over short periods of time and be affected by factors beyond our control. Our operations depend on suppliers to meet those needs. Higher costs for construction materials like steel and concrete could affect the timing and cost of our planned development projects.

Higher worldwide demand for critical resources like input commodities, drilling equipment, tires and skilled labour could affect our ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on our operating costs, capital expenditures and production schedules.

Additionally, we will be relying on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for, the development, construction and operations at our San Albino Gold Deposit. As a result, our operations will be subject to a number of risks, some of which are outside of our control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events and failure of a supplier or contractor to perform under its agreement with us. The occurrence of one or more of these risks could have a material adverse effect on our business, results of operations and financial condition.

Exploration and Mining Risks

Mining operations generally involve a high degree of risk. Our operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including: unusual and unexpected geologic formations; seismic activity; rock bursts; cave-ins or slides; flooding; pit wall failure; periodic interruption due to inclement or hazardous weather conditions; and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or death, damage to property, environmental damage and possible legal liability. Milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable

production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short-term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Environmental Risks

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require us to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect our financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource exploration and development activities may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of natural resources companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in developments of new properties.

Community Relations and Action

In future, as a mining business we may come under pressure to demonstrate that other stakeholders (including employees and communities surrounding our operations) benefit and will continue to benefit from our commercial activities, and/or that we operate in a manner that will minimize any potential damage or disruption to the interests of those stakeholders. We may face opposition with respect to our future development and exploration projects which could materially adversely affect our business, results of operations and financial condition.

Further, certain NGOs, some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or our operations specifically, could have an adverse effect on our reputation and financial condition and may impact our relationship with the communities in which we operate. They may install road blockades, apply for injunctions for work stoppage and file lawsuits for damages. These actions can relate not only to current activities but also historic mining activities by prior owners and

could have a material, adverse effect on our operations. They may also file complaints with regulators in respect of Golden Reign's, and our directors' and insiders', regulatory filings, either in respect of us or other companies. Such complaints, regardless of whether they have any substance or basis in fact or law, may have the effect of undermining the confidence of the public or a regulator in Golden Reign or such directors or insiders and may adversely affect the price of our securities or our prospects of obtaining the regulatory approvals necessary for advancement of some or all of our exploration and development plans or operations.

We strive to operate in a socially responsible manner. However, there can be no guarantee that our efforts in this respect will address these risks.

Reliance on Operators and Key Employees

The success of the Company's operations will be largely dependent upon the performance of our key officers, employees and consultants. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon our success. We do not have any key man insurance policies with respect to any of our directors, officers or key employees and have no current plans to do so.

In assessing the risk of an investment in the Company's Common Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. An investment in our Common Shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

Conflict of Interest of Management

Certain of the Company's directors and officers also serve as directors, officers and/or advisors of and to other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. We expected that any decision made by any of such directors and officers relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest.

Availability of Equipment and Access Restrictions

Natural resource exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Competition

The mining industry is intensely competitive in all of its phases and we compete with many companies possessing greater financial and technical resources. Competition in the mining industry is primarily for the following: mineral-rich properties which can be developed and produced economically; technical expertise to find, develop, and manage such properties; labour to operate the properties; and capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a world-wide basis. Such competition may result in us being unable to: acquire desired properties; recruit or retain qualified employees; or obtain the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect our prospects for mineral exploration and success in the future. Furthermore, increased competition could result in increased costs and lower prices for metal and minerals produced which, in turn, could reduce profitability. Consequently, our revenues, operations and financial condition could be materially adversely affected.

Uninsured or Uninsurable Risks

Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, labour disputes, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins, ground or slope failures, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability.

Although we maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, our insurance will not cover all the potential risks associated with our operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all risks and we may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

Volatility of Current Global Financial Conditions

Current global financial conditions have been subject to continued volatility. Government debt and the risk of sovereign defaults in many countries have been causing significant uncertainties in the markets. High levels of volatility and market turmoil could adversely impact commodity prices, exchange rates and interest rates and have a detrimental effect on our business.

Currency Risk

Our primary assets and operations are located in Nicaragua, which uses its local currency, the Córdoba, and the US Dollar almost interchangeably. The US Dollar is the functional currency of our Nicaraguan subsidiaries, while Golden Reign has as its functional currency the Canadian Dollar. As a result, we have foreign currency exposure. The three main types of foreign exchange risk we face can be categorized as follows:

- Transaction exposure: our operations incur costs in different currencies. This creates exposure at the operational level, which may affect our profitability as exchange rates fluctuate;
- Exposure to currency risk: we are exposed to currency risk through a portion of the following assets and liabilities denominated in currencies other than the Canadian dollar: cash and cash equivalents, trade and other receivables, trade and other payables, reclamation and closure costs obligations, warrants and gross balance exposure; and
- Translation exposure: our functional and reporting currency is the Canadian Dollar. Our operations have assets and liabilities denominated in either the Nicaraguan Córdoba or US Dollars, with translation foreign exchange gains and losses included from these balances in the determination of profit or loss. Therefore, as the exchange rates between the US Dollar and Nicaraguan Córdoba fluctuate against the Canadian dollar, we will experience foreign exchange gains and losses, which can have a significant impact on our consolidated operating results. The exchange rate between the Córdoba and the United States dollar varies according to a pattern set by the Nicaraguan Central Bank. The Córdoba has been annually devalued versus the United States dollar by means of a crawling peg mechanism, which currently stands at approximately 5%.

As a result, fluctuations in currency exchange rates could significantly affect our business, financial condition, results of operations and liquidity.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. We may be, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. In addition, companies like ours that have experienced volatility in their share price have been subjected to class

action securities litigation by shareholders. Defense and settlement costs can be substantial, even for claims that are without merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which we may become subject could have a material adverse effect on our business, results of operations and financial position.

Potential Volatility of Market Price of Common Shares

Securities traded on the TSX-V have, from time to time, experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Common Shares. In addition, the market price of the Common Shares is likely to be highly volatile. Factors such as metals prices, the average volume of shares traded, announcements by competitors, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Company's control.

The Company is unable to predict whether substantial amounts of Common Shares will be sold in the open market. Any sales of substantial amounts of Common Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Common Shares.

MATERIAL MINERAL PROPERTY

Unless otherwise stated, the following information, tables and figures relating to the San Albino Gold Deposit are derived from, and in some instances are extracts from, the technical report entitled "Resource Estimate and Preliminary Economic Assessment on the San Albino Deposit, San Albino-Murra Concession and El Jicaro Concession, Republic of Nicaragua for Golden Reign Resources Ltd." prepared by P&E Mining Consultants Inc. that was filed on April 29, 2015.

Certain portions of the following information are derived from and based on the assumptions, qualifications and procedures set out in the PEA. For a more detailed overview of the San Albino Gold Deposit please refer to the technical report noted above, which is available on SEDAR at www.sedar.com and on the Company's website at www.goldenreignresources.com.

Property Description, Location and Access

The San Albino-Murra Concession is located in Nueva Segovia Department of the Republic of Nicaragua.

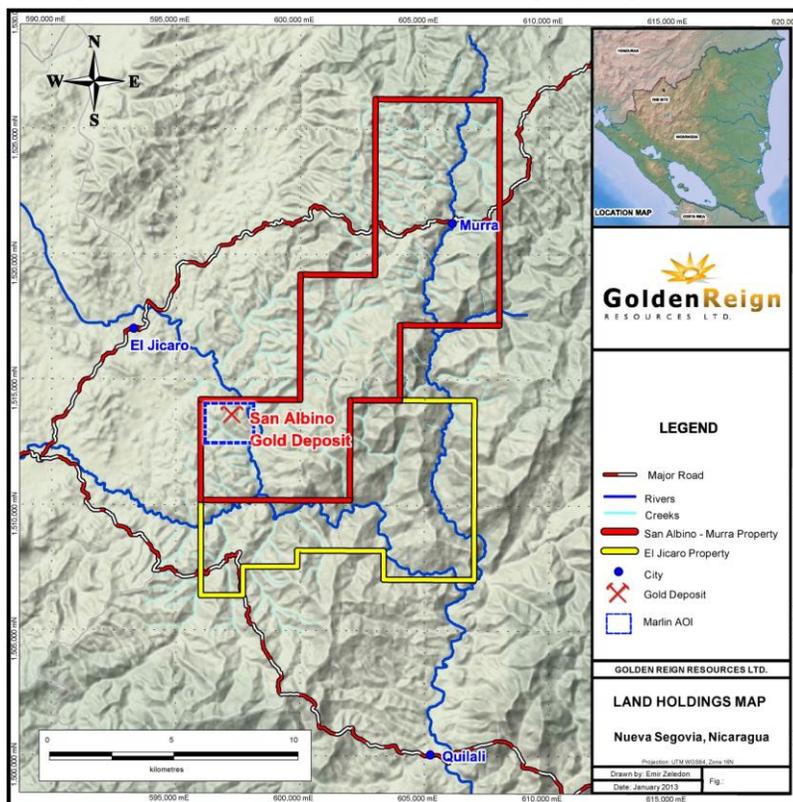
The Property is located 173 km north of Managua, the Capital of Nicaragua as the crow flies, 40.6 km east of Ocotal, the capital of Nueva Segovia, and approximately 15 km southeast of the northern border of Nicaragua with Honduras. Ocotal has a population of 39,450 (2000 census) and the Nueva Segovia Department has a population of 211,200 (2005 census). The smaller town of El Jicaro is located 6.0 km NW of the San Albino Gold Deposit. The town of Murra (population 1,000) is located 11.7 km northeast of the San Albino Gold Deposit and is within the northern part of the Concession area.

The San Albino Gold Deposit is located at Latitude 13° 41' 23" N, Longitude 86° 06' 04" W (UTM Zone 16 597200 E, 1513600 N, WGS 84 Datum).

Figure 1. San Albino-Murra and El Jicaro Property Map

Access to the Property is via 53 kilometres of paved road leading from the City of Ocotal (the capital of the Department of Nueva Segovia) to El Jicaro, Murra and Quilali. Ocotal is located 226 kilometres north of Managua City, following the paved road Highway CA-1 (the Pan American Highway). An all-weather, gravel road provides access to the Concession from El Jicaro, which is located 6 kilometres to the northwest. It takes approximately 5 hours driving time from Managua to El Jicaro, the nearest town to the Property, and 15-20 minutes driving time from El Jicaro to the San Albino Deposit. It takes approximately 30 minutes driving time from El Jicaro to Murra in the north end of the Property.

Our total land package covers an area of 13,771 ha (137.71km²) and is comprised of the San Albino-Murra and El Jicaro concessions. The San Albino-Murra Concession covers 8,700 ha (87 km²) and is our flagship property (Figure 1).



The San Albino-Murra Gold Concession was originally granted to Delgratia Mining Corporation by Decree No 179-RN-MC/2002, dated February 4, 2002. On November 10, 2003, the Property was transferred to Chorti Holdings, S.A., by Decree No 346-RN-MC/2003. The Property was transferred to Nicoz Resources, S.A., (“**Nicoz**”) the present title holder, by Decree No 611-RN-MC/2006, dated June 22, 2006. The Concession is valid for a period of 25 years ending on February 3, 2027, and may be renewed for a further 25 years.

We acquired our 100% interest in the San Albino-Murra Concession in two stages:

- (1) On May 7, 2012, we announced the early completion of an 80% earn-in interest in the San Albino-Murra Concession pursuant to the terms of a four-year Property option agreement dated June 26, 2009, with Nicoz, a private Nicaraguan company. Under the terms of the Property option agreement, consideration paid for the 80% interest consisted of:
 - i.) Aggregate cash payments totalling US\$450,000;
 - ii.) The issuance of 4,000,000 Common Shares of Golden Reign; and
 - iii.) Completion of exploration expenditures of US\$5,000,000.

- (2) On October 31, 2012, we announced an agreement to acquire the remaining 20% interest in the San Albino-Murra Concession by making cash payments totalling US\$650,000 and issuing 2,100,000 Common Shares from its treasury over a period of 12 months. The acquisition of the remaining 20% was completed in October 2013.

The El Jicaro Concession was acquired in February 2012 from a Nicaraguan title-holder. Aggregate costs incurred to purchase and transfer title of the mining exploration and exploitation license were US\$120,000. The El Jicaro Concession license is valid for a period of twenty-five years, until September 28, 2033, and may be renewed for a further 25 years.

Nicoz Resources, S.A., which is a wholly-owned subsidiary of Golden Reign, holds the legal title of the San Albino-Murra Concession. Gold Belt, S.A., a wholly-owned subsidiary of Golden Reign, is the holder of the El Jicaro Mining Concession.

The San Albino-Murra Property is subject to annual exploration reports, to be submitted to the Government of Nicaragua, and annual taxes. All concessions are subject to a 3% NSR on gold production, payable to the Government of Nicaragua.

On July 11, 2014, Golden Reign announced the completion of a US\$15.0 million gold streaming facility with Marlin Gold Mining Ltd. to provide financing for the development of the San Albino Gold Deposit. Under the terms of the facility, a wholly-owned subsidiary of Marlin (“**Marlin subsidiary**”) will be entitled to purchase 40% of gold production at US\$700 per ounce until Golden Reign has repaid US\$19.6 million. Prior to commercial production, the Marlin subsidiary will be entitled to an 8% semi-annual coupon on the US\$15.0 million. On commercial production, Golden Reign is required to make minimum monthly payments of US\$282,800. After Golden Reign has repaid the US\$19.6 million, the Marlin subsidiary will be entitled to purchase 20% of the gold production at US\$700/ounce subject to a 1% annual price escalation after 3 years of commercial production, plus 50% of the price differential should the gold price exceed US\$1,200/ounce.

History

Gold-quartz mineralization was discovered at the San Albino Deposit around 1790 by Spaniards during placer mining activities on the Rio Cocos west of the deposit. Spaniards mined gold at the San Albino Gold Deposit initially from an open pit and subsequently by underground methods. Flooding eventually stopped the early work.

The early history of the Property was summarized by Rodgers Peale (1948). From 1885 to 1920 the Property was worked by several operators. In 1922 to 1926, Charles Butters, an American metallurgist, built a mill on site, however, the operation was seized in 1927 by Augusto Sandino, leader of the Nicaraguan revolution.

Information on the history of exploration on the Property is summarized in Table 1 below, from Kowalchuk (2011) and Puritch et al. (2013).

