



CORPORATE UPDATE January 25, 2017

GOLDEN REIGN RESOURCES LTD.
(V-GRR) \$0.30

RATING: BUY
(unchanged)

TARGET: \$0.70
(unchanged)

Cashed Up and Ready for a Big Year of Development at San Albino-Murra

- ▶ **EVENT:** Golden Reign Resources Ltd. (Golden Reign) announced the closing of its previously announced equity financings on January 24th, 2017.
- ▶ **DISCUSSION:** The Company completed the issuance of 19.9 million common shares (at \$0.22/sh) for gross proceeds of \$4.3 million on January 11th, 2017.
- ▶ Subsequently, Golden Reign also completed an issuance of an additional 8.5 million common shares (at \$0.22/sh) for gross proceeds of \$1.9 million on January 24th, 2017.
- ▶ The proceeds of these financings will be used for working capital, general corporate purposes, and to accelerate exploration on targets outside of the San Albino area.
- ▶ Post these financings, the Company now has cash of approximately \$6 million (net of commissions paid).
- ▶ On the permitting front, the Company expects to have their final permits in place in Q117 so that it can begin construction of the high-grade open-pit gold mine shortly after.
- ▶ **FORECAST/OUTLOOK:** Our LOM production/cost assumptions remain unchanged where we continue to assume that construction will begin in 2017 and initial production will occur in late 2017/ early 2018.
- ▶ As we have indicated in the past, we have only modelled out the open pit potential of the project. However, we recognize that there could ultimately be an underground component at the operation where there is a current resource of 613Koz Au Eq. with grades of 8.6 g/t Au Eq.
- ▶ **VALUATION/RECOMMENDATION:** After incorporating the financings into our valuation and pushing out our DCF out by one year, our NAV estimate for Golden Reign has increased slightly to \$0.93/sh (was \$0.89/sh).
- ▶ We continue to apply a 0.7x multiple (unchanged) to the operating portion of our NAV to arrive at our **target price \$0.70/sh (unchanged)**. Given the fact that our target price represents a 133% return relative to the current share price of the stock, **we are maintaining our BUY recommendation and SPECULATIVE risk rating.**

All Figures in C\$ unless otherwise noted.

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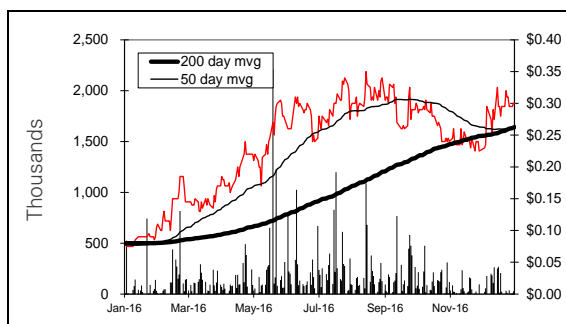
Company Statistics

Risk:	SPECULATIVE
52-week High/ Low (\$/sh):	0.36/0.08
Shares Outstanding (M):	190 (basic) 199 (fully diluted)
Market Capitalization (\$M):	57
3-Month Trading Volume (000s):	97
Cash & Cash Equiv. (\$M):	6
Total Debt (\$M):	0
Enterprise Value (\$M):	51
CEO:	Kevin Bullock
Top Shareholders:	Marlin Gold (19%) Mgmt (15%)

Financial Summary

(FYE Apr. 30)

	2015A	2016E	2017E	2018E
Gold Price (US\$/oz)	1159	1275	1325	1350
Production (Koz Au Eq.)	N/A	N/A	N/A	7
Cash Costs (US\$/oz Au Eq.)	N/A	N/A	N/A	499
All-In Costs (US\$/oz Au Eq.)	N/A	N/A	N/A	952
Revenue (\$M)	N/A	N/A	N/A	N/A
Net Income (\$M)	(1)	(1)	(2)	(3)
EPS (\$/sh)	(0.01)	(0.00)	(0.01)	(0.01)
CFPS (\$/sh)	(0.01)	(0.00)	(0.01)	(0.01)



PI Financial Corp. has received compensation for acting as a fiscal agent for GRR in the previous 12 months. See the disclosure section for additional details.

Corporate Information

Golden Reign is a Vancouver-based junior gold exploration and development company currently focused on advancing its 100%-owned San Albino-Murra property located in northern Nicaragua.

A Disclosure Fact Sheet is available on Pages 3-4 of this report.

