



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **For the Year Ended April 30, 2018**

This Management Discussion and Analysis (“MD&A”) of Golden Reign Resources Ltd. (the “Company” or “Golden Reign”) provides analysis of the Company’s financial results for the year ended April 30, 2018 and should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto for the year ended April 30, 2018, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). This MD&A is current as at August 28, 2018, the date of preparation.

The April 30, 2018 financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. All amounts are expressed in Canadian dollars, unless otherwise stated.

Additional information relating to Golden Reign is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.goldenreignresources.com](http://www.goldenreignresources.com).

## **BUSINESS OVERVIEW**

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

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

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

### **Proposed Merger with Marlin Gold Mining Ltd.**

On May 15, 2018, the Company announced that it had entered into a non-binding letter of intent (the “LOI”) with Marlin Gold Mining Ltd (“Marlin”) and Sailfish Royalty Corp. (“Sailfish”), together with Wexford Capital LP (“Wexford”), whereby Golden Reign and Marlin will pursue a business combination of Golden Reign’s wholly-owned San Albino-Murra Property (“San Albino”) in Nueva Segovia, Nicaragua and Marlin’s La Trinidad Mine (“La Trinidad”) in Sinaloa, Mexico.

On August 7, 2018, the Company announced the signing of a definitive agreement, unanimously approved by each of the boards of directors of Golden Reign and Marlin, pursuant to which Golden Reign and Marlin propose to complete the previously announced business combination, whereby Golden Reign will acquire all of the issued and outstanding shares of Marlin (following completion of the Marlin reorganization and satisfaction of all closing conditions of the business combination) by way of plan of arrangement. As a condition to closing the transaction, Sailfish Royalty Corp. has agreed to restructure its existing gold stream on San Albino.

Under the terms of the arrangement agreement, Golden Reign will acquire all of the outstanding Marlin common shares in exchange for 0.5138 of a Golden Reign common share for each Marlin common share acquired. In addition, Marlin will distribute an aggregate of 18,148,654 Golden Reign shares currently held by Marlin to the Marlin shareholders on the basis of 0.1022 Golden Reign share for each Marlin common share, bringing the total Golden Reign shares to be received by Marlin shareholders to 0.6160 of a Golden Reign share for each Marlin common share outstanding at closing. The transaction will result in Marlin and certain of its subsidiaries, including Oro Gold de Mexico and Marlin Gold Trading, becoming wholly owned subsidiaries of Golden Reign. In addition to certain terms and conditions described in this news release, the arrangement agreement includes customary provisions, including covenants not to solicit other acquisition proposals and the right to match any superior proposals. Termination fees of \$1-million will be paid to Marlin or Golden Reign in certain circumstances should the transaction not be completed.

Upon completion of the transaction, it is expected that the shareholders of Marlin, as of the closing time, will own, in aggregate, approximately 45 per cent of the issued and outstanding common shares of the combined company (including the current Marlin shareholding of Golden Reign) and the shareholders of Golden Reign, as of the closing time, will own, in aggregate, approximately 55 per cent of the issued and outstanding common shares of the combined company.

### Marlin Reorganization

Under the terms of the arrangement agreement, as a condition to closing, Marlin has agreed to undertake a corporate reorganization, pursuant to which it will: (i) sell its Commonwealth silver and gold property in Cochise county, Arizona, to Wexford Capital LP (or funds controlled by it), Marlin's controlling shareholder, which will extinguish all of Marlin's loans and any other debts and liabilities owing to Wexford; (ii) assign to Sailfish its 1-per-cent net smelter return royalty on the Parral 2 claims on the La Cigarra project owned by Kootenay Silver Inc. and its 1.5-per-cent net smelter return royalty on the majority of the concessions at the El Compas project operated by Endeavour Silver Corp. and grant an option to Sailfish to purchase its Gavilanes property in Mexico, all as partial consideration for Sailfish agreeing to enter into the amendment to the existing gold stream on San Albino; (iii) wind up certain of its non-material subsidiaries that will not be acquired by Golden Reign under the transaction; and (iv) arrange for the sale of 17,155,191 common shares of Golden Reign, currently held by Marlin, at a price of 15.39 cents on a private placement basis, pursuant to which Wexford will purchase at least 85 per cent of such Golden Reign common shares and an aggregate of at least 993,464 of such Golden Reign common shares will be purchased by current stock option holders of Marlin, consisting of Akiba Leisman, Marlin's executive chairman, and Cesar Gonzalez, Marlin's vice-president, corporate development. The full amount of the gross proceeds from such private placement of \$2,640,183.89 will remain in Marlin on the closing of the transaction. These preclosing transactions being completed by Marlin are collectively referred to herein as the Marlin reorganization.

