



CORPORATE UPDATE September 12, 2017

GOLDEN REIGN RESOURCES LTD. (V-GRR) \$0.34

RATING: BUY
(unchanged)

TARGET: \$0.80
(increased, previously \$0.70)

San Albino Now Fully Permitted

- ▶ **EVENT:** Golden Reign Resources Ltd. (Golden Reign) provided a permitting update for its flagship 100%-owned San Albino-Murra project (located in northern Nicaragua) before market open on September 12th, 2017.
- ▶ **DISCUSSION:** The Company has received its much anticipated environmental permit for the project.
- ▶ The permit will allow Golden Reign to develop, construct, and operate up to a 500tpd operation for its high-grade open-pit deposit.
- ▶ This compares to the 250tpd scenario that we have currently assumed in our valuation. We highlight that this gives Golden Reign the optionality of doubling its production rate and represents potential upside to our valuation.
- ▶ In terms of next steps, it will look to finalize its EPCM contract, commence detailed engineering, and look to break ground at the project this year.
- ▶ The Company remains on track to achieve producer status by 2018 which would be yet another major milestone.
- ▶ **IMPACT: Positive.** This is obviously very exciting news and a major de-risking event for the project. We highlight that 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 look to become the third gold producer within the country.
- ▶ **FORECAST/OUTLOOK:** Our LOM production/cost assumptions remain unchanged where we continue to assume that construction will begin later this year and initial production will occur in 2018.
- ▶ **VALUATION/RECOMMENDATION:** Our NAV estimate for Golden Reign remains at \$0.93/sh which means that the Company is trading at only 0.4x NAV and represents an attractive entry point for potential investors.
- ▶ We are increasing our multiple to NAV to 0.8x (was 0.7x) as the receipt of the permits is a major de-risking event for the project. After applying our new multiple to the operating portion of our NAV, we arrive at our **new target price \$0.80/sh (was \$0.70/sh)**. Given the fact that our target price represents a 139% 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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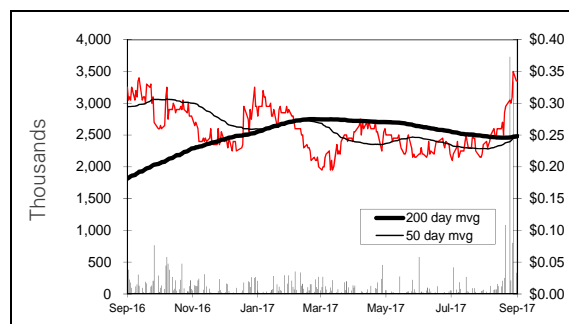
Company Statistics

Risk:	SPECULATIVE
52-week High/ Low (\$/sh):	0.37/0.20
Shares Outstanding (M):	190 (basic) 199 (fully diluted)
Market Capitalization (\$M):	64
3-Month Trading Volume (000s):	211
Cash & Cash Equiv. (\$M):	6
Total Debt (\$M):	0
Enterprise Value (\$M):	58
CEO:	Kevin Bullock
Top Shareholders:	Mgmt (21%) Marlin Gold (19%)

Financial Summary

(FYE Apr. 30)

	2016A	2017E	2018E	2019E
Gold Price (US\$/oz)	1248	1325	1350	1350
Production (Koz Au Eq.)	N/A	N/A	7	19
Cash Costs (US\$/oz Au Eq.)	N/A	N/A	499	432
All-in Costs (US\$/oz Au Eq.)	N/A	N/A	952	605
Revenue (\$M)	N/A	N/A	N/A	10
Net Income (\$M)		0	(2)	(3)
EPS (\$/sh)		0.00	(0.01)	(0.01)
CFPS (\$/sh)		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	\$0.34	Project Economics (Calendar Year)			2014A	2015A	2016A	2017E	2018E	2019E
Rating	Buy	San Albino-	Production	Koz Au Eq.	-	-	-	-	7	19
Risk	Speculative	Murra	Tonnage	KT	-	-	-	-	45	90
Target Price	\$0.80		Grades	g/t Au	-	-	-	-	5.4	7.1
Projected Total Return	139%		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)	\$0.80	\$0.70
Risk	Speculative	Speculative

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

Market Data

Shares O/S (M)	190
Shares O/S F.D. (M)	199
52-Week High (\$)	\$0.37
52-Week Low (\$)	\$0.20
Market Cap (\$M)	\$64
Net Cash (\$M)	\$6
Enterprise Value (\$M)	\$58
P/NAV (x)	0.4
Fiscal Year End	Apr. 30

