2012
Annual Report to Shareholders

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Gold Reserve Inc. (the "Company" or "Gold Reserve") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 and the related notes contained therein. In addition, the following should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 and the related MD&A. This MD&A has been approved by the Board of Directors of the Company and is dated March 22, 2013.

Gold Reserve, an exploration stage company, is engaged in the business of acquiring, exploring and developing mining projects. Management's primary focus during 2012 included:

- Obtaining a working interest in the La Tortuga project (the "La Tortuga Property"), establishing the local operating entity and commencing related exploration (See Note 7 to the audited consolidated financial statements for the year ended December 31, 2012);
- Implementing the Company's plan to regain compliance with the NYSE-MKT ("NYSE") continued listing standards which was denied by the Exchange on March 7, 2013;
- Concluding the restructuring of the Company's convertible notes in November 2012 (See Note 12 to the audited consolidated financial statements for the year ended December 31, 2012);
- Settling litigation related to a breach of fiduciary responsibility during the course of a 2008 unsolicited takeover bid (See Note 13 to the audited consolidated financial statements for the year ended December 31, 2012); and
- Executing since 2009, the Company's arbitration claim against Venezuela including responding to the Tribunal's July 2012 procedural order requesting the production of further evidence related to valuation issues as well as continued efforts to reach an amicable settlement. (See Note 3 to the audited consolidated financial statements for the year ended December 31, 2012).

EXPLORATION PROSPECTS

La Tortuga Property

The Company entered into an Option Agreement dated April 26, 2012 with Soltoro Ltd. ("Soltoro") whereby Soltoro granted Gold Reserve the right to earn an undivided 51% interest in the La Tortuga Property located in Jalisco State, Mexico (the "Soltoro Agreement"). The Soltoro Agreement allows the Company to acquire an undivided 51% interest by making an aggregate $650,000 in option payments to Soltoro as well as expending $3 million on the property over 3 years. The Company anticipates entering into a joint venture agreement after paying the option payments and making the required expenditures. The Company has an option to acquire an additional 9% interest in the La Tortuga Property for $2,000,000. The Company made an initial $50,000 option payment to Soltoro upon signing and an additional $100,000 option payment in July 2012.

The La Tortuga Property, a copper and gold prospect, is an 11,562 hectare property being investigated for its base and precious metal potential with occurrences of copper and gold mineralization over 49 square kilometers, including iron oxide copper gold deposits, copper porphyries and epithermal gold and/or base metal veining. Work on the property has included 151 line-kilometers of induced polarization, 20 drill holes (both diamond core and reverse circulation), mapping and sampling (approximately 1,000 soil, rock chip and stream sediment samples) and ground magnetic survey.

In addition to several corporate employees providing assistance to our exploration activities, the Company has 11 employees working directly on the La Tortuga project, as well as a number of drilling and other contracted services personnel. Direct employees are expected to increase to over 30 people in 2013 as the exploration program advances. The Company's 2013 current exploration program, which management expects to substantially complete in 2013 subject to the availability of subcontractors and the addition of qualified new employees, is estimated to cost $3.5 million. The overall objective of the exploration plan is intended to obtain a more comprehensive database on the property.

The Company has commenced the environmental baseline studies required for exploration permitting, as well as future development and has also begun social program works, initiating contact with the local community and baseline work for social impact studies which will ultimately lead to a comprehensive social impact and mitigation plan for any future development. An airborne geophysical survey is presently being conducted on the property, as is continuing ground based mapping, sampling, geochemistry and geophysical studies. These activities are intended to support and inform the 7,000 to 12,000 meter drill program planned for 2013 to test four known mineralized targets which are along a projected trend of mineralized structures identified by past exploration and drilling activities. Additional drilling will also be initiated on other mineral targets as well as any new targets that may be generated by on-going exploration work.

In addition to the Soltoro Agreement, management has identified a number of other potential mineral prospects both inside Mexico and in other countries and has signed or is in the process of signing confidentiality agreements allowing access to the target company's confidential information regarding such prospects. During 2012 and 2011 the Company incurred and separately reported approximately $0.9 million and $1.3 million, respectively, in exploration expense which excludes indirect costs during the same periods of similar magnitude that are recorded as general and administrative expenses and expended in support of our evaluation, exploration and acquisition activities and establishment of our Mexican subsidiary to satisfy regulatory matters in Mexico.

As with any similarly-situated mining company, the Company is evaluating multiple prospects and our efforts are subject to, among other things, the mineralized potential, the terms of any agreement, the level and quality of previous work completed by the target companies, schedules, weather and geography. The Company is focusing on prospects that have potential for success and generally located in a politically friendly jurisdiction which has clear and well established mining, tax and environmental laws, an experienced mining authority and likely to be an open pit versus an underground prospect.

EXCHANGE LISTINGS

In June and November 2011, the NYSE and the Toronto Stock Exchange (the "TSX"), respectively, concluded that the Company "no longer complied" with its listing rules due to the expropriation of Brisas and thereby advised the Company that they intended to delist the Company's common shares. The Company appealed both notifications.

With regard to the Company's appeal to the TSX, the TSX determined the Company's plan was not sufficiently advanced to allow additional time to regain compliance, which resulted in the removal of the Company's common shares from the TSX to the TSX Venture Exchange ("TSXV") on February 1, 2012.

With regard to the Company's appeal to the NYSE, the Company was permitted to enter into a plan of compliance, but ultimately did not meet a key term of the plan. Even though the Company believes it regained compliance with the NYSE continued listing standards on an overall basis, the NYSE again sent written notice of intent to file a delisting application in January 2013. The Company appealed again and an oral hearing with an independent panel was held on February 28, 2013. The NYSE notified the Company that its appeal had been denied on March 7, 2013, and subsequently suspended the Company's common shares at the market close on March 14, 2013. As of the date hereof, the Company's common shares continue to trade on the TSXV and the OTCQB with the symbol "GRZ.V" and "GDRZF", respectively.