TABLE 1 - HISTORICAL EXPLORATION ON THE SAN ALBINO GOLD PROPERTY		
Year	Company	Exploration
1885-1899	Ramon Raudales	Mined 12,000 tons of ore at an estimated value of \$12.00/t.
1899-1906	San Albino Mines Ltd.	2,000 tons of ore, valued at \$17.00/t, was mined from 7.5 ft stope from pillars.
1906-1912	Jicaro Gold Estates Ltd.	11,000 tons of ore, valued at \$7.00/t was mined from pillars and dumps.
1912-1920	John May and G.J. Williams	Mined 7,000 tons at an estimated value of \$11.00/t. 1,500 tons was stoped and the remainder was taken from development and pillars.
1922-1926	Charles Butters	Heavy mill equipment brought to property, small production of about 10 tons per day. Dam built on the El Jicaro River for power. 3,000 tons mined.
1926	Augusto Sandino	Took over the mine with the miners and milled approximately 3,000 tons of stockpiled ore.
1935	New York and Honduras Rosario Mining Co.	Sampling conducted on the 400 level.
1938	General Anastasio Somosa	Intermittent operations in late 1930's and early 1940's. Closed down after the hydroelectric dam on the El Jicaro river was lost. No production records exist.
1948	Luis Somosa	Property inspected by Rodgers Peale, a mining consulting engineer, who wrote a compilation report of work done to date.
1981		The San Albino Mine plant was burned down by revolutionaries and the remains of the mill equipment scattered at the plant site.
1996	Western Mining Corporation	The 200L, 400L and Naranjo cross cut were cleaned and channel sampled at 5 ft intervals. The 300L cross cut was reopened for a distance of 287 ft but didn't reach the 300L main drift. The 300L cross cut was channel sampled at 5 ft intervals from the entrance to 145 ft.

TABLE 1 - HISTORICAL EXPLORATION ON THE SAN ALBINO GOLD PROPERTY

Year	Company	Exploration
1996-1997	Western Mining Corporation	Completed the first modern exploration on the Quilali-Murra Exploration Concession, which included the San Albino-Murra Gold Concession. Work included stream sediment survey throughout the concession area and rock chip sampling. Soil samples were collected every 500 m along trails and footpaths crossing the area. 2 vertical drill holes (to 76 ft and 96 ft) failed to reach the programmed depth of 400 ft.
1997-2006	Resources and Mining S.A. – REMISA (formerly EMSA)	Reopened old cross-cuts at different levels but couldn't reach the main drift. A soil survey was conducted in the hanging wall side of the San Albino Mine's mineralized structure.
2003	Pila Gold Ltd.	350 separate showings were identified, mapped and sampled. 893 rock samples, 189 soil samples and 43 silt samples collected. 24 hand dug trenches and pits completed. Regional traverses conducted. Golden Reign possesses a database with this information.
2006-2008	Condor Resources Plc.	75 Trenches totalling 2,250 m with 2,398 samples. 82 road cuts totalling 584 m with 694 samples. 8 adits inspected or mapped over 246 m with 246 samples taken. 24 drill holes totalling 2,754 m with 1,321 samples (3 drill holes at San Albino and 21 at Arras). Rock chip and soil samples total 1,100 samples.

Trenching

From 2006 to early 2009, Condor Resources, Plc. (now Condor Gold Plc.) completed 75 trenches totalling 2,250 m taking 2,398 samples, 82 road cuts totalling 584 m with 694 samples taken, mapped or inspected 8 adits over 246 m with 246 samples taken. A 24 reverse circulation (“RC”) drill hole program, totalling 2,754 m with 1,321 samples taken, was conducted (3 drill holes at the San Albino prospect and 21 at the Arras prospect). Rock chip and soil sampling was done, with 1,100 samples taken.

Select intersections from the San Albino trenches include 4 m grading 6.62 g/t Au in trench SACT024, 1.5 m grading 11.3 g/t Au in trench SACT31 and 5 m grading 37.2 g/t Au in trench SATR062.

Select intersections from the Arras exploration trenches included 3 m grading 15.9 g/t Au in trench SACT002, 10 m grading 1.31 g/t Au in trench SATR001, 18 m grading 6.77 g/t Au in trench SATR010, 16 m grading 7.89 g/t Au in trench SATR011 and 5 m grading 6.97 g/t Au in trench SATR024.

Historic Drilling

A total of 24 boreholes were advanced, including 3 on San Albino and 21 on Arras. Two drill holes were completed by diamond drill, with the remainder completed using RC drilling.

Only one hole at San Albino intercepted gold bearing structures, SARC010 intersected 1 m grading 4.20 g/t Au at 14 m and 1 m grading 2.12 g/t Au at 95 m.

Select intersections from the Arras include 4 m grading 17.9 g/t Au from 8 m in drill hole SARC005, 4 m grading 28.2 g/t Au from 3 m in drill hole SARC013 and 4 m grading 16.3 g/t Au from 84 m in drill hole SARC021.

Geological Setting, Mineralization and Deposit Types

Regional Geology

Northern Nicaragua in the region of the San Albino Property is underlain by the eastern part of the Chortis block of the Caribbean Plate. The rocks of the eastern Chortis block are composed of pre-Jurassic Paleozoic greenschist facies phyllites and schists that are unconformably overlain by Mesozoic stratigraphy consisting of limestone, mudstone, greywacke and calcareous mudstone, with lesser andesite tuff and flows of Cretaceous age (Sundblad et al. 1991).

The San Albino Property covers over 20 kilometres strike extent of a belt of Paleozoic metamorphic rocks within a structural trend known as the Guayape Suture Zone. North of the Property, the Cretaceous Dipilto granitic batholith

and felsic to intermediate dikes intrude the metasedimentary and metavolcanic rocks of the Chortis Block. Since the Dipilto batholith is undeformed, it was probably intruded after the compressional deformation of the Chortis Block occurred.

The region southwest of the Dipilto batholith, including the area of the Property, is underlain by metasedimentary rocks consisting mainly of graphitic metapelitic and metapsammite schists, with layers of metavolcanics, metaconglomerates, quartzites, and calc-silicate (Garrett, 2012). Hydrothermal quartz veins and lenses are common throughout the metasediments.

Further to the southwest, a significant accumulation of Cenozoic volcanic rocks and related intrusive rocks are a result of magmatic activity related to subduction of the Farallon and later the Cocos plates beneath the Caribbean plate along the Middle America Trench, southwest of Nicaragua (Donnelly, 1990). The volcanic rocks are dominated by calc-alkaline, high-alumina basalts and basaltic andesites, with locally important ignimbrites of rhyolitic to andesitic composition.

Local Geology

The San Albino Gold Deposit is located at the southwest end of the 20 km gold-bearing trend named the Corona de Oro Gold Belt by Golden Reign. The following description of local geology is summarized from Kowalchuk (2011).

The San Albino Deposit is characterized by a series of shallow dipping, sulphide bearing quartz veins hosted by deformed quartz sericite schist containing up to 3% graphite. The original protolith of the schists is uncertain. Based on petrographic observations, many of the schists and phyllites that are distal to mineralization are described as quartz-calcite-chlorite-sericite schist and phyllite, and are interpreted to be deformed mafic to intermediate volcanics or intrusives. The phyllites are less deformed than the schists. East of the El Jicaro River, mafic rocks range from slightly metamorphosed, to chlorite-sericite phyllite and then to quartz-chlorite-sericite schist.

The immediate host rocks of the mineralization are quartz-sericite-calcite schist with 1-3% carbonaceous material that is probably graphite. Although the carbonaceous material in the schist appears to be abundant in hand specimen, petrographic observations indicate that the carbonaceous content is less than 3%.

The schists and phyllites are intruded by intermediate to mafic plugs and dikes. Petrographic studies describe these intrusives as diabase or gabbro with fine grained dikes being andesitic in composition. The intrusive rocks vary from massive to slightly foliated, suggesting a late-to postdeformation age of emplacement. The mafic intrusives may be related to the Dipilto batholith that ranges from granite to gabbro in composition. Near the gold bearing quartz veins, the dikes and intrusive bodies show signs of hydrothermal alteration, with the conversion of chlorite to sericite and amphibole to actinolite. The mafic dikes and bodies may be contemporaneous or post-date the mineralization. Most of the larger bodies of intrusive rocks lie east of the El Jicaro River, extending north to the municipality of Murra.

Abundant metamorphic quartz veinlets and lenses that are concordant with the dominant foliations are interpreted as derived from metamorphic mineral differentiation. The rocks are extensively deformed with tight compound folding, lensoidal textures and thrust features all recognized at the centimeter to meter-scale. Recumbent folds have fold axes striking at 240° and dipping 45° to the northwest with the fold hinge oriented 215° and folds verging to the northeast.

The main structural trends are the 240° regional foliation and a cross cutting 310° set of structures or faults. Limited movement, possibly as little as 50 m, occurs along the 310° faults. The Property is cut by a later north-south trending normal fault along the El Jicaro River which raises the rocks east of this fault by as much as 500 m. Other minor north-south normal faults also raise the rock units east of the faults.

In the North, east of the Murra River the foliation strikes north-east (20°) and dips steeply to the west. West of the Murra River the foliation dips steeply to the east. These schists contain quartz veins and veinlets, ranging in width from 1 centimetre to several m. The mineralized veins generally lie parallel to foliation and it appears that veins follow the large regional north-east trending structures. The large north-south trending Murra River structure may actually be the axis of a large north-south syncline.

Property Geology

The following description of the San Albino Deposit is primarily summarized from Kowalchuk's (2011) technical report. At the San Albino Deposit, the gold and silver mineralization is hosted by quartz veins, veinlets and quartz stockworks in chlorite schist. The host rock immediately surrounding the mineralized veins consists of sericite, chlorite and clay minerals and minor graphite, much of which may result from alteration of the regional chlorite and biotite schist. Although the schist only contains 1-3% black carbonaceous opaque minerals (graphite), the schist acquires a black colour and is referred to as graphite schist.

Mineralization appears to be controlled by a regional 60° trending regional fabric. This prominent structural control governs both the strike of the surrounding phyllites and schists, as well as the mineralized quartz veins.

The San Albino Deposit consists of four principal stacked, northwest dipping mineralized zones (Golden Reign July 24, 2014 press release). The uppermost El Jobo zone was recently discovered. The San Albino zone underlies the El Jobo zone and dips to the northwest at 17°. The San Albino zone has been traced for a strike length of approximately 700 m and has widths of 1.5 to 6 m. The Naranjo zone, below the San Albino zone, dips at 15° to the northwest, has been traced for a strike length of over 800 m. The Naranjo zone is characterized by heavily fractured to brecciated chalcidonic quartz in a well-developed graphitic shear zone, shows some discontinuity and is generally less than 1.5 m thick. Down dip the zone is reported to split into two or three parallel veins. The Arras zone is the lowest mineralized vein system, dips 19° to the northwest and has been defined over a strike length of approximately 600 m. Overall, the mineralized vein system has been defined over strike length of 670 m, down dip extension of 900 m. The zones are separated by approximately 100 m of host rock.

Mineralization

The mineralized veins of the San Albino Gold Deposit are typically milky quartz veins containing pyrite, arsenopyrite, galena and sphalerite, with traces of chalcopyrite. Gold mineralization is described as occurring as microcrystalline and free gold varieties (Garrett, 2012). Visible gold was recognized by Golden Reign geologists in 15 of the 223 holes drilled on the Property and was observed in all three veins. Graphite and possible sulphosalt stringers locally result in a marbled appearance to the veins. The mineralized quartz veins have a moderate amount of fracture-controlled sulphides. Gold mineralization has a very strong correlation with galena and a moderate correlation with arsenopyrite. There is generally a 1:1 gold to silver ratio. Mineralization is occasionally associated with epidote alteration and clay.

Gold mineralization is largely confined to the quartz veins; however, zones of significant gold mineralization are found in narrow 1 centimetre wide quartz veinlets proximal to the veins and distributed erratically peripheral to the veins. The presence of the veinlets produces a mineralized zone significantly wider than the actual primary quartz veins and is the reason the Golden Reign refers to the mineralization as “zones” rather than just as veins. Recent trenching results indicate that the host rock containing thin quartz veinlets have the potential to carry substantial gold grades. For example, trench SA-12-TR-06 returned 8.27 g/t Au over 8.0 m in the host rock. The host rock locally contains disseminated pyrite, pyrite stringers, and pyrite nodules with occasional evidence of chalcopyrite and pyrrhotite nodules.

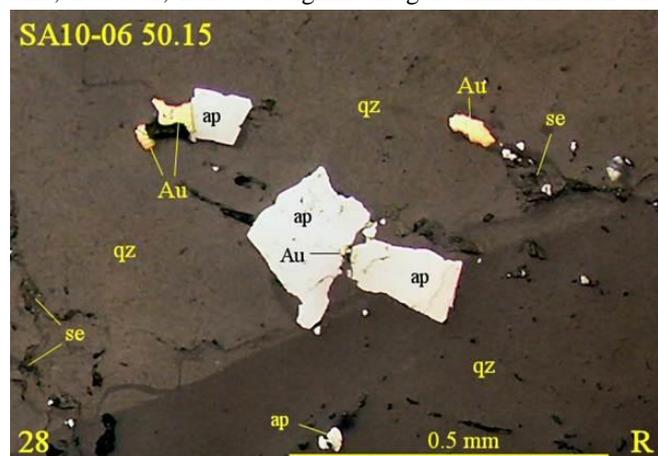


Figure 2. Photomicrograph of Gold Mineralization in San Albino Vein

The host rocks and veins are weathered up to 30 m below surface. In the weathered zone, the mineralized quartz veins and veinlets are often shattered and difficult to recognize in trench mapping and drill core. Generally the sulphides in these weathered veins are not oxidized, and galena, arsenopyrite and sphalerite are observed. The weathered zone is referred to in this report as an oxide zone; however, a more correct term would be a transition zone. True oxide zone is observed only in the regolith.

Petrographic reports with microphotographs provided by Golden Reign illustrate that native gold typically lies along sulphide-quartz and pyrite-arsenopyrite grain boundaries (Figure 2). The Company reports that in no cases was native gold visible within the crystal structures of the various sulphide grains. Sample SA10-06, 50.15 m from the San Albino Deposit. Subhedral grains of arsenopyrite (“ap”) in quartz (“qz”) with native gold (“Au”) and minor sericite (“se”).

Deposit Types

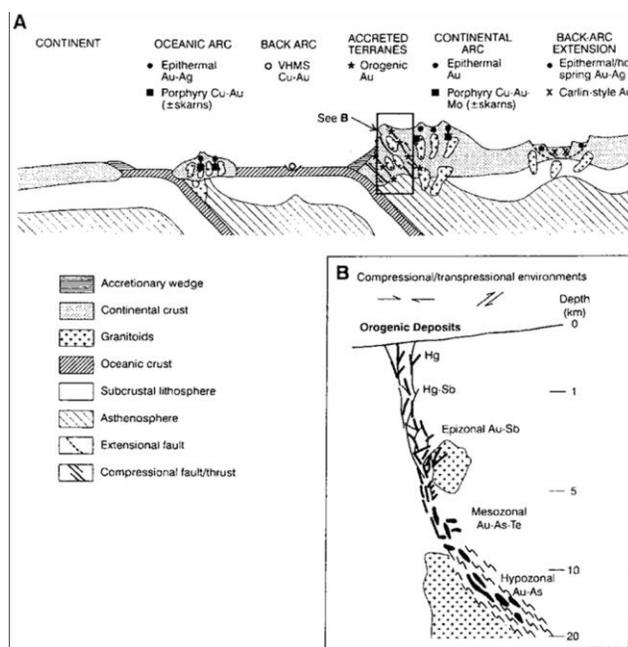
Nelson (2007) reports that most Central American precious metal deposits are associated with either epithermal quartz veins such as at the Bonanza, Talavera, La Libertad-El Limon mines in Nicaragua, or with epithermal quartz stockworks such as the Marlin mine in Guatemala. These epithermal deposits have formed during the last 10 to 20 million year history of island arc volcanism in Central America. Documented epithermal gold mineralized systems in Nicaragua, such as the El Limón district, are considered typical of low-sulphidation, quartz-adularia, epithermal systems (Pearson and Speirs 2009). The epithermal quartz veins systems are typically steeply dipping, crustiform veins, formed along structural conduits at a relatively deep level of the fossil geothermal systems at 200 to 3,000°C.