Capex	US\$M	-	-	-	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	2016A	2017E	2018E	2019E
Gold Price - Assumption	US\$/oz	1,266	1,159	1,248	1,325	1,350	1,350
Gold Price - Realized	US\$/oz	N/A	N/A	N/A	N/A	1,090	1,093
Silver Price - Assumption	US\$/oz	19.07	15.68	17.09	17.75	18.50	18.50
Silver Price - Realized	US\$/oz	N/A	N/A	N/A	17.75	18.50	18.50
Foreign Exchange Rate	C\$/US\$	1.10	1.28	1.32	1.25	1.25	1.25

Financial Forecast (Fiscal Year - Apr. 30)		2014A	2015A	2016A	2017E	2018E	2019E
Revenue	\$M	-	-	-	-	-	10
Net Income	\$M	(1)	(1)	(0)	(2)	(3)	3
Cash Flow from Operations	\$M	(1)	(1)	(1)	(1)	(2)	4
EPS	\$/sh	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	0.02
CFPS	\$/sh	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	0.02

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

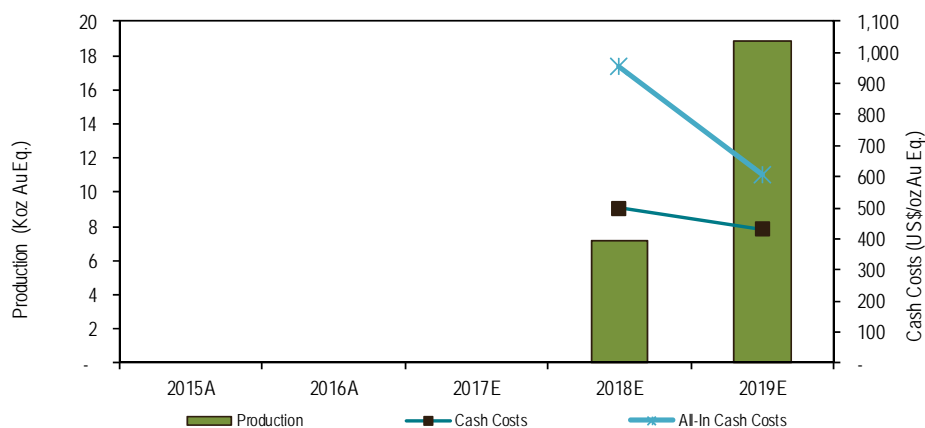
	Tonnage	Grade	Ounces
	(Kt)	(g/t Au Eq.)	(Koz Au Eq.)
P&P	-	-	-
M&I	678	7.16	156
Inferred	3,067	8.17	806
Total	3,745	7.99	962
EV/oz (\$/oz Au Eq.)			\$60

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

Target Valuation

Our target price is based on a 0.8x 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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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
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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	9/17

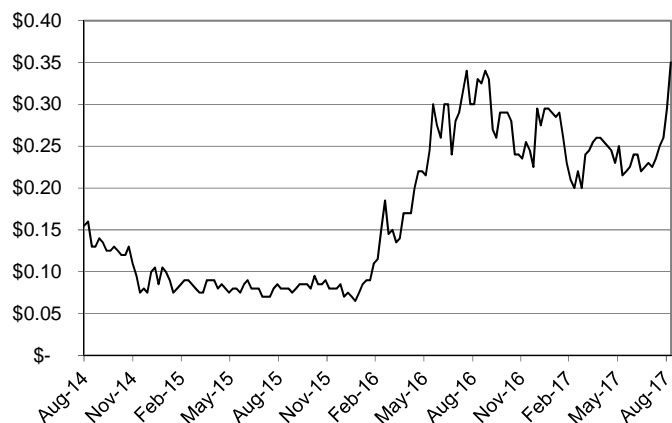
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Recommendations	Number of Recommendations	Percentage
BUY	71	92.21%
NEUTRAL	4	5.19%
SELL	1	1.30%
TENDER	1	1.30%
U/R	0	0.00%
N/R	0	0.00%
TOTAL	77	

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
Sep 12/17	Buy	\$0.70 to \$0.80	\$0.34
Oct. 7/16	Buy	\$0.60 to \$0.70	\$0.31
June 30/16	Buy	\$0.40 to \$0.60	\$0.26
July 6/15	Buy	\$0.60 to \$0.40	\$0.09
April 1/15	Buy	\$0.50 to \$0.60	\$0.08
Nov. 11/14	Buy	\$0.55 to \$0.50	\$0.12
July 29/14	Buy	\$0.55	\$0.19

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