Company Snapshot

Golden Reign Resources Ltd. (TSX.V-GRR)

GRR.V	\$0.30	Project Economics (Calendar Year)		2014A	2015A	2016E	2017E	2018E	2019E
Rating	Buy	San Albino-	Production	Koz Au Eq.	-	-	-	7	19
Risk	Speculative	Murra	Tonnage	KT	-	-	-	45	90
Target Price	\$0.70		Grades	g/t Au	-	-	-	5.4	7.1
Projected Total Return	133%		Grades	g/t Ag	-	-	-	11.2	14.5
			Recoveries	% Au	-	-	-	90.0	90.0
			Recoveries	% Ag	-	-	-	90.0	90.0

What's Changed?	New	Old
Rating	Buy	Buy
Target (\$/sh)	\$0.70	\$0.70
Risk	Speculative	Speculative

Valuation	New	Old
San Albino-Murra (\$/sh)	\$0.80	\$0.73
Cash & Cash Equiv. (\$/sh)	\$0.12	\$0.15
Adjustments (\$/sh)	\$0.01	\$0.01
NAV (\$/sh)	\$0.93	\$0.89

Market Data

Shares O/S (M)	190
Shares O/S F.D. (M)	199
52-Week High (\$)	\$0.36
52-Week Low (\$)	\$0.08
Market Cap (\$M)	\$57
Net Cash (\$M)	\$6
Enterprise Value (\$M)	\$51
P/NAV (x)	0.3
Fiscal Year End	Apr. 30

Cash Costs	US\$/oz Au Eq.	-	-	-	13.9	1.3	1.3
Exploration	US\$/M	-	-	2.0	-	2.0	2.0
Cash Costs	US\$/oz Au Eq.	-	-	-	-	499	432
All-In Cash Costs	US\$/oz Au Eq.	-	-	-	-	952	605

Commodity/FX Forecast (Calendar Year)	2014A	2015A	2016E	2017E	2018E	2019E
Gold Price - Assumption	US\$/oz	1,266	1,159	1,275	1,325	1,350
Gold Price - Realized	US\$/oz	N/A	N/A	N/A	N/A	1,090
Silver Price - Assumption	US\$/oz	19.07	15.68	17.00	17.75	18.50
Silver Price - Realized	US\$/oz	N/A	N/A	N/A	17.75	18.50
Foreign Exchange Rate	C\$/US\$	1.10	1.28	1.30	1.25	1.25

Financial Forecast (Fiscal Year - Apr. 30)	2014A	2015A	2016E	2017E	2018E	2019E
Revenue	\$M	-	-	-	-	10
Net Income	\$M	(1)	(1)	(1)	(2)	(3)
Cash Flow from Operations	\$M	(1)	(1)	(1)	(1)	4
EPS	\$/sh	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)
CFPS	\$/sh	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)

Reserves & Resources (0.75 g/t Au Eq. OP / 2.0 g/t Au Eq. UG)

	Tonnage	Grade	Ounces
	(Kt)	(g/t Au Eq.)	(Koz Au Eq.)
P&P	-	-	-
M&I	678	7.16	156
Inferred	3,067	8.17	806
Total	3,745	7.99	962
EV/oz (\$/oz Au Eq.)			\$53

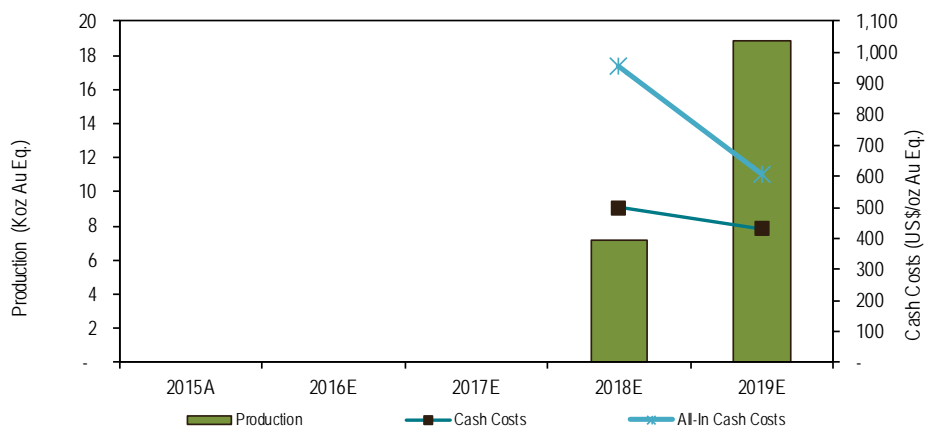
Forecasts

	Long Term
Gold (US\$/oz)	\$1,350
Silver (US\$/oz)	\$18.50

Target Valuation

Our target price is based on a 0.7x multiple to our NAV estimate.