As a result of the Marlin reorganization, Golden Reign will acquire Marlin and certain of its material subsidiaries on a debt-free and working-capital-neutral basis.

### San Albino Gold Stream Restructure

Another key condition to the closing of the transaction is that Golden Reign and its subsidiaries, Marlin, and Sailfish enter into a mutually acceptable agreement to restructure the existing gold stream on San Albino. Accordingly, concurrent with the signing of the arrangement agreement, Golden Reign and its subsidiaries, Marlin and one of its material subsidiaries, and Sailfish will enter into a master agreement whereby the parties have agreed:

1. To the substantial form of and the terms and conditions of the amended and restated gold purchase agreement, equivalent to a 3-per-cent net smelter return royalty, to be entered into effective as of the closing of the transaction, with respect to a certain area of interest (AOI) on San Albino concession, which includes as a schedule to the amended and restated gold purchase agreement, the substantial form of and terms and conditions of a new royalty agreement to be entered into between Golden Reign and its subsidiaries and Sailfish, with respect to a 2-per-cent net smelter return royalty on production from the San Albino concession (exclusive of the AOI) and the El Jicaro concession;
2. That Marlin will make cash payments to Sailfish in respect of any amounts recovered by Marlin in certain lawsuits Marlin has filed against the Mexican tax authority for the purpose of obtaining previously denied Mexican value-added tax refunds for an aggregate of 37,379,097 Mexican pesos (7,490,437 Mexican pesos of which have already been received), before certain interest and inflation adjustments and applicable legal fees;
3. That Sailfish will extinguish Golden Reign's prepayment liability associated with the existing gold stream on San Albino prior to closing;
4. That Sailfish's existing financing obligation of approximately \$13.9-million (U.S.) will be eliminated prior to closing;
5. To the substantial form of and the terms and conditions of certain assignment, option and royalty agreements, that will be entered into as partial consideration to be paid to Sailfish in consideration for entering into the amended and restated gold purchase agreement; such agreements provide for Marlin's assignment to Sailfish, for no additional consideration, of the El Compas royalty and La Cigarra royalty in Mexico; such agreements also provide for Marlin's agreement to transfer its Gavilanes property in Mexico to a designee of Sailfish.

### Management team and board of directors

Upon closing, senior management of the combined company will consist of Kevin Bullock as chief executive officer, Jesse Munoz as chief operating officer and Scott Kelly as interim chief financial officer. The board of directors of the combined company is expected to comprise seven members, consisting initially of three directors as determined by Golden Reign (which will include Mr. Bullock) and three directors as determined by Marlin, which shall include at least one independent director. Golden Reign and Marlin will jointly determine one additional independent board member, who will serve as non-executive chairman.

Following closing, it is expected that the name of the parent company will be changed from Golden Reign to Mako Mining Corp. or such other name as may be mutually determined by Golden Reign and Marlin. (See news releases dated May 15, 2018, June 18, 2018, July 3, 2018, July 31, 2018, and August 7, 2018).

### **San Albino-Murra Property**

#### **San Albino Gold Deposit**

##### *Environmental Permit Received*

On September 12, 2017, Golden Reign announced that it has received its environmental permit for the development, construction and operation of up to a 500 ton per day operation at San Albino. This permit was the final significant hurdle to moving the project forward. The Company must now enter into an Engineering, Procurement and Construction Management (“EPCM”) contract prior to making a final development decision.

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

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

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

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

##### *Gold Streaming Arrangement*

In July 2014, Golden Reign completed a Gold Streaming Arrangement (the “Arrangement”) with Marlin Gold Mining Ltd. (“Marlin”) and Sailfish Royalty Corp. (“Sailfish”) for the Company’s San Albino Gold Deposit (refer to Company news release dated July 11, 2014). The Arrangement covers only the San Albino Gold Deposit, a 3.5 square kilometre area within the Company’s highly prospective 138 square kilometre landholdings.

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

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

2 Golden Reign will be required to make minimum monthly payments of US\$282,800 per month when commercial production commences. Golden Reign, at its sole discretion, may increase the amount of gold delivered and/or cash payments made to Sailfish in order to accelerate repayment and reduce the payment stream percentage.

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

Under the 250 tonnes per day (tpd) PEA scenario, Sailfish would purchase a maximum of 27,883 ounces of gold at an average price of US\$703 per ounce (or a combination of gold ounces and cash) in repayment for the funds advanced. Thereafter,

Sailfish would purchase an additional 119,174 gold ounces at an average price of US\$852 per ounce. Total potential gold stream revenues to Sailfish are estimated at US\$121 million, representing 22.3% of total gold production. Golden Reign would retain 77.7% (513,151 ounces) of its gold production and over 90% of its revenue, which is estimated at US\$639 Million based on US\$1,250 per gold ounce, plus 100% of the silver ounces produced which is estimated at US\$20.4 Million based on US\$19.50 per silver ounce.