In contrast, the San Albino Deposit and other mineralized zones on the Property appear to be orogenic gold deposits associated with deformed accretionary terrains that are adjacent to magmatic arcs. The gold mineralized sulphide-bearing quartz veins of the San Albino Deposit are located within a large and intense regional deformation zone. Mineralization is associated with compressional to transpressional deformation processes. The San Albino Deposit mineralization has significant down dip continuity as indicated by the Arras zone, which has been, thus far, traced down dip for over 900 m.

Figure 3. Tectonic Settings of Gold-Rich Epigenetic Mineral Deposits

Figure 3 illustrates the structural location and tectonic style of the mineralization based on the model of Groves et al. (1998). In this model, subduction-related thermal events episodically raise geothermal gradients within the hydrated accretionary sequences. These elevated geothermal gradients initiate and drive long-distance hydrothermal fluid migration. The resulting gold-bearing quartz veins are emplaced over a significant range of depths and gold deposition may occur from hypozonal (>12 km), through to mesozonal (6-12 km), and epizonal (<6 km) crustal depths. The shallower range of environments may give rise to deposit characteristics that are gradational between “mesothermal” and “epithermal” deposit types.

In Groves et al. (1998) model, epithermal veins and gold-rich porphyry and skarn deposits, form in the shallow (< 5 km) parts of both island and continental arcs in compressional through extensional regimes. Epithermal veins, as well as sedimentary rock-hosted type Carlin mineralization, are emplaced in shallow regions of back-arc crustal thinning and extension. In contrast, ‘mesothermal’ gold mineralization (termed orogenic gold on this diagram) are emplaced during compressional to transpressional regimes and throughout much of the upper crust, in deformed accretionary belts adjacent to continental magmatic arcs. Note that both the lateral and vertical scale of the arcs and accreted terranes have been exaggerated to allow the gold deposits to be shown in terms of both spatial position and relative depth of formation.



Exploration

Regional Mapping and Prospecting

The Company completed regional mapping and prospecting over the entire San Albino-Murra Property from 2010 through 2012. Follow-up trenching was completed at a number of prospects. Additionally, several historical mines were re-opened and the veins sampled.

The ongoing regional prospecting and sampling program included mapping that was conducted intermittently over the historic San Albino Mine area during early 2012. The area mapped extends from 576,720E to 577,760E and 1,513,080N to 1,513,920N, representing approximately 0.87 km².

All roads, drill pads, drill collars, mine tunnel entrances, mine chimneys, mine dumps, buildings, trenches and outcrops were identified and mapped in detail at a scale of 1:1,000. Particular attention was paid to rock type, foliation and structures. All mapping was conducted utilizing a Garmin GPSmap 60CSx for control. Subsequent to this mapping, all trenches within this area have been reclaimed and the majority of the newly exposed outcrops have since been buried, in accordance with Nicaraguan mining law and environmental protection requirements.

Mapping and sampling carried out at the Las Conchitas area, which lies immediately south of the San Albino Gold Deposit was successful in identifying several new prospects – all located within a 4 square kilometre area of the southern block of the Property. These new prospects comprise a system of parallel, sheeted quartz veins, similar to those at the San Albino Gold Deposit. A number of old mine dumps and pits, float material and quartz vein structures that were sampled returned good gold grades and are highly prospective. Four significant, parallel mineralized zones, all striking northeast/southwest, have been mapped and tested by sampling.

The Company also outlined the Corona de Oro Gold Belt, a structural corridor approximately 3 km wide by 23 km long that stretches from the southern to the north-eastern boundaries of the Property

San Albino Zone Trenching Programs

In 2010, the Company excavated 8 trenches totalling 160 m. The trenches were located to test the surface trace of the San Albino zone. The area of trenching lies above the El Naranjo zone and is surrounded by historical Spanish surface workings. The trenches are approximately 50 m apart, averaging 20 m in length. All of the trenches were hand dug and averaged approximately 0.8 m in width and 1.8 m in depth. Many of the trenches did not reach bedrock and regolith samples were taken for analysis.

In four of the trenches, the Company intersected significant gold values representing the mineralized zone.

In 2011, the Company excavated four trenches (SA11-TR-01 to SA11-TR-04) in a northwest direction to test the exposure of the San Albino zone. The trenches were each spaced 50 m apart and averaged 55 m in length and 2.0 m by depth.

In 2012, the Company excavated eight trenches (SA12-TR-01 to SA12-TR-08) to obtain a more thorough understanding of the San Albino mineralization. Trenches ranged in length from 44 m to 143 m, were approximately 1.5 m wide and were dug to a depth of 2 m to 4 m. The total length of trenching was 789.5 m. All trenches were roughly oriented northwest. The trenches were excavated over the main areas of historic disturbance and were in the same general area as the shallow 2010 and 2011 trenches.

The results of the 2012 San Albino trenching program confirmed that the area contains a continuous strike length of significant gold mineralization.

In 2013 and 2014, the Company completed 10 trenches totaling 1,478.6 m. Where the trenches intersected vein mineralization, a total of 11 exploration pits were excavated showing structural details of the zone and allowing for measurements of the dip, strike and true thickness of the zone. The trenching completed to date has more than doubled the strike length of the San Albino zone from 350 to 800 m.

Arras 2013 Trenching Programs

In 2012, the Company completed six trenches totalling 378.5 m. The trenching was designed to test the grade and continuity of the surface showings of the Arras zone. Trenches were oriented northwest-southeast at right angles to the strike of the zone. Samples were taken primarily along the floor of the trenches and also down the walls of the trench at 5 m intervals. Trenching confirmed the continuity of the Arras mineralization along strike and down dip.

In 2013 the Company completed 14 trenches totalling 2,030 m, doubling the surface exposure of the Arras zone from 130 m to over 260 m. The average depth of the trenches is 1.8 m, with the mineralization intersected at a depth ranging from 1.0 to 1.5 m. Where the trenches intersected vein mineralization a total of 14 exploration pits were excavated to expose the structural details of the zone. The Company also exposed a large outcrop of the Arras zone with a large pit called “Predator Pit”. The Company excavated four “catas” or exploratory pits, searching for extensions to the zone. Two historical mines, Arras - Tunnel #3 and San Lorenzo Mine - were opened, mapped and sampled in detail:

Arras - Tunnel #3, was opened for a length of 10 m and the SE or up-dip extension of the zone was exposed and sampled. The quartz vein within the zone (1.8 to 2.2 m wide) is well mineralized and contains galena and arsenopyrite. Cleanup around the entrance of the adit exposed the surface of the mineralized structure, which in this case is identified as sheeted quartz veins, 0.2 to 0.7 m wide with intercalated schist.

Predator Pit is situated approximately 25 metres below Arras - Tunnel #3 tunnel and sampling of the mineralization demonstrated down-dip continuity of the zone.

In 2014, the Company opened the mouth of the San Lorenzo Mine situated 130 m northeast of known Arras zone mineralization. The trench exposed the Arras zone down-dip extent for 20 m and extended the surface strike length of the Arras zone to 390 m.

Drilling

From 2010 to 2013 the Company drilled 41,170.21 m of core in 226 holes. All drilling consisted of HQ sized core. Drill sites were originally located using a handheld GPS unit. Drill hole locations were surveyed using Total Station surveying equipment. The Company conducted drilling at a spacing of between 15 to 75 m, with most of the holes oriented at an azimuth of 130°, perpendicular to the strike of mineralization. Downhole surveys for dip and magnetic azimuth were carried out at approximately 50 m intervals using a Reflex Multishot Survey Instrument.

Information from 2010-2012 drilling and trenching activities formed the basis of an initial mineral resource estimate prepared by P&E in November 2012. Subsequent drilling and trenching provided additional information for an updated mineral resource estimate in July 2014. Additional work completed by Golden Reign in 2014 led to a further revision of the resource estimate, which can be found below under “*Mineral Resources*”.

In 2011, Golden Reign carried out a limited drill program at the Las Conchitas area, which lies approximately 1.5 km south of the historic San Albino Mine and 0.5 km north of the Company’s El Jicaro Concession. A total of 2,012 m of drilling was completed in seven holes as follow up to the Company’s extensive 2011 trenching program.

In 2013, the Company drilled 10 holes totalling 1,026 m over the second or Intermediate zone of the Las Conchitas area. One hole was cored in the Intermediate area near the former Mina Francisco shaft. Drilling targeted high-grade mineralization intersected initially by trenching. These Las Conchitas zones are not the focus of the Technical Report and will not be elaborated upon herein. For further information on the Las Conchitas area, the reader is referred to the Company’s website at www.goldenreignresources.com.

2010 – 2012 San Albino/Arras Drilling Program

The primary objectives of the 2010 drill exploration program were to: (1) test the lateral and down-dip extension of the San Albino zone mineralization (2) confirm and evaluate the size and grade of known mineralized zones within the San Albino Gold Deposit area.

In 2010, the Company drilled an initial 9 holes totalling 1,269 m under the historic San Albino Mine. All drill holes successfully intersected the near-surface San Albino zone. Two drill holes, SA10-06 and SA10-09, were extended to a depth of over 250 m to test for down dip extensions of underlying mineralized zones. Drill hole SA10-06 intersected the down dip extension of both the Naranjo and Arras zones.

At the Arras zone outcrop, Golden Reign drilled an additional 5 short holes totalling 244.9 m. All but one of these drill holes intersected the mineralized zone and confirmed the presence of high-grade, near surface mineralization.

Based on the success of the 2010 drill program, the Company significantly expanded drilling on both the San Albino and Arras zones of the San Albino Gold Deposit. In 2011, the Company drilled 54 core holes totalling 14,431.2 m. In 2012, drilling consisted of 84 holes totalling 19,055.4 m on the San Albino Gold Deposit.

Drilling carried out by Golden Reign on the San Albino Gold Deposit was confined to an area of 700 m in length and up to 800 m in width. Geological mapping and geochemical sampling suggest that the mineralized area extends beyond the drilled strike length and width.

Mineralization on the San Albino Gold Deposit is currently confined to three principal sub-parallel zones, namely the San Albino, Naranjo and Arras zones, as well as a number of semi-discontinuous lenses. The zones are shallow, dipping towards the northwest, and strike northeast.

San Albino/Arras 2013 Drill Program

In 2013, the drill program consisted of 6,160.5 m in 73 drill holes. The program included short in-fill holes designed to test the continuity of the near-surface mineralized zones and deeper step-out holes testing extensions peripheral to the mineralization. In addition, 12 drill holes totalling 236 m were used for metallurgical test work.

This in-fill drilling resulted in the discovery of a new zone, El Jobo, which lies at surface, structurally above the San Albino zone.

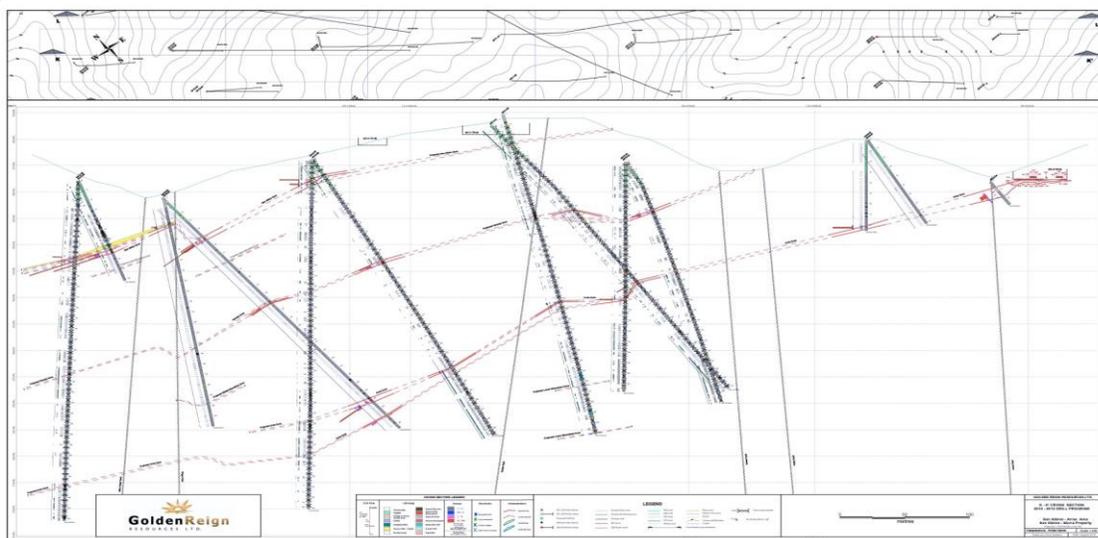
A summary of significant mineralized intercepts during the 2013 San Albino Gold Deposit drill program is presented in Table 4. Near surface, in heavily weathered rock, core drilling may underestimate the actual gold results with gold being washed away in places where poor core recovery was realized.

Diamond drilling carried out by Golden Reign at San Albino and Arras was confined to a zone 700 m in length and up to a width of 800 m. Geological mapping and geochemical sampling indicate that the mineralized area extends beyond the drilled strike length and width, and the mineralized zone remains open along strike in all directions, as well as to depth.

Mineralization is confined to three principal sub-parallel zones; namely the San Albino, Naranjo and Arras zones, as well as a number of semi-discontinuous lenses.

Figure 4 below shows a cross section (Cross section K-K') of the drill holes showing the three mineralized zones.

Figure 4. Cross Section K-K'



Sampling, Analysis and Data Verification

The following section is largely taken from P&E's Technical Report and Resource Estimate on the San Albino Deposit, dated January 4, 2013.

Sample Preparation and Security

Drill core was brought back to surface where it was placed in custom HQ boxes with core blocks, secured, and transported from the drill site to the core logging facility in El Jicaro. At the logging facility, the core was washed and logged. Sample intervals were selected based on structural and geological indicators of zones of interest. Logging was completed by Company geologists and geotechnicians.

Samples were identified with a unique sample tag and recorded in a book of sample tags. Blanks, standards and duplicate samples were included approximately every twenty samples and were numbered sequentially with the core samples. All core was photographed in both wet and dry states before being split for sampling. Each sample length was split in half with a diamond saw by a technician. One half was placed, with a sample tag, into a sample bag that was marked with the sample number. The remaining half core was stored in a secure archival facility for future reference. Sample bags were kept in a secure holding area before being checked and loaded into a truck for direct transportation to the Inspectorate America Corporation ("Inspectorate" or "IPL"), a certified USA based laboratory (UKAS, NAMAS, STERLAB, ISO 17025), preparation laboratory in Managua, Nicaragua by Company personnel.