Source: PI Financial Corp., Company reports, Thomson Eikon



Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.

NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.

SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.

U/R : Under Review

N/R : No Rating

TENDER: Investors are guided to tender to the terms of the takeover offer.

Analyst recommendations and targets are based on the stock's expected return over a 12-month period or may be based on the company achieving specific fundamental results. Under certain circumstances, and at the discretion of the analyst, a recommendation may be applied for a shorter time period. The basis for the variability in the expected percentage change for a recommendation, relates to the differences in the risk ratings applied to individual stocks. For instance stocks that are rated Speculative must be expected to appreciate at the high end of the range of 10-20% over a 12-month period.

Price Volatility / Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. Rated for risk tolerant investors only.

ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.

AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

Analyst Certification

I, Brian Szeto, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. I am the research analyst primarily responsible for preparing this report.

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2) The analyst(s) responsible for the report or recommendation on the subject company, a member of the research analyst's household, and associate of the research analyst, or any individual directly involved in the preparation of this report, have a financial interest in, or exercises investment discretion or control over, securities issued by the following companies.	2) No
3) PI Financial Corp. and/or its affiliates have received compensation for investment banking services for the subject company over the preceding 12-month period.	3) Yes
4) PI Financial Corp. and/or its affiliates expect to receive or intend to seek compensation for investment banking services from the subject company	4) Yes
5) PI Financial Corp. and/or its affiliates have managed or co-managed a public offering of securities for the subject company in the past 12 months.	5) No
6) The following director(s), officer(s) or employee(s) of PI Financial Corp. is a director of the subject company in which PI provides research coverage.	6) No
7) A member of the research analyst's household serves as an officer, director or advisory board member of the subject company.	7) No
8) PI Financial Corp. and/or its affiliates make a market in the securities of the subject company.	8) No
9) Company has partially funded previous analyst visits to its projects.	9) Yes
10) Additional disclosure:	10) No

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The attached summarizes PI's analyst review of the material operations of the attached company(s).

Analyst	Company	Type of Review	Operations / Project	Date
Brian Szeto	Golden Reign Resources Ltd.	Management Call	San Albino-Murra	1/17

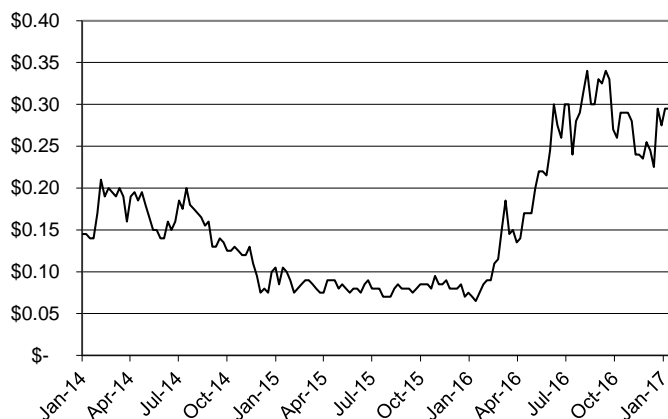
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Recommendations	Number of Recommendations	Percentage
BUY	56	87.5%
NEUTRAL	7	10.74%
SELL	0	0.00%
TENDER	1	1.56%
U/R	0	0.00%
N/R	0	0.00%
TOTAL	64	

Stock Rating and Target Changes

For reports that cover more than six subject companies, the reader is referred to our corporate web site for information regarding stock ratings and target changes. www.pifinancial.com (Research: Research and Conflict Disclosure).



Golden Reign Resources Ltd. (Initiated Coverage: July 29/14)

Date	Rating Change	Target Change	Share Price
Oct 7/16	Buy	\$0.60 to \$0.70	\$0.31
Jun 30/16	Buy	\$0.40 to \$0.60	\$0.26
Jul 6/15	Buy	\$0.60 to \$0.40	\$0.09
Apr 1/15	Buy	\$0.50 to \$0.60	\$0.08
Nov 11/14	Buy	\$0.55 to \$0.50	\$0.12
Jul 29/14	Buy	\$0.55	\$0.19

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