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

Completion of the proposed merger with Marlin Gold Mining Ltd. will result in a restructuring of the gold stream arrangement (see [San Albino Gold Stream Restructure](#) above).

### Las Conchitas Area

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

#### *2017/2018 Exploration Activities*

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

The first stage of work, consisting of 21 trenches totaling approximately 1,050 metres, was designed to expand on mineralization previously intersected by drilling and trenching. Additionally, the trenching tested 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, was designed to further test and confirm the strong nature of gold mineralization within the Las Conchitas Area.

On September 28, 2017, the Company released trenching results from two, initial targets – Mina Francisco and the Intermediate zone - located within Las Conchitas. *(The full set of exploration results are included in the table accompanying the news release and available on the Company's website.)*

#### **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 7.7 m averaging 18.51 g/t gold and 13.2 g/t silver (along dip)  
including 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 Mina Francisco and Intermediate targets are defined by two strong gold-in-soil anomalies, of 600 metres and 1,300 metres in length, respectively, that extend beyond the area tested with trenches.

The structural setting and style of mineralization for the Mina Francisco and Intermediate targets are similar to the San Albino Gold Deposit. 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 trenching program at the Intermediate Zone has extended two known mineralized zones. A 250-metre long zone named the “SW Extension” appears to be a continuation of the Intermediate Zone to the southwest, for a total strike length of 600 metres, after a 125 metre break in sampling. Sampling returned 8.7 metres of 8.50 g/t gold and 11.5 g/t silver (along dip) and 0.5 metres of 25.40 g/t gold and 24.6 g/t silver (vertical) plus the following results from country rock: 10.0 metres grading 9.64 g/t gold and 13.8 g/t silver (along dip); 0.7 metres of 9.90 g/t gold and 9.05 g/t silver (vertical); and 1.9 metres of 5.43 g/t gold and 4.8 g/t silver (vertical). The Mango Zone has been extended 150 metres to the southwest, returning: 1.1 metres of 11.23 g/t gold and 65.2 g/t silver (along dip); 2.5 metres of 6.74 g/t gold and 2.5 g/t silver (vertical); and, 1.8 metres of 13.00 g/t gold and 11.1 g/t silver (vertical). *(The full set of exploration results are included in the table accompanying the news release dated January 18, 2018 and available on the Company’s website.)*

A fifth, previously identified mineralized zone – Cruz Grande – was tested by also trenching. Originally discovered in 2012 during sampling of surface exposures of the Cruz Grande zone in trench SAM12-TR 11, the zone returned values in a vertical sample of 1.5 metres of 7.15 g/t Au and 29.7 g/t Ag and values along dip of 7.0 metres of 12.14 g/t Au and 28.4 g/t Ag (see news release from February 25, 2013). The 2017 trenching program at the Cruz Grande zone exposed high-grade gold mineralization and demonstrates the potential to extend the zone for more than 250 metres in strike length. Two trenches were designed to test the southwest extension of the Cruz Grande zone. Trench SAM17-TR-17 returned values of: 8.6 metres of 7.33 g/t gold and 8.5 g/t silver (along dip); 2.6 metres of 5.54 g/t gold and 20.4 g/t silver (vertical); and, 2.6 metres of 5.22 g/t gold and 9.3 g/t silver (vertical). Sampling of trench SAM17-TR-19 returned values of: 11.8 metres of 2.74 g/t gold and 1.6 g/t silver (along dip); and, 0.9 metres of 9.96 g/t gold and 4.9 g/t silver (vertical). One trench and an exploration pit, designed to test the continuity of the mineralized zone to the northeast, returned values of: SAM17-TR-18- 1.5 metres of 13.20 g/t gold and 6.5 g/t silver (vertical); and SAM17-CATA23 (Exp Pit) - 1.0 metre of 2.55 g/t gold and 2.4 g/t silver (along dip). *(The full set of exploration results are included in the table accompanying the news release dated January 25, 2018 and available on the Company’s website.)*

On January 31, 2018, the Company announced trenching results from the Las Dolores zone, a highly prospective area bordering the Company’s El Jicaro Concession to the south. Las Dolores hosts near-surface high-grade mineralization in a geological setting similar to that of the San Albino Gold Deposit and has to-date been traced along strike for over 1,000 metres. This zone returned the highest values of the 2017 trenching campaign with 1.0 metre of 138.20 g/t gold and 156.0 g/t silver (vertical sample). Other notable, high-grade results include:

- SAM17-TR-21 0.9 metres of 66.50 g/t Au and 98.8 g/t Ag (vertical)
- SAM17-TR-21 1.5 metres of 16.30 g/t Au and 9.7 g/t Ag (vertical)
- SAM17-TR-27 2.0 metres of 8.94 g/t Au and 21.1 g/t Ag (vertical)
- SAM17-TR-27 2.0 metres of 13.80 g/t Au and 27.4 g/t Ag (vertical)
- SAM17-TR-27 0.5 metres of 35.50 g/t Au and 48.3 g/t Ag (vertical)

Three additional trenches were dug to test the extension and continuity of the gold mineralization previously exposed by trenches (see news release dated September 17, 2012): LC11-TR 22 returning 4.0 m of 20.54 g/t Au (along dip) and 7.0 m of 10.81 g/t Au and 15.3 g/t Ag (along dip); and LC11-TR 23 returning 4.0 m of 5.35 g/t Au and 5.1 g/t Ag (along dip).

- SAM17-TR-22 7.3 m of 9.34 g/t Au and 10.9 g/t Ag (along dip)
- SAM17-TR-22 1.5 m of 10.20 g/t Au and 2.5 g/t Ag (vertical)
- SAM17-TR-22 1.6 m of 8.48 g/t Au and 7.6 g/t Ag (vertical)
- SAM17-TR-22 2.5 m of 4.00 g/t Au and 5.8 g/t Ag (vertical)
- SAM17-TR-23 1.5 m of 1.01 g/t Au and 3.3 g/t Ag (along dip)
- SAM17-TR-28 1.0 m of 5.91 g/t Au and 0.3 g/t Ag (vertical)

To assess the upside potential of these open-pittable targets, two exploration pits and four trenches were designed to test the continuity and grade of the zone. The results are presented below:

- SAM17-CATA-109 (Exp Pit) 1.3 m of 13.80 g/t Au and 12.7 g/t Ag (vertical)
- SAM17-CATA-111 (Exp Pit) 2.50 m of 8.19 g/t Au and 12.0 g/t Ag (along dip)
- SAM17-CATA-111 (Exp Pit) 1.70 m of 8.06 g/t Au and 12.5 g/t Ag (vertical)

- SAM17-CATA-111 (Exp Pit) 1.00 m of 138.20 g/t Au and 156.0 g/t Ag (vertical)
- SAM17-TR-28 1.0 m of 5.91 g/t Au and 0.3 g/t Ag (vertical)
- SAM17-TR-29 1.5 m of 3.36 g/t Au and 9.1 g/t Ag (vertical)

Trenches SAM17-TR24, SAM17-TR25 and SAM17-TR26 were excavated over shallow historical workings, returning anomalous gold values below the cut-off grade of 1.0 g/t of gold.

No drilling has been completed within the Las Dolores zone; however, the down dip extension of the mineralized structure has been tested by underground workings as previously reported in historical documents (1921) on Mina Dolores. These report an average vein width of 5.5 feet (1.7 metres), strike length of 500 feet (155 metres) and developed depth of 200 feet (62 metres). The two best samples collected and reported in 1921 returned 5.1 feet (1.6 metres) grading 1.5 ounces (47 g/t) of gold and 5.5 feet (1.7 metres) grading 1.14 ounces (35 g/t) gold. *Note: The information regarding Mina Dolores is historical in nature and therefore is not NI 43-101 compliant. It should not be relied upon.*

To date, the Company has completed detailed exploration of only a small portion of the overall surface expression of the Las Conchitas area. Numerous other targets, including geochemical soil anomalies and historical workings are present and remain untested. Work completed to date indicates the likelihood of multiple mineralized, high-grade structures close to the surface.

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

**Drilling:**

INT13-03	21.3 metres of 7.20 g/t Au and 14.2 g/t Ag (vertical)	(see news release dated September 11, 2013)
including	5.0 metres of 28.45 g/t Au and 53.7 g/t Ag	
LC11-01	3.0 metres of 62.96 g/t Au and 61.7 g/t Ag (vertical)	(see news release dated February 22, 2012)
LC11-02	3.0 metres of 12.01 g/t Au and 13.1 g/t Ag (vertical)	(see news release dated February 22, 2012)
LC11-05	5.0 metres of 8.63 g/t Au and 3.5 g/t Ag (vertical)	(see news release dated February 22, 2012)