Analyses

Prior to 2012, Golden Reign's analytical procedure was as follows:

Samples were dried and crushed to -10 mesh at the IPL preparation lab. A 500 gram riffle split was pulverized and shipped to the IPL laboratory in Richmond, Canada where the sample was subjected to a 500 gram metallic screen process. The 500 gram sample was then pulverized to -150 mesh and sieved through a 150 mesh screen. The fraction of the sample that did not go through the screen (+150 mesh) was weighed and fire assayed. Two 30 gram samples of the -150 mesh fractions were fire assayed for gold and averaged. The two sets of assays were combined with a weighted average to produce a total gold value for the 500 gram sample. All samples were subject to a 30- element ICP analysis.

In 2012, Golden Reign implemented the following analytical procedure:

All samples were analyzed using a 30 gram fire assay with AA finish for samples less than 10 g/t Au and a gravimetric finish for samples greater than 10 g/t Au. All samples greater than 1.0 g/t gold were subjected to a 500 gram metallic screen process. The metallic screen method is the best practice for reducing the 'nugget effect' in samples. Golden Reign used metallic screen analysis for compilation of its assay database utilized in the current Resource Estimate.

Quality Control

Inspectorate uses both certified reference material and certified in-house standards. Standards are inserted approximately every 20 samples, as well as 2 pulp duplicates and 1 geological blank in every batch with FA/AA work. Results from all internal QC samples, and repeats, get reported to Golden Reign.

Both Inspectorate's preparation facility in Managua, Nicaragua and its analytical laboratory in Richmond, B.C. are ISO 9001:2008 accredited facilities.

It is the author's opinion that the sample preparation, security and analytical procedures used by Golden Reign are adequate.

Data Verification

The San Albino Project was visited by Mr. Antoine Yassa, P. Geo., of P&E, a qualified person under NI 43-101, from October 6 to 9, 2014. The site visit included geological discussions, drill collar surveys, examination of mining adits and open trenches, as well as a validation due diligence ¼ core sampling program.

Mr. Yassa collected nine samples by ¼ sawing the half core remaining in the core box. Two samples were collected from the Arras vein, and seven samples were collected from the San Albino vein. Individual samples were placed in plastic bags with a uniquely numbered tag, after which all samples were collectively placed in a larger bag and taken by Mr. Yassa to the offices of P&E in Brampton, ON, Canada for delivery to AGAT Labs in Mississauga, ON, for analysis.

AGAT is an independent lab that has developed and implemented at each of its locations a Quality Management System (QMS) designed to ensure the production of consistently reliable data. The system covers all laboratory activities and takes into consideration the requirements of ISO standards.

AGAT maintains ISO registrations and accreditations. ISO registration and accreditation provide independent verification that a QMS is in operation at the location in question. AGAT Laboratories in Mississauga, ON is ISO/IEC 17025:2005 accredited laboratory.

Gold was determined using Fire Assay - Trace Au, ICP-OES finish. All gold values greater than 10 g/t were rerun using Fire Assay with a Gravimetric finish. Silver was analyzed using Aqua Regia Digest with ICP/ICP-MS finish.

The results from the comparisons for gold and silver, taking in consideration the nugget effect, are acceptable for the purposes of the resource estimate.

Quality Assurance/Quality Control Program

The QC program evaluated data from analyses performed between January 2013 and October 2014 for the San Albino Deposit.

All San Albino Deposit samples were sent to Inspectorate's preparation laboratory in Managua, Nicaragua for sample preparation and forwarded to Acme Analytical Laboratories (Vancouver) Ltd. ("Acme") of Vancouver, British Columbia for analysis.

A total of 11,791 samples in 115 batches were sent to Acme for analysis. The batches range in size from 20 to 240 samples, including the QC samples inserted in each batch. Routine batches include the insertion of one certified reference material (standard), one blank and one coarse reject duplicate per approximately 20 samples.

All samples were analyzed using a 30 gram Lead Collection Fire - Assay Fusion - AAS Finish for samples less than 10 PPM Au and an additional gravimetric finish for samples greater than 10 PPM Au. All samples (with exception of the last three batches analyzed in 2014) greater than 1.0 PPM Au were subjected to a 500 gram metallic screen process.

A total of 478 samples in 56 batches were further analyzed with Metallics Fire Assay.

It is noted that the metallic analyses were performed without the necessary QC samples (standards and blanks) inserted and is recommended that in future analyses these reference materials be included.

Additionally, the samples were tested by 1:1:1 Aqua Regia digestion ICP-ES analysis for 34 elements including Ag.

Mineral Processing and Metallurgical Testing

Drill core samples from the San Albino Project have been subjected to metallurgical testing by Inspectorate Exploration & Mining Services-Metallurgical Division and the results were summarized in Project Reports for

Metallurgical Testing dated June 2013 and February 2014. In addition, Sonoran Resources LLC was contracted by Golden Reign Resources Ltd. to complete a Preliminary Cost Assessment Report, dated July 10, 2014, which included new metallurgical tests and analysis as validation test work.

The first laboratory testing program was conducted on four composite samples collected by Golden Reign, designated as A, B, C, and D, to determine their amenability to gold and silver recovery via direct cyanide leaching, centrifugal gravity concentration and sulphide flotation. The scope of original test work included:

- Head sample characterization
- Test grinds
- Diagnosis cyanide leaching tests at three grind sizes
- Gravity recovery tests
- Rougher flotation tests
- Size by assay analysis of test tailings
- Sequential gravity-flotation tests
- Analytical consistency checks.

This work was completed during 2013 and the Executive Summary for this work reported on scope and testing as follows: “The study covers the following major topics: head assay, cyanide leaching at three different grind sizes, gravity concentration at two grind sizes and rougher flotation kinetic assessment at three different grind sizes. The best results were combined to test the combined gravity-flotation gold recovery from two primary composites.

Fire assays of the four composites indicated gold grades of 29.9, 13.7, 6.3 and 3.9 g/t for composites A, B, C and D, respectively. These grades were used to check for analytical consistency in each test.

Diagnostic leach tests results show that samples A, B and D contained cyanide soluble gold in the range of 78.6% to 89.3% using 20 g/L activated carbon.

The gravity pre-concentration tests indicated that 3-pass Au recoveries between 80.2% and 84.4% were achieved on composites A through C at a grind target P80 of 100 µm. Gravity recovery of Au on composite D was lower, just under 52%. All samples generally responded well to sulphide flotation, with gold recoveries in the range of 76.6% to 85.5% on tests carried-out at the finer grind size target of P80 75 µm and after 8 minutes of flotation.

Sequential gravity-flotation testing on composite D as well as a 50/50 blend of composite A and B material resulted in total recoveries of 96.4% Au and 92.6% Ag for composite AB and 84.3% Au and 86.8% Ag for composite D. It is recommended to pursue this processing route for further optimization and to investigate upgrading of the concentrate grades.”

A second testing program was conducted on four composite samples collected by Golden Reign, designated as AR-01, AR-02, SA-01 and NAR-01, to determine their amenability to gold recovery via centrifugal gravity concentration followed by cyanide leaching using the carbon-in-leach (“CIL”) process. This work was completed early 2014. The latest results were presented in the Report for Phase-II Metallurgical Testing on the San Albino Project. The report summary presented the results as follows:

“The study covers the following major topics: head assay, gravity concentration to recover free gold followed by cyanide leaching of the gravity tailings.

Metallic screen assays of the four primary composites indicated gold grades of 2.70, 8.99, 0.41 and 2.68 g/t for composites AR-01, AR-02, SA-01 and NAR-01, respectively. A fifth, high-grade sample (79494), was separately assayed at 13.87 g/t Au. These composite grades were used to check for analytical consistency in each test.

The gravity concentration tests indicated gravity-recoverable-gold (“GRG”) content in the range of 47.1% to 56.9% in all four composites, the highest of which was composite AR-02.

The gravity tailings responded well to 72 hour cyanide leaching, resulting in gold extractions in the range of 80.0% to 85.6% across all composites, with the exception of composite AR-01, which yielded a 67.3% Au extraction. Ag extractions ranged from 34.4% to 56.9% for all four composites.

A duplicate leach test on GRG-2 (composite AR-02) test tails found that decreasing the leach time from 72 hours to 24 hours resulted in the same metal extractions. The 24 hour residence time also resulted in a 61% reduction in NaCN consumption.

The combination of both gravity and leach tests yielded total gold recoveries in the range of 91.0% to 93.5%, with the exception of AR-01 which had a combined gold recovery of 82.9%.

A size-by-assay analysis of the leach residues for composite AR-01 is recommended to better understand the size distribution of the remaining gold.

Additional testing is recommended to further optimize the cyanide leach process and determine the optimal residence time and cyanide dosage.”

Validation tests were completed using material from drill cores to duplicate the 2013 test work composites to determine their amenability to gold recovery via centrifugal gravity concentration followed by cyanide leaching using the carbon-in-leach process. The tests have been completed by an ISO certified independent laboratory, McClelland Laboratories Inc. In completing this work, Sonoran Resources also used ALS Minerals, (ALS USA Inc.), WETLAB, Environmental Testing Laboratories (USA) and Associated Laboratories (USA). The results of the validation tests are summarized in Sonoran Resources’ report.

The results from the confirmatory test work confirmed that gravity separation including two steps followed by CIL leaching will provide high gold recovery levels in the order of 90% to 93%.

Mineral Resource Estimate

P&E Mining Consultants Inc. has prepared an updated mineral resource estimate for the San Albino Gold Deposit, which has been used as the basis for the PEA and is included in the NI 43-101 technical report.

The mineral resource estimate of the gold mineralization in the San Albino Gold Deposit was completed for gold and silver. Historic data and results from drilling completed up to December 31, 2014 were used to estimate the mineral resources on the San Albino Gold Deposit.

Zone	Classification	Cut-off grade AuEq (g/t)		Tonnes	Au (g/t)	Au (ounces)	Ag (g/t)	Ag (ounces)	AuEq (g/t)	AuEq (ounces)
		Pit	UG							
Oxide	Indicated	0.75	2.00	494,000	6.21	98,700	12.7	202,200	6.35	100,900
	Inferred	0.75	2.00	328,000	4.95	52,300	9.6	101,400	5.06	53,400
Fresh	Indicated	0.75	2.00	184,000	9.17	54,200	11.8	69,600	9.34	55,200
	Inferred	0.75	2.00	2,739,000	8.35	735,500	13.1	1,152,900	8.55	752,700
Total	Indicated	0.75	2.00	678,000	7.01	152,900	12.5	271,800	7.16	156,100
	Inferred	0.75	2.00	3,067,000	7.99	787,800	12.7	1,254,300	8.17	806,100

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 mineral resources were 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 the CIM Council.
- 3) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, although the Company is not aware of any such issues;

- 4) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category;
- 5) Metal prices were based on a two year trailing average as of September 30, 2014. The gold price was US\$1,404/oz and the silver price was \$23.47/oz.
- 6) Gold Equivalent was calculated on the basis of 1 gram gold = 71 grams silver.

The 2015 mineral resource estimate update categorizes resources as either In-Pit (open-pittable) or Out-of-Pit (underground).

In-Pit Resources

Zone	Classification	Cut-off grade AuEq (g/t)	Tonnes	Au (g/t)	Au (ounces)	Ag (g/t)	Ag (ounces)	Au Eq (g/t)	AuEq (ounces)
Oxide	Indicated	0.75	485,000	6.26	97,700	12.9	200,700	6.40	99,900
	Inferred	0.75	313,000	5.05	50,900	9.5	95,600	5.16	51,900
Fresh	Indicated	0.75	171,000	9.59	52,700	12.2	67,000	9.77	53,700
	Inferred	0.75	567,000	7.74	141,100	10.82	197,700	7.90	144,000
Total	Indicated	0.75	656,000	7.13	150,400	12.7	267,700	7.28	153,600
	Inferred	0.75	880,000	6.78	192,000	10.4	293,300	6.93	195,900

Over 40% of the In-Pit resources fall within the Indicated category – 153,600 AuEq ounces averaging 7.28 g/t AuEq.

The 2015 updated resource calculation employs a higher cut-off grade of 0.75 g/t AuEq (previously 0.23 g/t AuEq cut-off in the 2013 resource calculation) resulting in 4 separate, smaller open pits.

With additional shallow in-fill drilling and trenching of the inter-lying areas, there is potential to increase open-pittable resources and mine fewer, larger open-pits.

The near-surface San Albino Gold Deposit remains open along strike in both directions and down dip.

Out-of-Pit Resources

Zone	Classification	Cut-off grade AuEq (g/t)	Tonnes	Au (g/t)	Au (ounces)	Ag (g/t)	Ag (ounces)	Au Eq (g/t)	AuEq (ounces)
Oxide	Indicated	2.0	9,000	3.36	1,000	5.3	1,500	3.41	1,000
	Inferred	2.0	15,000	2.89	1,400	11.8	5,800	3.02	1,500
Fresh	Indicated	2.0	13,000	3.57	1,500	6.4	2,700	3.66	1,500
	Inferred	2.0	2,172,000	8.51	594,400	13.7	955,200	8.72	608,700
Total	Indicated	2.0	22,000	3.48	2,500	5.9	4,200	3.56	2,500
	Inferred	2.0	2,187,000	8.47	595,800	13.7	961,000	8.68	610,200

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

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.

Proposed Mining Operations

The combined open pit and underground mining schedule extends over a period of approximately 31 years, at a fixed production rate of 250 tpd over the life of the Project.

Open-Pit Mining

For the open pit portion of the production schedule, four separate open pits will be developed over the life of the Project.

The design of the open pits requires several steps which are listed below:

- Run Lerchs-Grossman pit optimizations to examine the optimal pit shells to be used for mine design;
- Design operational pits with ramps and benches based on the selected pit shells; and
- Develop an open pit production schedule, based on supplying 91,000 tonnes per year of mill feed to the process plant. The production schedule is based on diluted tonnages and grades.

Pit Optimizations

A single geological resource model containing all gold zones was developed for the Project. A series of Lerchs-Grossman pit optimizations were completed on the resource block model using the CAE Mining NPV Scheduler software package. This optimization process produces a series of nested pit shells each containing mineralized material that is economically mineable according to a given set of physical and economic parameters. An examination of the nested shells provided guidance on optimal size for the open pit design.

The pit optimizations were run using the parameters and preliminary costs shown in Table 3. The production basis for the original pit optimization was 350 tpd; however, subsequently the decision was made to use a 250 tpd production rate for the PEA. It is not critical whether 250 tpd or 350 tpd is the basis for optimization. As discussed below, the fully optimized 350 tpd pit shell (i.e. 100% revenue factor) was not selected as the basis for the pit design, and a smaller pit shell was actually used (55% revenue factor pit). A base case gold price (i.e. 100% revenue factor) of \$US1,250/oz and \$US20/oz for silver were used along with an overall pit wall slope of 45°. The optimization analysis included both Indicated and Inferred resources.

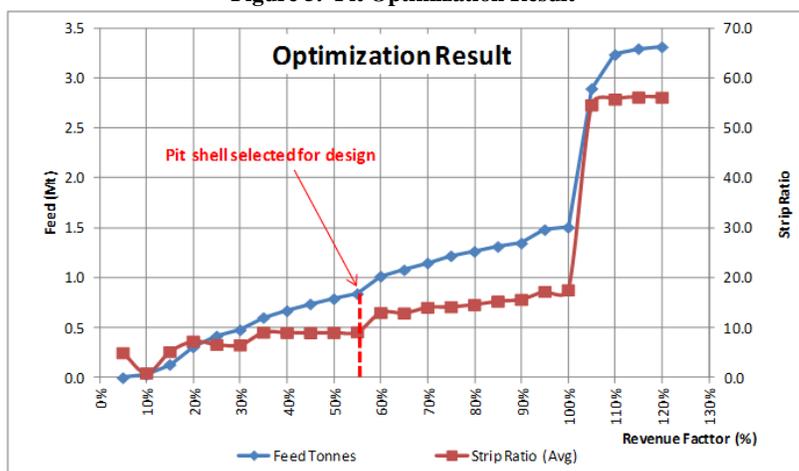
TABLE 3 - PIT OPTIMIZATION PARAMETERS			
Description	Units	Oxide	Sulphide
Throughput rate	tpd	350	350
Plant Availability	%	93.0%	93.0%
Annual Capacity	tpy	119,000	119,000
Gold Price	US\$/oz	1,250	1,250
Silver Price	US\$/oz	20	20
OP Waste Mining Cost	US\$/t material	3.00	3.00
OP Mill Feed Mining Cost	US\$/t mill feed	3.00	3.00
Process Cost	US\$/t mill feed	46.00	46.00
G&A Cost	US\$/t mill feed	6.70	6.70
G&A Annual Cost	US\$/year	0.80	0.80
Au Process Recovery	%	91.0%	95.0%
Au Smelter Payable	%	99.8%	99.8%
Au Refining Charge	US\$/oz	12	12
Ag Process Recovery	%	59.0%	85.0%
Ag Smelter Payable	%	99.8%	99.8%
Ag Refining Charge	US\$/oz	0.50	\$0.50
Cut-off Grade (g/t Au)	g/t	1.46	1.40
Pit Wall Slope		45°	45°

The results of the optimization are shown in Figure 5 and indicated a few interesting trends. Based on a 100% revenue factor (US\$1250/oz gold price), the graph indicates an optimal open pit shell with a mill feed tonnage of 1.5 Mt and an overall average strip ratio of 17:1. This large strip ratio is due to the high mill feed head grades at depth (> 12 g/t Au) which enable high strip ratios to be supported economically. However, inside this large pit shell, the incremental strip ratios are in the range of about 30:1. Assuming an open pit mining cost of US\$3.00/t, such an incremental strip ratio equates to an incremental mill feed cost of US\$90.00/tonne (US\$3.00 x 30:1), which is above the expected underground mining cost of US\$60-US\$80/tonne. Therefore, a large pit might be selected if no future underground mining is anticipated, due to the quantity and grade of mineralization at depth; however, in this case, underground mining is contemplated. As a result, the costly high strip ratio tonnes were reallocated to the underground operation.

Therefore, for the open pit mine design, the 55% revenue factor pit shell was selected as the design basis. This results in a smaller pit shell with a mill feed tonnage of 0.84 Mt and average strip ratio of 9:1.

Further adjustments were made to the selected pit shell prior to designing the final pits. The pit depth was designed to follow the oxide / sulphide rock interface in order to minimize the underground operation having to mine softer oxide rock. In addition, the northwest wall of the main pit was pushed out further as it was determined that the extension would be more economic to mine by open pit as opposed to underground.

Figure 5. Pit Optimization Result



Open Pit Dilution and Losses

Open pit mineralized production will include waste rock dilution. It was assumed that waste surrounding the mill feed zones would be mixed with the mill feed during mining, thereby causing dilution. In addition, mill feed losses will occur during mining.

In order to estimate the amount of open pit dilution, a 0.60 m thick waste “skin” was estimated to be mined from the adjacent waste overlying and underlying the mineralized zone. The thickness of this skin relative to the thickness of the mill feed zone ultimately determines the amount of dilution and hence it is different for each pit. Dilution was determined for several cross-sections across the pit and then averaged for the entire pit. The narrower the mineralized zone, the more dilution can be expected.

A three dimensional (“3D”) solid was created for the waste skin outside the mill feed zone and the diluting grades were estimated within that 3D solid using captured assay composites. These waste grades were applied as diluting grades, as summarized in Table 4.

Mining losses during mining were assumed to be 3% for all pits.

Pit	Mining Losses	Dilution ¹	Diluting Grade (Au g/t)	Diluting Grade (Ag g/t)
West Pit	3.0%	46%	1.07	4.3
Central Pit	3.0%	27%	1.07	4.3
NE Pit	3.0%	38%	1.07	4.3
SW Pit	3.0%	34%	1.07	4.3

(1) The same dilution parameters were applied to both oxide and sulphide rock mill feed.

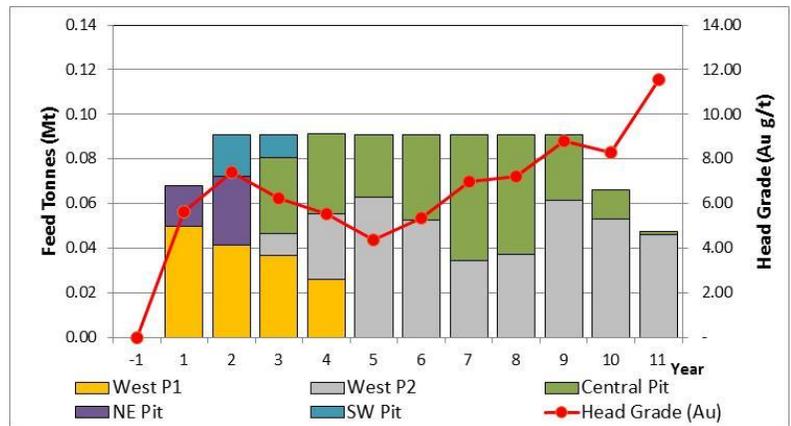
The mineralized zones at San Albino are shallow dipping and represent well defined layers, similar to a coal seam. Therefore, grade control drilling should be used to precisely define the mineralization and waste contacts. To help reduce dilution, the top and bottom of the mineralized zone should be defined in conjunction with the lateral extent. This can help avoid mining waste from above and below the mineralized zone along with the feed material. Therefore P&E recommends a square drill grid pattern of 5 m with multiple samples collected down each hole (1m long samples). If one is mining in areas far from or above the mineralized zones, it may be possible to take one composite sample per hole or even omit the sampling entirely if one is certain that area contains only waste material. Regardless, the grade control method will need a period of field testing to optimize the chosen procedure.

Open Pit Production Schedule

The open pit production schedule consists of one year of pre-production pre-stripping and eleven years of open pit production. The target processing rate is approximately 91,000 tonnes per year or 250 tpd. The total daily mining rates of mill feed and waste combined will peak at about 1,900 t/day or 690,000 tonnes per year.

Figure 6 presents the open pit mill feed supply by year and the estimated head grade. The head grades peaks near the end of the open pit schedule in years 9 to 11 as the West Pit deepens into the higher grade sulphide rock mineralization.

Figure 6. Mill Feed Source and Head Grade (Au g/t)



Underground Mining

The San Albino Deposit mineral resources extend from +590 m to +275 m above sea level, a vertical distance of 315 m. Underground mining methods will be employed to extract the material that cannot be extracted economically from the open pits. The envisioned underground mine will extend 900 m along strike, continue approximately 800 m down dip and contains 29 non-continuous mining blocks.

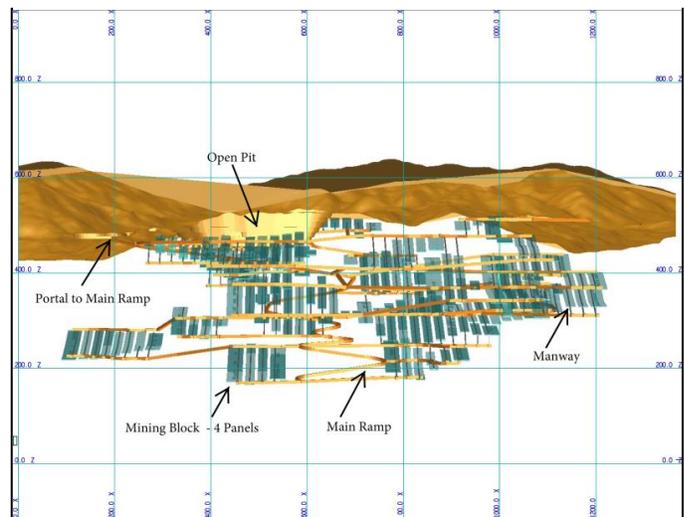
An isometric view of the envisioned underground mine is presented in Figure 7.

An underground mine with a steady state production rate of 250 tpd of mill feed is planned. The mine design and the mining method selection have been at a conceptual level of study only.

It is assumed that the San Albino underground mine will be operated on a contractor basis. While owner-operated mining may be an option, this was not considered in this PEA. No mining contractor price quotations were obtained for this study. Prices were obtained by P&E from other similar projects.

The mining contractor would undertake all drill and blast, loading, hauling, and mine maintenance activities. The owner will provide overall mine management and technical services, such as mine planning, grade control, geotechnical, and surveying services.

Figure 7. San Albino Underground Mine Isometric View



Further research into actual conditions and more detailed engineering will be required in the next level of study.

Primary Stopping Method – Conventional Steep Panel Mining

The average true thickness of the mineralized zones is 2.6 m and the dip angle varies but it is generally at approximately 26 degrees. The dip angle is below the angle of repose of broken rock and also is too steep for trackless equipment to move up or down dip within the mineralized zones. For this reason, the primary mining method is envisaged to be steep panel mining. The equipment used to mine the material from the stopes includes handheld drills and slushers. Excavated rock will be loaded by mechanized loaders and transported to surface using haul trucks which will travel along the main ramp to a portal on surface.

The undercut or “transport drift” and the overcut or “miners access drift” will be developed first. After this is completed, the manway from the undercut towards the overcut will be driven using hand held drills and mucked using a slusher. To get up and down the manway, ladders will be installed with platforms.

Mining of the panel can commence once the manway is established. The miners will enter the working area from the overcut or “miner’s access drift” and come down to the working face via a manway using the installed ladders and platforms. They will place equipment and material on a slide and lower the slide down into the panel using a winch. Once in the working area, support will be installed before breasting of the panel can commence. The stope miners will drill and blast into the open area down slope and will retreat mine the panel moving the working face towards the access drift at the top of the panel.

Near the bottom of the panel, a slusher operator will scrape down blasted muck with a slusher to the transport drift. A barrier will be made in front of the slusher operator as protection from rock traveling down the stope. The slusher operator may also work remotely, standing or sitting behind a pillar and operating the slusher from there. A remote slusher setup can be installed using a television connected to a camera looking into the panel.

Following the scraping of the rock down to the transport drift, it can then be picked up by an underground mechanized loader and loaded onto a haul truck. The haul truck will transport the material up the main ramp and out of the portal, to the mill or mill feed storage area.

The steep panel mining method is similar to steep room and pillar but it differs because the miners will be retreating the panel towards the miners access drift and there will be no re-entry into the mined out parts of the panel.

Twenty nine main mining blocks have been identified. Each mining block has dimensions controlled by the geological character of the zone at that location.

The LOM schedule includes 29 stopes that would produce an average of approximately 250 tpd of mill feed.

Stope dimensions would nominally be 17 m wide with a rib pillar 3 m wide on each side of each stope. The centerlines of each manway will nominally be 20 m apart. The true thickness of the mineralized zones is on average 2.6 m but can vary from 1.6 m to 6.4 m. The average length along dip is 90 m but can vary from 23 m to 135 m depending on the geological character of the zone at that location.

The average dip of the mineralized zones is 26 degrees. This angle is less than the angle of repose of broken rock. Therefore, the panels cannot be filled by dumping loose backfill from the overcut drift. Whereas there is the potential for the use of hydraulic fill, paste backfill or a mechanically emplaced fill, the current plan considers that the steep panels will be left open without fill.

Underground Mine Design

The underground mine is approximately 900 m long on strike and approximately 800 m along the dip direction. However, it is only about 315 m deep vertically. The mine is envisaged as being accessed by a centrally located 5m x 5m decline ramp from surface, which would be collared at the 525 m elevation, at a hillside between the West Pit and the NE pit. The decline will provide personnel transport and the haulage of material in and out of the underground mine. While the main decline is being driven, 5 m x 5 m adits will also be developed to access the mining blocks

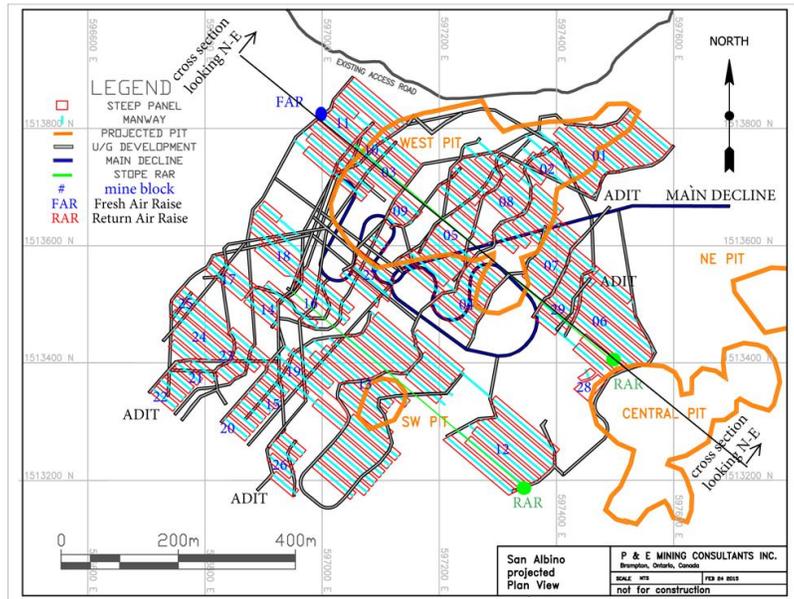
located near surface. The schedule of this work will be determined by the decline development progress schedule in the early years.

The main decline is drawn in blue and labeled “Main Decline” in the conceptual underground mining plan illustrated in Figure 8. The Fresh Air Raise (“FAR”) and Return Air Raises (“RAR”) are indicated in the figure.

In Figure 8, the open pits have also been projected onto the underground plan view. The underground mine lies below the west pit and the south-west pit. The top of the underground mine stretches to the north-west pit rim of the central pit. The mineralized zones are not continuous on strike or down dip. The majority of the mining blocks are independent of one another and require separate accesses from the decline, both from the miners access drift at the top and the material transport drift at the bottom.

The first working level would be the 495 m elevation, which would be developed as it is accessed from the decline. It is envisioned that the level development will be geologically controlled, due to the non-continuous nature of the deposits.