**Trenching:**

SAM12-TR11	7.0 metres of 12.14 g/t Au and 28.4 g/t Ag (along dip)	(see news release dated February 25, 2013)
including	2.0 metres of 38.09 g/t Au and 52.8 g/t Ag	
INT11-TR0In	8.2 metres of 20.64 g/t Au and 26.87 g/t Ag (along dip)	(see news release dated April 12, 2011)
INT11-TR03	12.8 metres of 16.05 g/t Au and 9.9 g/t Ag (along dip)	(see news release dated April 12, 2011)
including	3.0 metres of 40.97 g/t Au and 23.7 g/t Ag	

**Next Steps -**

Positive trenching results are currently being followed up by exploratory drilling. Approximately forty drill holes, aggregating 2,000 metres, will test a portion of the 4 square km Las Conchitas area (4 times the size of the San Albino Gold Deposit). The drill holes will be shallow – with maximum depths not exceeding 100 metres – to specifically target near surface open-pit table portions of the mineralized zones. Six newly discovered zones of mineralization within Las Conchitas area will be evaluated with the drill program.

The Las Conchitas area hosts a significant number of mineralized zones structurally and geologically similar to the San Albino Gold Deposit. The zones consist of subparallel, shallow dipping, mineralized quartz veins and schists, with an overall northeast-southwest strike. The aim of the program is to test for continuity and extensions along strike and down dip of the mineralization exposed by the Company’s recent trenching programs. The ultimate goal is to begin acquiring sufficient information towards developing a mineral resource.

### Central & Northern Districts

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

### El Jicaro Concession

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

### *El Golfo*

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

### **GOLDEN REIGN RESOURCES’ STRATEGY**

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

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

Located near the southern end of a 20-kilometre long mineralized trend outlined and defined by Golden Reign as the Corona de Oro Gold Belt, the San Albino Gold Deposit is the first of the five areas slated for potential development by the Company. We are seeking to advance San Albino on an expedited basis with a goal of achieving early production.

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

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

### *Nicaragua*

Although it boasts a long history of gold production, Nicaragua is under-explored – but is attracting international interest. A democratic republic since 1996, Nicaragua has a modern mining law, fair tax regime and strong foreign investment law. Bordered by Honduras to the north and Costa Rica to the south, it is easily accessible and has skilled, available labour. The Company is exposed to risks associated with possible political or economic instability and changes to applicable laws in Nicaragua.

### **EXPLORATION AND EVALUATION ASSETS**

	April 30, 2018	April 30, 2017
Acquisition Costs	\$ 5,777,388	\$ 6,149,165
Deferred Exploration Costs	33,505,187	32,381,909
	<b>\$ 39,282,575</b>	<b>\$ 38,531,074</b>

**For the Year ended April 30, 2018:**

	San Albino- Murra	El Jicaro	Total
Acquisition costs			
Balance, April 30, 2017	\$ 5,985,221	\$ 163,944	\$ 6,149,165
Translation adjustment	(361,865)	(9,912)	(371,777)
Balance, April 30, 2018	<b>\$ 5,623,356</b>	<b>\$ 154,032</b>	<b>\$ 5,777,388</b>
Deferred exploration costs			
Balance, April 30, 2017	32,218,323	163,586	32,381,909
Consulting	282,026	-	282,026
Depreciation	16,271	1,437	17,708
Field office	345,054	-	345,054
Geological consulting	480,155	-	408,155
Professional fees	97,803	13,291	111,094
Project expenses	1,489,451	102,171	1,591,622
Reports	135,265	-	135,265
Stock-based compensation	90,100	-	90,100
Travel	51,730	-	51,730
Subtotal, deferred exploration costs	35,206,178	280,485	35,486,663
Translation adjustment	(1,954,567)	(26,909)	(1,981,476)
Balance, April 30, 2018	<b>33,251,611</b>	<b>253,576</b>	<b>33,505,187</b>
<b>Balance, April 30, 2018</b>	<b>\$ 38,874,967</b>	<b>\$ 407,608</b>	<b>\$39,282,575</b>

**RESULTS OF OPERATIONS**
**Selected Annual Information**

Fiscal Year	2018	2017	2016
Net Sales	Nil	Nil	Nil
Net Loss	\$ (771,304)	\$ (1,455,124)	\$ (466,598)
Comprehensive (Loss) Income	\$ (421,909)	\$ 1,420,732	\$ 594,017
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)
Total Assets	\$ 40,466,998	\$ 43,409,438	\$ 33,773,374
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	N/A	N/A	N/A

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

The Company's recorded loss for the financial years ended April 30, 2018, 2017 and 2016 is comprised mainly of general and administrative expenses. The reported net loss for 2018, 2017 and 2016 includes share-based compensation expense of \$104,700, \$900,500 and \$26,900, respectively.