Figure 8. Conceptual Underground Mining Plan



Proposed Processing and Recovery Operations

Mineralized Feed Receiving

The San Albino processing plant is a 250 tonnes per day CIL gold recovery plant. Run of Mine (ROM) mill feed is hauled by trucks from the mine and dumped directly into the dump hopper feeding the jaw crusher or dumped to form a ROM buffer stockpile that will be reclaimed using a front-end loader to feed the hopper when required. The hopper is fitted with a stationary grizzly to limit the top size to the crusher. A variable speed apron feeder draws the mineralized material from the hopper at a nominal rate of 50 tonnes per hour to feed the primary jaw crusher. The crusher produces a minus 100 mm crushed product that is fed to a screening station to remove oversize for recirculation. The screen undersized product is transferred by a conveying system that delivers the mineralized material to the crushed material stockpile with a storage capacity of 7 days.

Secondary and Tertiary Crushing

Material in the stockpile is reclaimed with a front-end loader into a metering hopper discharging into a transfer conveyor to feed the secondary jaw crusher, discharging into a screening station that classifies the material to feed the tertiary cone crushing. Material sized to -25 mm is fed into the tertiary crusher that will reduce the size of the material to a P80 of 6.3 mm for feeding the ball mill. The sized material is transferred to a mill feed hopper.

Milling and Gravity Circuit

A variable speed belt feeder draws the mineralized material from the mill feed hopper at a nominal rate of 10.4 tonnes per hour onto the ball mill feed conveyor, then delivers it to the ball mill. The ball mill discharges fines, with a grind size that would have a P80 of 70 microns (to be confirmed with further test work), into the cyclone feed pump box. Lime is also added to the cyclone feed pump box. A cyclone feed pump feeds the mill discharge to two operating hydro cyclones. The cyclone underflow flows, by gravity, to the gold gravity recovery circuit where a set of Knelson concentrators provides two-steps for the recovery of free gold. The overflow from the gravity circuit discharges into the ball mill feed chute. Water is added automatically to the cyclone feed pump box to maintain a set-point cyclone

feed density. A vibrating screen cleans the cyclone overflow of trash before it flows to the thickener tanks. The thickener overflow is recycled to the mill feed and other plant uses. The thickener underflow is feed to the CIL circuit.

Gold Recovery, CIL

The CIL circuit provides approximately 30 hours of leach and carbon absorption residence time that is provided by six tanks receiving slurry with 40% to 45% solids from the thickener underflow discharge. The use of pure oxygen, in lieu of using compressed air, could be considered for improved process recovery. The CIL tanks are installed on a step down elevation gradation, to allow the slurry to gravity flow. Carbon is moved every two days by pumping out the slurry to the loaded carbon-vibrating screen. Tanks 1 and 2 of the CIL train will have provision to receive milk of lime or caustic soda to allow pH control. The installation will include the instrumentation to support monitoring of operating variables including the concentration of gold and free cyanide in solution, the pH value and ionic strength of the solution, the concentration of organic compounds in the solution, the temperature, the particle size of the carbon, and the mixing efficiency. Carbon addition at a set rate defined by the metallurgical design requirements will have a counter-current movement from the last CIL tank forward to the first tank.

Gold Extraction from Loaded Carbon

The loaded carbon batch from the loaded carbon screen is pumped and collected in the acid wash tank to clean the carbon of calcium and other inorganic contaminants. After acid washing, the acid is neutralized and the alkalinity is increased. The carbon batch is then advanced to the carbon-stripping vessel. Stripping solution is prepared and heated in a separate tank and then passed through the stripping vessel to obtain a pregnant solution. Following stripping, the carbon is washed with water to cool the carbon and to recover all of the gold bearing solution. Washed and stripped carbon is then returned to the CIL circuit.

Gold EW and Melting

The pregnant solution is circulated through the electro-winning cell then back into the pregnant solution tank. The electro-winning cell design is a sludge type where the majority of the gold is washed to the cell bottom and collected by flushing with a water hose into the filter feed pump box. The gravity concentrate gold and the gold sludge filter cake are then smelted to doré in the refinery furnace.

In the melting area, the gold concentrate from the gravity circuit is processed in cleaning tables and then melted together with gold cake obtained in the EW circuit.

Reagent Preparation

In this section of the plant, the project includes a cyanide preparation station, where diluted solution of cyanide is prepared using process water. A metering system delivers the prepared solution to the process.

A caustic soda preparation station handles solid caustic soda and allows for the preparation of a diluted solution that is transferred to a storage tank. A metering pump feeds the process to maintain pH control.

Activated carbon is required in the process for gold recovery. The process will produce carbon losses as fines due to process handling and there is a need to replace carbon load in a planned program. Carbon make up is planned and fresh activated carbon is fed according to the process requirements.

The plant does not include an activated carbon regeneration circuit in consideration that there would be minimum losses of the carbon absorption capacity in normal operation. It is estimated that activated carbon will have a one-year active life.

Tailing Treatment, Cyanide Destruction

Slurry discharged from the CIL circuit is discharged into a surge tank in the tailings area. The slurry will be fed to the filtration stage # 1 drum filter and a filter cake that is washed by spray of fresh water, drops into an agitated re-pulper tank that provides surge to a filtration # 2 drum filter.

The tailings treatment will be based on using the INCO system using Copper catalyzed SO₂/Air using Sodium Metabisulphite as it is a method with wide acceptance in cyanide destruction. Alternate methods using ferrous sulphate as the main reagent can be evaluated during the next study stage since Ferrous-ferric cyanide complexing method is practiced at many operations including Barrick's Cortez Mine in Nevada. It is a low technology method, works without sophisticated operators and instrumentation, and uses a readily available waste product, ferrous sulphate, as the main reagent.

The use of H₂O₂ for cyanide destruction was not considered for a number of reasons. It is a liquid and is difficult to handle and store. It also does not work very well on slurry and the process considers treating filter cake.

Tailing Disposal

The filter cake will have approximately 8% to 12% moisture and it will be transported from the filter by a short belt conveyor to a transfer stockpile area. Tailings will be collected by a contractor front-end loader, loaded into contractor haul trucks, and transported to the tailings dry stack areas.

The tailings dry stack areas will be designed with drainage and pumping systems to collect and transfer water seepage and rainfall drainage to the mill area.

Infrastructure, Permitting and Compliance Activities

Mine Site Infrastructure

Contracted mining operations are planned for both open pit extraction and future exploitation using underground mining. Infrastructure that will be required includes access roads to the main pit and overburden disposal area. The contractors will install their own equipment maintenance facilities in locations specified by the owner.

A portable office for supporting technical services is required for the owner's supervisory personnel.

Workspace and parking areas will be supplied for maintenance of the owner's mobile equipment, and support vehicles. Additionally, a covered workspace for mechanics to perform breakdown repairs and maintenance will be provided by the contractor.

Mineral Processing and Gold Recovery Plant Buildings

In general the process facilities will be located outdoors and localized rain protection covers will be provided as needed.

The plant operation will require the following buildings:

- Carbon elution and gold recovery area
- Laboratory
- Offices
- Lunchroom
- Medical services
- Spare parts warehouse

- Control room
- Electrical room equipment
- Reagents storage room

Roads

An access road to process facilities is considered as part of the Project. All plant facilities will have internal circulation roads, street lighting and electric power distribution lines. An arrangement of gravel roads will be built using waste rock coming from the mining exploitation. The width of these roads will be wide enough to accommodate three times the operating width of the largest hauling equipment, and will represent 12 m to 15 m.

Power Supply

The power requirements for the plant are estimated at 0.84 MW/h. Although the national power grid runs within one kilometre of the proposed concentrator and CIL plant, Golden Reign intends to use diesel generation to power the plant and ancillary buildings.

At present, the Nicaraguan power grid does not have the capacity to take on the load of an industrial user in the area. The grid is used beyond its present load capacity, such that it suffers from frequent brownouts and blackouts. The power grid is often switched off at its distal points when power demand in Managua is high. Charges for power from the grid are presently approximately \$0.25 per kilowatt-hour, slightly higher than the cost estimate of \$0.234 for the diesel-generated plant.

When Nicaragua builds more capacity into its power grid and can reduce electrical charges for industrial usage, the Company will examine connecting to the grid and reducing its diesel power generation. At present, B2 Gold's Nicaraguan operations generate their own power by diesel at their two gold mines and provide power for neighboring communities.

Fuel Supply

Distribuidora Nicaragüense de Petroleo provides bunker C fuel for power generation. The cost of this fuel is negotiable but significantly less than the price of normal diesel. Further consideration of bunker C fuel use will require selection of the proper generators instead of the conventional diesel generators. A fuel storage tank with proper spillage control is considered in the plant.

Diesel fuel storage will also be provided at site for the mining equipment and the owner's equipment.

Water Supply

Potable water will be delivered to the plant in special containers. The possibility to obtain well water and treated as potable water is considered as an option to be evaluated.

Process water will be obtained from the river and stored in a dual-purpose tank providing process water and storage of fire protection water. The preliminary water consumption for the operating plant was estimated at 45 m³/hr with recycling providing 60% of this consumption and a net fresh water requirement of 18 m³/hr.

Sanitary Waste

A sanitary waste water treatment plant is considered as part of the supporting facilities. The facilities will be selected to support 60 persons.

An incinerator package will be integral to the plant.

Tailings Management

The tailings disposal system will consist of a filtered dry stack approach. The tailings will be trucked to several different disposal areas. One of these sites is near the plant site while three of the areas will consist of mined-out pits. Tailings generated by the processing of mill feed from underground mining will be backfilled into the pits. The out-of-pit tailings area will be HDPE lined and designed to collect water runoff and return it to the water management system. The in-pit tailings cells will be unlined.

Environmental, Permitting and Social or Community Factors

The Company has an environmental permit for its geological exploration project on its 8,700 ha San Albino-Murra mineral concession. The environmental impact assessment for the geological exploration project was conducted in accordance with Nicaraguan regulatory requirements. Golden Reign has also obtained relevant road building and land use agreements. Public consultation activities were conducted as part of the EIA.

We have received the first two of four required permits prior to the development and commencement of mining activities at our 100% owned San Albino Gold Project. The Company was granted its Water Use Permit and Forestry Permit in late 2015. The Company is working closely with the Nicaraguan Ministry of Environment and Natural Resources (MARENA) and with a Nicaraguan environmental consulting firm contracted to complete its Environmental Impact Assessment (“EIA”) study. In 2014, Golden Reign completed an environmental baseline study report which forms part of our EIA study. The EIA is a key component for obtaining the Environmental Permit, for which an application has been submitted and is proceeding through the regulatory process.

Golden Reign continues to be very active in the community, maintaining regular dialogue with community leaders, and has strong support for the proposed development of an operating mine at this location.

The Republic of Nicaragua has recently experienced economic growth and political stability with the return of Daniel Ortega to the presidency in 2007 (World Bank (2014), Moody’s (2013), BTI (2004)). The country’s decision makers have shifted from crisis control mode to making advance and developing longer-term and pioneering strategies including fighting poverty and improving the country’s infrastructure. Nicaragua is one of the least developed countries in Central America and has a multi-ethnic population of just over six million people. Based on P&E’s review of the environmental and social aspects of the Project, there do not appear to be any environmental or social barriers to advancing this Project to its next technical study stage.

The potential environmental impacts shown in Table 7 are based on P&E’s understanding of the Project, conditions in the region, and its relevant experience from other gold and metal mining projects internationally. It is expected that the mine operator would include environmental controls into the design of the project and use standard operating procedures, training, monitoring, inspections, audits, emergency preparedness and response plans, etc. to eliminate or otherwise mitigate the potential significant impacts shown in Table 5.

TABLE 5 - POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS		
Environmental & Social Aspect	Potential Impact	Examples of Typical Controls
Atmosphere.	Noise. Dust. Greenhouse gas emissions. Other air emissions.	Facility design / equipment selection. Noise reduction measures. Dust suppression. Equipment/engine maintenance.
Surface and groundwater quality. Surface and groundwater uses. Soils. Mine materials disposal. Tailings disposal. Non-hazardous and hazardous solid waste disposal.	Water contamination. Receiving water quality impact. Valued ecosystem components including species at risk (if any). Acid rock drainage and metal leaching. Soil erosion/landslides. Soil contamination.	Divert clean run-off from mine waste stockpiles. Mine water collection and treatment. Sanitation system design and maintenance. Dry-stack tailings. Recycling. The use of qualified approved solid waste disposal contractors and facilities. Engineered processes and facilities. Monitoring programs.

TABLE 5 - POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS		
Environmental & Social Aspect	Potential Impact	Examples of Typical Controls
Mine dewatering. Seismic / hurricane events.		
Chemical transportation and storage. Chemical spills.	Soil and water contamination. Impact to terrestrial flora and fauna, and aquatic life.	Engineered storage facilities. Worker training. Spill prevention, control and countermeasure plans.
Treated effluent. Sanitation. Potable water.	Impact to receiving waters including flow, water quality, aquatic life, domestic animals, wildlife and water uses.	Water management system. Process water recycling. Environmental sampling and monitoring. Cyanide destruction.
Flora. Fauna. Aquatic life. Existing severe deforestation.	Diminished habitat & wildlife. Diminished biodiversity. Excess clearing. Valued ecosystem components including species at risk.	The need for site-specific controls are identified as part of the EIA process. Mine operators typically introduce additional engineered controls and procedures to protect flora and fauna.
Socio-Economic. Aesthetics. Cultural aspects. Archeological aspects. Artisanal mining. Resettlement (not expected). Transportation. Local infrastructure. Valued ecosystem components.	Reduced community support. Impacts to agricultural activities. Impacts (likely positive) to the local economy Aesthetics impact.	Community consultation. Opportunities for work. Worker training. Local / regional purchases. Community support activities. Sustainability initiatives. Joint company: community efforts.

Capital and Operating Costs

The capital and operating cost estimates were developed to a level of accuracy commensurate with that of a Preliminary Economic Assessment, in order to evaluate the Project's overall potential as a profitable mining and processing operation.

Where applicable, the exchange rate used was 27.0 "Nicaraguan Córdoba" ("NIO") per \$US.

Capital Costs

The capital cost estimate includes the engineering, procurement, construction and start-up costs of the San Albino Project, which consists of several open-pit mines, a CIL processing facility capable of processing 250 tpd, and associated ancillary facilities.

After inclusion of an allowance for contingency, the capital cost estimate is considered to have an accuracy of $\pm 30\%$, as of the first quarter of 2015. A summary of the initial and sustaining capital costs of the Project are summarized in Table 6.

TABLE 6 - CAPITAL COST SUMMARY	
Description	\$US Million
Initial Capital Costs	
Site and General	1.24
Utilities & Services	1.42
Open Pit	0.90
Process Plant Directs	3.74
Tailings Facility	0.55
Indirects	2.29
EPCM	1.19

Owner's Costs	0.27
Contingency @20%	2.32
Total Initial Capital	13.91
Initial Underground Capital Costs	
Mine Development	12.91
Mining Equipment	1.31
Contingency @20%	2.84
Total Initial Underground Capital Costs	17.06
Sustaining Capital Costs	
Open Pit Mining	0.00
Underground Mine Development	12.56
Underground Mine Equipment Replacement	4.39
Process Plant	0.20
Contingency @20%	3.43
Total Sustaining Capital	20.58
Total Capital (Life-of-Mine)	51.55

Note: Some values have been rounded. The totals are accurate summations of the columns and rows of data.