**Summary of Quarterly Results**

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

	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	\$ (223,850)	\$ (171,603)	\$ (248,657)	\$ (127,194)	\$ (134,258)	\$ (160,931)	\$ (368,210)	\$ (791,725)
Comprehensive income (loss)	\$ 1,434,396	\$ (1,963,985)	\$ 1,154,599	\$ (3,234,753)	\$ 1,633,285	\$ (1,227,245)	\$ 504,617	\$ 510,075
Basic and diluted loss per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.00)

**Three Months ended April 30, 2018**

The Company reported a net loss of \$223,850 for the three-month period ended April 30, 2018, as compared to a net loss of \$134,258 for the same period in the prior fiscal year. The difference is primarily attributable to an increase in wages, travel and promotion, and stock-based compensation.

General and administrative expenses for the three months ended April 30, 2018 totaled \$224,159 (2017 – \$143,249), including a foreign exchange gain of \$4,528 (2017 – \$6,436). The Company recorded interest income of \$309 (2017 – \$8,991) during the quarter due to a reduction of the amount of funds held in a GIC during the current period over the prior period.

Wages and benefits for the three-month period ended April 30, 2018 increased by \$60,780 over the prior period at \$131,980 (2017 - \$71,199).

Office and miscellaneous expenses decreased by \$1,845 to \$30,427 (2017 - \$32,272) and included: bank charges of \$497 (2017 - \$611); office expenses of \$3,110 (2017 - \$5,368); office rent of \$18,255 (2017 - \$18,045); telecommunications of \$2,500 (2017 - \$2,749); commercial liability insurance of \$1,243 (2017 - \$1,243); and, office insurance of \$208 (2017 - \$206); directors' and officers' insurance of \$2,500 (2017 - \$2,500). Depreciation was \$1,763 (2017 - \$954).

Expenditure on travel and promotion totaled \$23,987 (2017 - \$8,302). Costs paid included meals and entertainment of \$674 (2017 - \$955), travel of \$Nil (2017 - \$114), promotional fees of \$15,000 (2017 - \$Nil), trade show costs of \$3,482 (2017 - \$3,478), and shareholder communications costs of \$4,831 (2017 - \$3,755). The higher costs in the current period was due to the Company's attendance at various trade shows.

Professional fees of \$14,416 (2017 - \$17,208) consisted of audit fees and accruals and legal fees.

Regulatory and listing fees for the quarter were \$10,314 (2017 – \$19,749), with \$9,400 (2017 - \$18,417) paid as filing and listing fees in respect of the Company's stock option plan and annual sustaining fees, and \$914 (2017 - \$1,332) for transfer agency services.

#### ***Year ended April 30, 2018***

The Company reported a net loss of \$771,304 for the year ended April 30, 2018, as compared to a net loss of \$1,455,124 for the same period in the prior fiscal year. The difference of \$683,820 is primarily attributable to the recording of a larger amount of share-based compensation for option grants during the prior year. This difference was offset by increases in all other category of expenses.

General and administrative expenses for the year ended April 30, 2018 totaled \$793,330 (2017 – \$1,464,115), including a foreign exchange loss of \$26,341 (2017 – \$12,622). Share-based compensation expense was \$104,700 (2017 - \$900,500), related to the grant of stock options that vested during the year. The Company recorded interest income of \$22,026 (2017 - \$8,991) during the year.

Wages and benefits for the year ended April 30, 2018 increased by \$60,987 over the prior year at \$335,186 (2017 - \$274,199).

Office and miscellaneous expenses increased by \$899 to \$117,748 (2017 - \$116,849) and included: bank charges of \$1,742 (2017 - \$2,135); office expenses of \$10,001 (2017 - \$11,650); office rent of \$72,672 (2017 - \$70,917); telecommunications of \$10,321 (2017 - \$10,722); commercial liability insurance of \$4,972 (2017 - \$4,972); office insurance of \$831 (2017 - \$825); directors' and officers' insurance of \$10,000 (2017 - \$10,000). Depreciation was \$8,988 (2017 - \$3,403).

Expenditure on travel and promotion totaled \$81,029 (2017 - \$59,526). Costs paid included meals and entertainment of \$2,004 (2017 - \$3,942), travel of \$6,759 (2017 - \$6,751), promotional fees of \$44,883 (2017 - \$1,190), trade shows of \$15,692 (2017 - \$28,987), and shareholder communications costs of \$11,691 (2017 - \$18,656). The higher costs in the current period was due to the Company's attendance at various trade shows and for investor relations (Adelaide Capital Markets Inc).

Professional fees of \$90,088 (2017 - \$69,694) consisted of audit fees and accruals and legal fees.

Regulatory and listing fees for the year were \$29,250 (2017 – \$27,322) for transfer agency services and security commission filing fees.

On October 2, 2017, the Company announced the hiring of 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.

#### **Trends**

The Company has been actively exploring with a view to developing its San Albino-Murra Property in northern Nicaragua. After acquiring the option on the Property in late June 2009, Golden Reign completed geological mapping and prospecting

work throughout the property and an initial drill program at the San Albino Mine, the most advanced prospect. In early 2012, the Company undertook a major trenching program in the Southern District. In April 2012, a definition drilling program was initiated at the San Albino Gold Deposit, completing in July 2012. The Company's initial resource calculation was announced in late November 2012. An independent NI 43-101 technical report and resource estimate was filed in early January 2013. In July 2014, the Company reported an updated NI 43-101 compliant resource at the San Albino Gold Deposit. On May 1, 2015, Golden Reign announced the filing of the Preliminary Economic Analysis and updated mineral resource estimate for its San Albino Gold Deposit.

Volatile market conditions and the availability of financing may affect the Company's planned level of activity and development during Fiscal 2019.

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

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

### **Market Trends**

In recent years, the gold price has experienced high levels of volatility. In 2012, the price of gold reached new heights, briefly exceeding US\$1,900/oz. During 2018, the gold price has ranged from US\$1,174 to US\$1,353/oz. Demand for physical gold continues to be good. (Source: www.kitco.com). Silver is currently trading at approximately US\$14/oz. There is an industrial demand for silver; however, it is the investment demand that primarily drives its pricing.

### **LIQUIDITY AND CAPITAL RESOURCES**

During the year ended April 30, 2018, the Company experienced cash outflows of \$866,845 (2017 - \$598,646) from operating activities. Investing activities used cash of \$2,865,858 (2017 - \$4,121,258), with \$2,858,144 (2017 - \$4,095,453) spent on the Company's Nicaraguan projects and \$7,714 (2017 - \$25,805) paid for equipment. Financing activities realized positive cash flows of \$22,194 (2017 - \$6,934,705) from the exercise of warrants and options in the current period and private placement proceeds in the prior period, and \$Nil (2017 - \$764,410) recorded in respect of advances received from Sailfish pursuant to the gold streaming arrangement.

At April 30, 2018, the Company held cash and cash equivalents of \$1,072,150, had a working capital deficit of \$656,711, has not yet achieved profitable operations, has commitments due in the coming fiscal year, and had an accumulated deficit of \$14,012,441 (2017 - \$13,241,137) since inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Subsequent to the year end, Golden Reign and Marlin Gold Mining Ltd. ("Marlin") entered into a definitive bridge loan agreement for a bridge loan from Marlin to Golden Reign of C\$4,000,000, which was received on May 15, 2018, having a term of one year and bearing interest at 8% per annum (the "Bridge Loan"). Upon completion of the proposed Transaction (Note 13), the Bridge Loan will become intercompany debt and terminated. In the event that (a) Golden Reign shareholders vote not to approve the proposed Transaction, or (b) either the non-binding letter of intent (the "LOI") or the Definitive Agreement is terminated in accordance with its terms, then all accrued interest under the Bridge Loan will become immediately due and the maturity date of the Bridge Loan will accelerate to the earlier of the original maturity date or the date that is four months from the negative shareholder vote or termination of the LOI or Definitive Agreement, as applicable.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to advance its mineral property interests, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Development of the Company's initial operation at the San Albino Gold Mine is anticipated to be funded mainly by cash generated by the newly formed Group's Mexico operation upon successful completion of the proposed Marlin merger. However, additional funds may be required.

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

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

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

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

There is no assurance that additional funding will be available to allow the Company to fully explore its exploration and evaluation assets. Failure to obtain financing could result in the delay or indefinite postponement of further exploration and the possible partial or total loss of the Company's interest in certain properties. The Company may be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized. Refer to Note 1 of the annual audited consolidated financial statements

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

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not utilize off-balance sheet arrangements.

#### **TRANSACTIONS WITH RELATED PARTIES**

During the year ended April 30, 2018, the Company paid or accrued:

- (a) salaries of \$300,000 (2017 - \$300,000) to Kevin Bullock, a director and officer of the Company, which was capitalized to mineral properties;
- (b) salaries of \$120,000 (2017 - \$120,000) to Kim Evans, a director and officer of the Company;
- (c) salaries of \$48,000 (2017 - \$48,000) to Michele Pillon, an officer of the Company; and,
- (d) salaries of \$115,200 (2017 - \$96,000) to Zoran Pudar, an officer of the Company, which was capitalized to mineral properties.

Included in accounts payable and accrued liabilities is a total of \$8,780 (2017 - \$2,693) due to related parties for expenses. The amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

These transactions were in the normal course of operations.