No provision has been included in the capital cost to offset future escalation.

Items not included in the capital estimate include:

- Sunk costs and costs prior to the start of basic engineering phase
- Escalation
- Insurance
- Working capital
- Interest and financing cost
- Taxes
- Reclamation and associated bonding requirements.

Operating Costs

The open-pit and underground mining operating costs were estimated from first principles taking into consideration:

- The mining schedule;
- Mine designs;
- Climate;
- Anticipated ambient and workplace conditions;
- Shift durations and crew rotations;
- Unit cost information;
- Equipment requirements;
- Environmental protection and health and safety; and
- Various other factors.

TABLE 7 - OPERATING COST SUMMARY	
Description	US\$ Millions
Open Pit Mining Cost	19.72
Owner's Open Pit Support	4.30
Underground Mining Cost	120.04
Processing	101.51
Tailings Transport & Placement	4.16
G&A	26.66
Total Operating Cost	276.39

The LOM annual Project operating costs are shown in Table 7. This includes mining, processing, and general and administration ("G&A") costs in Years 1 to 31.

Mining Costs

The open pit mining operation will be undertaken using a mining contractor. The owner will support the mining contractor by providing overall management and technical services. Therefore, the open pit mining costs will consist of two components; the contractor mining cost and the Owner's support cost.

Open Pit Contractor Cost

At this PEA stage, no open pit contractors have been contacted to provide firm mining cost quotes. The open pit operating cost was estimated from P&E's experience in similar projects and was based on using owner operated smaller equipment, such as 25 t articulated trucks and small excavators. The mining cost estimate was then rounded up to provide an estimate for a contract mining cost. The mining cost estimate build-up is shown in Table 8. A unit cost of \$3.50/t was used for all material handled in the mine.

The number of mining personnel employed in the mining operations will be determined by the contractor that is retained to carry out the work.

Estimated Costs	Unit Cost¹ US \$/t material
Drilling	\$0.28
Blasting	\$0.20
Loading	\$0.35
Hauling	\$0.99
Services/Roads/Dumps	\$1.31
Extra Allowance (6%)	\$0.20
Total Estimated Mining Cost	\$3.34
Contractor Cost Used	\$3.50

(1) Average mining cost is for open pit mining only

Underground Mining Operating Cost

At this PEA stage, no underground contractors have been contacted to provide firm mining cost quotes. The mining cost was estimated from P&E's experience at another similar project in Nicaragua and from a database of other mine's using comparable mining methods. A total cost of \$64.83/t underground mill feed has been estimated for underground mining. This average cost includes mine operating and non-capitalized development costs (over-cuts, under-cuts, and slot raises) and an allowance for Owner's costs of \$3.38/t of underground mill feed.

The number of mining personnel employed in the mining operations will be determined by the contractor that is retained to carry out the work.

Processing Plant Operating Costs

Table 9 summarizes estimated process operating costs. These costs apply to the mill feed tonnages delivered to the mill from all mining operations.

Item		US \$M/year	US \$/t
Operating Labour		0.44	4.79
Power		1.59	17.42
Reagents		0.53	5.82
Operating Supplies		0.09	1.04
Maintenance Labour		0.23	2.52
Maintenance Supplies		0.16	1.71
Subtotal		3.04	33.29
Contingency	10%	0.30	3.33
Total cost		3.34	36.62

Note: Some values have been rounded. The totals are accurate summations of the columns and rows of data.

Economic Analysis

A discounted cash flow model was prepared on the basis of the PEA, using the production schedule described in Section 16 and the capital and operating cost parameters described in Section 21 of that report. The PEA cash flow model was developed on both a pre-tax and after-tax basis.

The San Albino Project economic evaluation conclusions are summarized in Table 10. At a base case gold price of US\$1,250 per ounce, San Albino has an estimated undiscounted after tax cash flow of US\$290.4 million, a US\$105.4 million after-tax net present value at a 5% discount rate (“**NPV5%**”), and an after-tax internal rate of return (“**IRR**”) of 37.4%. The payback period is estimated at 2.2 years from the start of production.

TABLE 10 - ECONOMIC EVALUATION SUMMARY		
	Pre-Tax (US\$ M)	After-Tax (US\$ M)
Undiscounted	422.8	290.4
NPV (5%)	59.7	105.4
NPV (8%)	98.5	63.0
NPV (10%)	74.0	46.2
IRR=	50.8%	37.4%
Payback period (years)	1.6	2.2

The PEA project economics are based on a production plan that utilizes both Indicated and Inferred resources. P&E notes that Indicated Resources which are not mineral reserves do not have demonstrated economic viability. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define them 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. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The PEA should not be considered a Pre-feasibility or Feasibility Study, as the economic and technical viability of the project have not been demonstrated at this time.

Basic Assumptions

A discounted cash flow analysis of the San Albino Project was prepared based on technical and cost inputs developed by the P&E engineering team commensurate with a PEA level study.

This discounted cash flow analysis was performed on a stand-alone project basis. The financial evaluation uses a base case discount rate of 5%, discounting back to the commencement of construction (Year -2) of the Project. Other discount rates are also applied to the cash flows as a sensitivity analysis.

All currency values are expressed in US dollars unless otherwise noted.

Gold Price

In the financial analysis the gold price used was \$US 1,250/oz and the silver price is \$US 20/oz, and these prices are constant over the 31 year life of the project. Gold generates about 98% of the project revenue, hence the economic sensitivity to gold price was also examined.

Metallurgical Recoveries

The San Albino Project’s gold and silver process recovery assumptions for the feed types are summarized below:

- Oxide feed: Au = 91% Ag = 59%
- Sulphide feed: Au = 95% Ag = 85%

Gold Streaming Arrangement

Golden Reign entered into a gold streaming arrangement with Marlin Gold Mining Ltd. to finance project construction. The PEA cash flow model incorporates the Arrangement into the economic analysis. The terms of the Arrangement specify that:

- Marlin will provide a US\$15.0 million upfront payment to be used for construction and development at the San Albino Gold Deposit. For income tax purposes, the US\$15.0 million payment is considered as deferred income and distributed over the life of the project based on the annual gold ounces delivered to the stream; and
- Marlin’s wholly-owned subsidiary, Sailfish Royalty Corp. (“Sailfish”), will be entitled to purchase 40% of gold production at US\$700 per troy ounce (subject to a 1% per year cost escalation beginning three years from commercial production) until an amount of US\$19.6 million is recovered by Sailfish. From that point on Sailfish will be entitled to purchase 20% of annual 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/oz).

Golden Reign will be required to make minimum payments of US\$282,800 per month when commercial production commences until the US\$19.6 million is recovered. This would equate to delivering a minimum of 404 ounces of gold per month (4,850 oz/yr) based on a US\$700 gold price. The minimum payment may be paid in gold or cash or a combination thereof, at Golden Reign’s election.

Prior to commercial production Sailfish will be entitled to receive an 8% semi-annual coupon payment on the purchase price.

The quantity and revenue derived from gold ounces subject to the Arrangement are shown in Table 11.

TABLE 11 - GOLD STREAMING SUMMARY		
Description	Units	Value
Gold Production (Total life-of-mine)	oz	661,236
Delivered to 40% Stream	oz	27,883
Average Gold Realized Price for 40% stream	\$/oz	703
Delivered to 20% Stream	oz	119,174
Average Gold Realized Price for 20% stream	\$/oz	852
Delivered to Stream (total)	oz	147,057
% of Total Gold Production	%	22.2%
Revenue from Front Steam Payment	\$US ('000)	15,000
(+) Revenue from 40% stream	\$US ('000)	19,600
(+) Revenue from 20% stream	\$US ('000)	101,523
(-) Coupon payment (semi-annual)	\$US ('000)	-1,200
Total Stream Revenue	\$US ('000)	134,923
Deferred Annual Stream Payment	\$US ('000)	15,000
Deferred Stream Payment (for income tax)	\$/oz	102

If the gold streaming arrangement were not in effect, the project would have improved economics. Table 12 summarizes the economics without the streaming arrangement. The NPV5% increases to US\$128.6 million from US\$105.4 million.

	Pre-Tax (US\$ M)	After Tax (US\$ M)
Undiscounted	4,836.	337.5
NPV (5%)	189.9	128.6
NPV (8%)	120.4	79.8
NPV (10%)	92.2	60.1
IRR	63.5%	47.9%
Payback period (years)	1.3	1.7

Sensitivities

The San Albino Project economics were examined with a sensitivity analysis for several key variables.

The effect on the after-tax NPV5%, IRR and payback period resulting from changes to the gold price are shown in Table 13.

US\$/oz	\$1,000	\$1,150	\$1,200	\$1,250	\$1,300	\$1,350	\$1,500
NPV5% (\$M)	69.0	90.4	97.5	105.4	113.3	121.2	144.8
IRR (%)	28.6%	34.0%	35.7%	37.4%	39.1%	40.7%	45.4%
Payback (years)	2.8	2.4	2.3	2.2	2.1	2.0	1.8

Scalability

Although a 250 tpd production scenario is the basis for the San Albino Gold Deposit PEA, a sensitivity analysis for scenarios of 350 tpd and 500 tpd were also reviewed. The results show improved economics at higher production rates, inclusive of the gold stream arrangement, based on factored operating costs and capital expenditures, as follows:

	500 tpd	350 tpd	250 tpd (base case)
After-tax NPV 5% discount (\$US M)	\$ 174.6 M	\$ 144.4 M	\$ 105.8 M
After-tax IRR (%)	54.3%	46.5%	37.5%
Payback (years)	1.7 years	1.8 years	2.2 years
Initial capital expenditures (with 20% contingency)	\$ 21.1 M	\$ 17.0 M	\$ 13.9 M
All-in sustaining costs AuEq	\$ 391/oz	\$ 418/oz	\$ 460/oz
Cash costs AuEq	\$ 355/oz	\$ 383/oz	\$ 424/oz
Average annual gold payable production AuEq	42,300 oz	30,800 oz	21,800 oz
Average annual After-tax Free Cash Flow	\$ 19.4 M	\$ 13.8 M	\$ 9.4 M
Life of Mine	16 years	22 years	31 years

PEA Highlights

PEA HIGHLIGHTS	@ 250 TPD	@ 500 TPD
Financial Highlights (@ US\$1,250/oz gold price):		
After-tax and royalties Internal Rate of Return (IRR)	37.4%	54.2%
After-tax Net Present Value (NPV)		
@ 5% discount	\$ 105.4 M	\$ 173.9 M
@ 8% discount	\$ 63.0 M	\$ 126.4 M
@ 10% discount	\$ 46.2 M	\$ 103.2 M
Payback period	2.2 years	1.7 years

Mine Plan Highlights:		
Initial capital expenditures, including \$2.3 Million contingency (20%)	\$ 13.9 M	\$21.1 M
Average mined diluted grade	8.02 g/t AuEq	8.02 g/t AuEq
Potentially mineable diluted tonnes:		
Indicated – 598,000 tonnes	7.11 g/t AuEq	7.11 g/t AuEq
Inferred – 2,174,000 tonnes	8.27 g/t AuEq	8.27 g/t AuEq
Production Highlights:		
All-in sustaining cost AuEq	\$ 464/oz	\$395/oz
Cash costs AuEq	\$ 428/oz	\$359/oz
LOM gold production AuEq	675,345 oz	675,345 oz
Average annual gold payable production AuEq	21,785 oz	41,300 oz

Note: All amounts are in US Dollars.

DIVIDENDS

We have not declared any dividends or distributions on our Common Shares since our incorporation. Our present intention is to retain our earnings, if any, to finance growth and expand our operations. There are no restrictions which prevent the Company from paying dividends or distributions. Our Board of Directors, at its discretion, will determine if and when dividends should be declared and paid in the future, based upon our capital requirements, results of operations and such other factors as the board considers relevant.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares without par value. As of November 27, 2017, the Company had 192,103,920 Common Shares issued and outstanding.

Common Shares

Registered holders of Common Shares are entitled to receive notice of and attend all shareholder meetings of shareholders, and are entitled to one vote for each Common Share held. In addition, holders of Common Shares are entitled to receive on a *pro rata* basis dividends and/or distributions if, as and when declared by our Board of Directors and, upon liquidation, dissolution or winding-up, are entitled to receive on a *pro rata* basis the remaining assets of Golden Reign available for distribution to shareholders.

Stock Options

On January 30, 2017, our Board of Directors and our shareholders approved a stock option plan (the “**2017 Stock Option Plan**”) for the benefit of our directors, officers, employees and consultants. The purpose of the 2017 Stock Option Plan is to provide eligible persons with an opportunity to purchase our Common Shares and to benefit from the appreciation in the value of such Common Shares. The Company’s 2017 Stock Option Plan is intended to attract, retain and motivate individuals of exceptional skill, and to align the interests of those individuals with those of the Company’s shareholders. The Board of Directors has the authority to determine the directors, officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which Common Shares may be purchased, subject to the terms and conditions set forth in the 2017 Stock Option Plan.

Key terms and conditions of the 2017 Stock Option Plan include:

- (a) the eligible participants are any of our directors, officers, employees, or consultants;
- (b) the maximum number of Common Shares issuable pursuant to options granted under the 2017 Stock Option Plan, together with the common shares issuable pursuant to all of our other previously established and outstanding or proposed security based compensation arrangements, in aggregate, will be a number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis at any time;
- (c) no more than 5% of the total number of issued and outstanding Common Shares may be issuable to any one individual within a one-year period pursuant to options granted under the 2017 Stock Option Plan, together with

all of our other previously established and outstanding or proposed share compensation arrangements, unless we are a Tier 1 Issuer and have obtained disinterested shareholder approval;

- (d) no more than 2% of the total number of issued and outstanding Common Shares may be issuable to any one consultant within a one-year period pursuant to options granted under the 2017 Stock Option Plan, together with all of our other previously established and outstanding or proposed share compensation arrangements;
- (e) no more than 2% of the aggregate of the total number of issued and outstanding Common Shares may be issuable to all eligible persons who undertake investor relations activities within a one-year period pursuant to options granted under the 2017 Stock Option Plan, together with all of our other previously established and outstanding or proposed share compensation arrangements. Options granted to consultants performing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period;
- (f) the vesting period of all options shall be determined by the Board of Directors;
- (g) options may be exercisable for a period of up to a maximum term of ten years, such period to be determined by our Board of Directors and the options are non-transferable and non-assignable;
- (h) the Board of Directors shall fix the exercise price of each option at the time the option is granted, provided that such price is not lower than the closing market price on the trading day prior to the grant of such options, or such other minimum price as may be required by the TSX-V;
- (i) options held by individuals who cease to be an eligible persons due to early retirement, voluntary resignation or termination other than for cause shall be exercisable to acquire unissued option shares at any time up to but not after the earlier of the expiry date and that date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the individual ceases to be an eligible person. Notwithstanding the foregoing, the Board of Directors of the Company may, in its sole discretion if it determines such is in the best interests of the Company, extend the expiry date of the option of an optionee to a later date within a reasonable period in accordance with TSX-V Policy 4.4;
- (j) in the event of death of an optionee, any option held as at the date of death is immediately exercisable for a period of 12 months after the date of death or prior to the expiry of the option term, whichever is sooner;
- (k) options held by an individual who ceases to be employed by us for cause or is removed from office or becomes disqualified from being a director will terminate immediately;
- (l) in the event that the expiry date of an option falls within a “black-out period” (a period during which certain persons cannot trade common shares pursuant to our policy respecting restrictions on trading), or immediately following a black-out period, the expiration date is automatically extended to the date which is the tenth business day after the end of the black-out period;
- (m) upon the announcement of a transaction which, if completed, would constitute a change of control of Golden Reign and under which our Common Shares are to be exchanged, acquired or otherwise disposed of, including a takeover bid, all options that have not vested will be deemed to be fully vested and exercisable, solely for the purposes of permitting the optionees to exercise such options in order to participate in the change of control transaction; and
- (n) options that expire unexercised or are otherwise cancelled will be returned to the 2017 Stock Option Plan and may be made available for future option grant pursuant to the provisions of the 2017 Stock Option Plan.

The following table sets out the outstanding options under the Stock Option Plan, as of November 27, 2017:

Number of Option Shares	Exercise Price (CAD\$)	Expiry Date
895,000	0.20	July 15, 2018
60,000	0.25	October 16, 2018
2,000,000	0.10	February 19, 2021
5,485,000	0.25	June 14, 2021
2,415,000	0.30	August 25, 2021
890,000	0.26	August 21, 2022
150,000	0.35	October 2, 2022

MARKET FOR SECURITIES

Trading Price and Volume

Our Common Shares are listed for trading on the TSX-V under the symbol “GRR”. The following table sets out the market price range and trading volumes of our Common Shares on the TSX-V for each month of the most recently completed financial year and the period from the most recent financial year-end:

Month	High (\$)	Low (\$)	Volume
November 1 - 27, 2017	0.31	0.26	1,604,119
October, 2017	0.37	0.30	4,079,688
September, 2017	0.37	0.29	14,640,317
August, 2017	0.29	0.22	1,667,990
July, 2017	0.26	0.20	1,338,655
June, 2017	0.26	0.21	1,605,902
May, 2017	0.27	0.21	1,544,738
April, 2017	0.28	0.24	1,354,530
March, 2017	0.24	0.20	2,220,329
February, 2017	0.30	0.23	2,640,459
January, 2017	0.33	0.24	2,245,496
December, 2016	0.30	0.20	1,174,590
November, 2016	0.32	0.24	2,775,083
October, 2016	0.33	0.26	4,486,415
September, 2016	0.36	0.29	4,371,025
August, 2016	0.35	0.26	6,042,217
July, 2016	0.32	0.23	4,552,738
June, 2016	0.34	0.17	7,551,688
May, 2016	0.25	0.15	2,837,845

On November 27, 2017, the closing price of our Common Shares on the TSX-V was \$0.255 per share.

PRIOR SALES

The following table summarizes the issuances of securities convertible into or exercisable for Common Shares issued or granted by the Company during the most recently completed financial year and the period from the most recent financial year end to the date of this AIF.

Date of Issue	Type of Transaction	Number of Securities	Price Per Security (\$)
June 14, 2016	Stock option grant	6,000,000	0.25
August 25, 2016	Stock option grant	2,415,000	0.30
December 30, 2016	Finder's warrants	154,483	0.22
January 11, 2017	Finder's warrants	517,326	0.22
January 24, 2017	Agent's compensation option	591,818	0.22
August 21, 2017	Stock option grant	890,000	0.26
October 2, 2017	Stock option grant	150,000	0.35

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

There are no securities of the Company presently held in escrow or subject to any contractual restrictions on transfer.

DIRECTORS AND OFFICERS

The following table sets forth the name, province or state and country of residence, positions and offices held with us, date of appointment of each of our directors and officers, principal occupation within the immediately preceding five years and the shareholdings of each director and officer. The statement as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the directors and officers named below is in each instance based upon information furnished by the person concerned and is as at the date of this Annual Information Form. Our directors

hold office until the next annual general meeting of the shareholders or until their successors are duly elected or appointed.

Name, Province/State and Country of Residence	Position with the Company	Principal Occupation During the Past Five Years	Director/Officer Since	Number of Voting Securities ⁽¹⁾
Kevin Bullock Ontario, Canada	Chief Executive Officer	CEO of Golden Reign from January 2016 to present; formerly the President and CEO of Volta Resources Inc.	January 14, 2016	172,000
Kim Evans British Columbia, Canada	President and Director	President and Director of Golden Reign; Former CEO of Golden Reign.	April 1, 2004	2,961,561
Zoran Pudar British Columbia, Canada	Vice President, Exploration	Vice-President, Exploration of Golden Reign.	June 1, 2006	1,028,000
Michele Pillon British Columbia, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer and Corporate Secretary of Golden Reign.	June 1, 2006	50,000
Abraham Jonker ⁽²⁾ British Columbia, Canada	Non-Executive Chairman and Director	Chartered Accountant (South Africa, England and Wales). Director, Mandalay Resources; Director, Firestone Diamonds, plc.	October 22, 2015	1,868,181
John Conlon ⁽³⁾ Ontario, Canada	Director	President of 1662287 Ontario Inc., a mining investment company.	February 15, 2012	21,731,724
Leonard Dennis ⁽²⁾ British Columbia, Canada	Director	Leasing Manager – Treasury – CHC Helicopter Corporation.	November 8, 2010	736,700
William Meyer ⁽²⁾⁽³⁾ British Columbia, Canada	Director	Professional Engineer; Director, New Nadina Explorations Limited.	February 7, 2011	346,091
Dr. Rael Lipson ⁽³⁾ Colorado, USA	Director	BSc (Hons), MSc Geology, PhD Geochemistry. Former Chief Geologist for Gold Fields Exploration, Inc., a part of Gold Fields Ltd.	October 16, 2013	310,588
Akiba Leisman Connecticut, USA	Director	Executive Chairman and Interim CEO of Marlin Gold Mining Ltd.; Consultant to, and formerly Vice President, at Wexford Capital LP.	July 11, 2014	nil

Notes:

- (1) The information as to the nature of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers, not being within our knowledge, has been furnished by such directors and officers or has been extracted from the register of shareholdings maintained by our transfer agent or from insider reports filed by the individuals and available at www.sedi.ca.
- (2) Member of the Audit Committee
- (3) Member of the Compensation Committee

Shareholdings of Directors and Officers

As of the date of this AIF, our directors and officers, as a group, beneficially owned or controlled or directed, directly or indirectly, 29,204,845 Common Shares, representing approximately 15% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, none of our directors or executive officers is, at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Golden Reign) that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

other than as described below:

- Abraham Jonker was Director, President and Interim CFO of EastCoal Inc. (“**EastCoal**”) when EastCoal filed a Notice of Intention to Make a Proposal pursuant to the provisions of Part III of the Bankruptcy and Insolvency Act (Canada) on November 5, 2013. EastCoal emerged from creditor protection on May 21, 2014 following the successful implementation of a compromise agreement with creditors, in which the creditors agreed to reduce the claim amount providing for the full and final settlement of all the claims against the company.
- Michele Pillon was Chief Financial Officer of TTM Resources Inc. (“**TTM**”) when TTM received notice from the British Columbia Securities Commission of the issuance of a management cease trade order (the “**CTO**”) on November 7, 2013 in connection with the late filing of its annual audited consolidated financial statements for the fiscal year ending June 30, 2013. TTM’s failure to make the filing within the required time frame was due to its inability to pay the related audit fees. The required filing was made on December 20, 2013 and the CTO was revoked on December 24, 2013. Ms. Pillon resigned as CFO of TTM on June 30, 2014.

For the purposes of subsections (a) and (b), “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, and in each case that was in effect for a period of more than 30 consecutive days.

None of our directors or executive officers, or a shareholder holding a sufficient number of our securities to affect materially control of Golden Reign:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Golden Reign) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.
- (c) has been subject to:

- (1) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (2) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

The foregoing information, not being within our knowledge, has been furnished by the respective directors, officers and shareholders holding a sufficient number of our securities to affect materially control of Golden Reign.

Conflicts of Interest

Certain directors and executive officers of Golden Reign are directors, officers and/or shareholders of other private and publicly listed companies, including companies that engage in mineral exploration and development. To the extent that such other companies may participate in or be affected by ventures involving Golden Reign, these directors and executive officers of Golden Reign may have conflicting interests in negotiating, settling and approving the terms of such ventures. In the event that such a conflict of interest arises at a meeting of our Board of Directors, a director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts to the Board of Directors as soon as they become aware of them.

Our directors and officers are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and we will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. See "*Risk Factors*". Our directors and officers are not aware of any such conflicts of interests.

Code of Ethics

We have adopted a code of ethics, which is applicable to all directors, officers and employees. A copy of the code can be obtained by contacting the Company.

PROMOTERS

We do not presently have, and have not within the last two completed financial years had, any promoters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Golden Reign is not currently, and has not since May 1, 2016 (being the commencement of the Company's last completed financial year) been, a party to any legal proceedings, nor are any of the Company's properties presently, or have, since May 1, 2016, any of the Company's properties been, subject to any legal proceedings.

Regulatory Actions

There have not been any:

- (1) penalties or sanctions imposed against Golden Reign by a court relating to securities legislation or by a securities regulatory authority during the financial year ended April 30, 2017;
- (2) other penalties or sanctions imposed against Golden Reign by a court relating to securities legislation or by a securities regulatory authority that would likely be considered important to a reasonable investor making an investment decision; or

- (3) settlement agreements entered into by Golden Reign before a court relating to securities legislation or with a securities regulatory authority during the financial year ended April 30, 2017.

AUDIT COMMITTEE

We have established an Audit Committee, comprised of three independent directors, which operates under a charter approved by our Board of Directors. A copy of the Audit Committee Charter is set out in full in Schedule A to this AIF. It is the Board of Directors' responsibility to ensure that we have an effective internal control framework. The Audit Committee's primary function is to assist the Board of Directors to meet its oversight responsibilities in relation to our financial reporting and external audit function, internal control structure and risk management procedures. In doing so, it will be the responsibility of the Audit Committee to maintain free and open communication between the Audit Committee, the external auditors and our management.

The Audit Committee of the Board of Directors is principally responsible for recommending to the Board of Directors the external auditor to be nominated for election by the Company's shareholders at each annual meeting of shareholders and approving the compensation of such external auditor, overseeing the work of the external auditor, reviewing the Company's annual and interim financial statements and MD&A, reviewing material contracts, and providing an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition of the Audit Committee

All members of the Audit Committee are: (i) independent within the meaning of National Instrument 52-110 — *Audit Committees* ("NI 52-110"), which provides that a member shall not have a direct or indirect material relationship with us that could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment; and, (ii) considered to be financially literate under NI 52-110. The members of the Audit Committee are: Abraham Jonker (Chairman), Leonard Dennis and William Meyer.

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee are as follows:

Abraham Jonker – Mr. Jonker was the Chief Financial Officer at WCC until its acquisition by Walter Energy on April 1, 2011. He is the non-executive Chairman of Mandalay Resources Corporation (TSX-MND) and Golden Reign Resources Ltd. (TSX-V: GRR), as well as a non-executive director of EastCoal (TSX-V: ECX). Mr. Jonker is a Chartered Accountant (South Africa, England and Wales) and holds a Master's Degree in South African and International Tax from the Rand Afrikaans University. Mr. Jonker has over 20 years of extensive accounting and corporate finance experience, mostly in the mining industry.

Leonard Dennis – Mr. Dennis has over 43 years' experience with CHC Helicopters. He has an extensive background in Global Operations and a number of years' experience providing services to the oil and gas and mining sectors. For the past 26 years he has served as a senior officer, director, audit committee member and consultant to several resource-based public companies.

William Meyer – Mr. Meyer is a former Vice President, Exploration for Teck Corporation (and President of Teck Exploration Ltd.). He graduated from the University of British Columbia with a B.Sc. in geology in 1962. He has many years of public company experience, acting as a director, senior officer and audit committee member.

Audit Committee Oversight

At no time since the commencement of our most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by our Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of our most recently completed financial year have we relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Company is relying upon the exemption in Section 6.1 of NI 52-110 from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and audit-related services to be provided to us by our independent auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if: (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee. All non-audit services performed by our auditor for the fiscal year ended April 30, 2017 have been pre-approved by our Audit Committee. No non-audit services were approved pursuant to the *de minimis* exemption to the pre-approval requirement.

External Auditor Service Fees

The aggregate fees billed by our external auditors in each of the last financial years are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2017	\$57,750	Nil	\$5,985	Nil
2016 ⁽⁵⁾	\$59,325	Nil	\$5,985	Nil

Notes:

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements which are not included under the heading "Audit Fees", including review of interim financial statements, services provided in connection with regulatory filings and engagements relating to offering documents.
- (3) The aggregate fees billed for tax compliance, tax advice and tax planning service.
- (4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".
- (5) PricewaterhouseCoopers LLP ("PwC") was appointed as auditor of the Company at a meeting of the shareholders held on September 30, 2015. Prior to this appointment, Davidson & Company LLP, Chartered Accountants, were the Company's auditors.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder holding on record or beneficially, directly or indirectly, more than 10% of our issued shares, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction in which we have participated prior to the date of this AIF, or in any proposed transaction, which has materially affected or will materially affect us.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent for its Common Shares is Computershare Investor Services Inc. with offices at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia V6C 3B9 and 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

Other than in the ordinary course of the Company's business of mineral property exploration and evaluation, including raising the funding therefor, there are no material contracts that have been entered into by the Company since May 1, 2016 (being the commencement of the Golden Reign's most recently completed financial year) that are still in effect and that require filing under Section 12.2 of National Instrument 51-102.

NAMES AND INTERESTS OF EXPERTS

The following persons, firms and companies are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 - *Continuous Disclosure Obligations* by the Company during, or relating to, our most recently completed financial year ended April 30, 2017 and whose profession or business gives authority to the report, valuation, statement or opinion made by the person, firm or company.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, provided an auditor's report in respect to our financial statements for the year ended April 30, 2017 dated August 24, 2017. PricewaterhouseCoopers LLP has advised us that they are independent with respect to us in accordance with the CPA Code of Professional Conduct.

To our knowledge, none of the experts named in the foregoing section held, held, at the time of or after such person prepared the statement, report or valuation, any registered or beneficial interests, direct or indirect, in any of our securities or other property or of one of its associates or affiliates or is or is expected to be elected, appointed or employed as a director, officer or employee of Golden Reign or of any associate or affiliate of Golden Reign.

ADDITIONAL INFORMATION

Additional information relating to Golden Reign may be found on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. Further financial information is also provided in the Company's audited financial statements and management discussion & analysis for the year ended April 30, 2017.

Dated November 27, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

"Kevin Bullock"

Kevin Bullock
Chief Executive Officer

SCHEDULE “A” AUDIT COMMITTEE CHARTER

Mandate

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors.
- Provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three (3) Directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the CFO and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company’s financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including

quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.

- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Risk Management

1. To review, at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
2. To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
3. To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
4. To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.