#### **SUBSEQUENT EVENTS**

Subsequent to April 30, 2018, the Company:

- (a) announced that, on August 7, 2018, it has entered into a definitive agreement with Marlin Gold Mining Ltd., unanimously approved by each of the boards of directors of Golden Reign and Marlin, pursuant to which Golden Reign and Marlin propose to complete a previously announced business combination, whereby Golden Reign will acquire all of the issued and outstanding shares of Marlin by way of plan of arrangement. See Proposed Merger with Marlin Gold Mining Ltd. above;

- (b) granted 5,145,000 options to certain directors, officers and employees at an exercise price of \$0.195 cents per share for a term of five years. A total of 700,000 of the stock options are subject to vesting requirements whereby they vest immediately upon the first gold pour from the San Albino Gold Mine and the remaining 4,445,000 stock options vest immediately;
- (c) had a total of 895,000 options priced at \$0.20 and 570,512 options priced at \$0.22 expired unexercised on July 15, 2018 and July 24, 2018, respectively; and
- (d) had 139,262 share purchase warrants priced at \$0.22 and 510,829 share purchase warrants priced at \$0.22 expired unexercised on June 30, 2018 and July 12, 2018, respectively.

## FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

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

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

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

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable and accrued liabilities, and the Gold Streaming Arrangement liability.

### (a) Fair value

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable, and the Gold Streaming Arrangement liability. The carrying values of cash, receivables, and payables approximate fair value because of the short-term nature of these instruments.

### (b) Credit and interest rate risk

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

(c) **Liquidity risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of year to identify financial requirements. These requirements are met by accessing financing through private placements and other tools. During the year ended April 30, 2017, Golden Reign completed two equity financings, issuing 28,352,725 common shares for aggregate gross proceeds of \$6,237,599, less finder's fees of \$270,362 and share issue costs of \$125,806. The Company also received gross proceeds of \$85,449 from the exercise of warrants and \$245,000 from the exercise of options, less share issue costs of \$1,067. To date in fiscal 2018, the Company has received additional gross proceeds of \$4,778 from the exercise of warrants and \$17,687 from the exercise of options, less share issue costs of \$271. There is no assurance that financing of sufficient amounts or on terms acceptable to the Company will be available. For further discussion, refer to note 1 of the audited consolidated financial statements for the year ended April 30, 2018.

(d) **Commodity risk**

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

(e) **Foreign currency risk**

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

**OUTSTANDING SHARE DATA AS AT AUGUST 27, 2018:**

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	192,103,920

(b) Summary of options outstanding:

Security	Number	Number Exercisable	Exercise Price	Expiry Date
Options	895,000	895,000	\$0.20	July 15, 2018
Options	60,000	60,000	0.25	October 16, 2018
Options	2,000,000	1,375,000	0.10	February 19, 2021
Options	5,485,000	5,485,000	0.25	June 14, 2021
Options	2,415,000	2,415,000	0.30	August 25, 2021
Options	890,000	890,000	0.26	August 21, 2022
Options	150,000	75,000	0.35	October 2, 2022
Agents' Options	570,512	570,512	0.22	July 24, 2018
	12,465,512	11,765,512		

Subsequent to the year-end, 895,000 options priced at \$0.20 and 570,512 options priced at \$0.22 expired unexercised on July 15, 2018 and July 24, 2018, respectively.

**FUTURE ACCOUNTING PRONOUNCEMENTS**

**IFRS 15, Revenue from Contracts with Customers**

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

IFRS 15 applies to an annual reporting period beginning on or after January 1, 2018. The Company has concluded the impact of IFRS 15 will not be material to the financial statements.

### **IFRS 9, Financial Instruments – Classification and Measurement**

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

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

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has concluded the impact of IFRS 9 will not be material to the financial statements.

### **IFRS 16, Leases**

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

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. The Company is in the process of determining the impact that these changes will have on its financial statements.

## **RISK AND UNCERTAINTIES**

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

Some of the other significant risks are:

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

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

## Mitigating Risk

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

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

## CONTROLS AND PROCEDURES

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

## DISCLOSURE CONTROLS

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

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

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

## FORWARD-LOOKING INFORMATION

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

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

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

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

- financing, capitalization and liquidity risks;
- mineral exploitation and exploration program cost estimates;
- the nature and impact of drill results and future exploration;
- regulatory risks relating to mineral tenure, permitting, environmental protection, taxation, and royalties;
- volatility of currency exchange rates, metal prices and metal production;
- other factors referenced under “Risks and Uncertainties”; and
- other risks normally incident to the acquisition, exploration, development and operation of mining properties.

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