CONVERTIBLE NOTES RESTRUCTURING

In May 2007, the Company issued $103,500,000 aggregate principal amount of senior subordinated convertible notes ("Old Notes"), of which $102,347,000 remained outstanding prior to June 15, 2012. Old Notes with a face value of $1,153,000 were previously settled in cash or repurchased by the Company in the open market at a total cost of approximately $452,000. Such Old Notes included interest at a rate of 5.50% annually, paid semi-annually in arrears and originally matured on June 15, 2022.

On May 16, 2012, the Company notified the holders of Old Notes, as required by the Indenture governing such notes (the "Indenture"), that they had the right to require the Company to purchase all or a portion of their Old Notes on June 15, 2012 and that, pursuant to a negotiated agreement with the largest note holders, the Company would pay, in cash, any such notes validly surrendered. On June 15, 2012, pursuant to the put option provided in the Indenture (the "Put Option"), holders of Old Notes elected to surrender approximately $16.9 million of the Old Notes to the Company for cash leaving a remaining balance of approximately $85.4 million.

Concurrent with the Put Option, the Company announced the restructuring agreement (the "Restructuring"), which was approved by shareholders in June 2012, with its three largest holders of Old Notes, who then held approximately 88% of such outstanding Old Notes. Subsequently, in the third quarter, the next largest holder of Old Notes was added to the Restructuring bringing the total amount of outstanding principal under the Old Notes subject to the Restructuring to approximately 98.7%. Thereafter in the third quarter, management also offered the same restructuring terms to the holders of the remaining 1.3% of the Company's outstanding Old Notes (the "Other Note Holders").

The Restructuring, among other terms, provided for the redemption of the remaining Old Notes held that were not previously surrendered to the Company pursuant to the Put Option. The general terms of the Restructuring were as follows:

For each $1,000 in principal amount, plus any accrued and unpaid interest on the Old Notes through the date on which the Restructuring was consummated:

- $700 principal amount of Old Notes were exchanged for: (i) $200 in cash, (ii) 147.06 Class A common shares of the Company (equivalent to a conversion price of $3.40), and (iii) a pro rata portion of an aggregate 5.468% Contingent Value Right ("CVR").
- $300 principal of Old Notes remained outstanding representing the same continuing indebtedness, subject to certain amended terms (the "Modified Notes") including: (i) maturity date of June 29, 2014; (ii) convertible into 250 shares of Class A common stock per $1,000 (equivalent to a conversion price of $4.00) at any time after the closing date upon 3 days prior written notice to the Company; (iii) mandatory redemption obligation for an amount of cash equal to 120% of the face value thereof plus accrued and unpaid interest upon certain events related to the receipt of proceeds connected with the arbitration proceedings or sale or other disposition of the Company's mining data; (iv) optional redemption for shares of Common Stock at the conversion price noted above plus cash for any accrued and unpaid interest if the closing sale price of its Class A common shares is equal to or greater than 200% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days; and (v) redemption at maturity by payment of cash in an amount equal to the principal plus accrued and unpaid interest thereon.

The CVR entitles each note holder of the Modified Notes to receive, net of certain deductions (including income tax calculation), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by the Company with respect to the Arbitration proceedings or disposition of the Brisas Project mining data. The proceeds, if any, could be cash, commodities, bonds, shares or any other consideration received by the Company and if such proceeds are other than cash, the fair market value of such non-cash proceeds, net of any required deductions (e.g., for taxes) will be subject to the CVR.

The Company paid approximately $2.6 million in restructuring costs including $0.9 million to holders of Old Notes electing the Restructuring based on their pro rata share of the total Old Notes restructured and $1.7 million in legal and other transaction costs. The restructuring costs have been allocated to the various components of the consideration given by the Company as detailed below. In addition, the Company paid $4.6 million, $5.6 million and $5.6 million in interest during 2012, 2011 and 2010 respectively.

The offer period related to the Restructuring expired on November 23, 2012 and was finalized on November 27, 2012. Holders of an aggregate of $84,405,000 of Old Notes elected to participate in the Restructuring and $1,042,000 of Old Notes declined to participate. Pursuant to the terms of the Restructuring, the Company paid a total of $16,887,500 cash, issued a total of 12,412,501 Class A common shares, exchanged Old Notes for Modified Notes with a face value of $25,315,000 and issued CVR's totaling 5.468% of the proceeds actually received by the Company with respect to the Arbitration proceedings or disposition of the Brisas Project mining data.

Management considered the relevant fair value measurement guidance as required by generally accepted accounting principles in order to record the debt restructuring transaction based on the fair value of the consideration given to redeem the Old Notes. At June 15, 2012, the fair value of the agreed upon consideration was estimated to equal the carrying value of the Old Notes of $84.4 million. On November 27, 2012 when the restructuring was completed, the fair value of the aggregate consideration given was estimated at approximately $75.1 million, resulting in a gain on the transaction of approximately $9.3 million which is recorded in the audited consolidated statement of operations net of costs associated with the restructuring transaction. The gain is due to the effect of the decrease in the share price, between June 15, 2012 and the date the restructuring was completed, on the fair value of the consideration given. As of November 27, 2012, management's estimate of the fair value of the consideration given included approximately $16.9 million cash, $37.9 million of equity, $19.3 million of Modified Notes and $1.0 million related to the CVR as summarized below:

	November 27, 2012 Fair Value of Consideration Given					
	Cash	Equity	Notes	CVR	Gain	Total
Restructured notes	$16,887,500	$37,858,125	$19,302,688	$1,030,794	$9,325,893	$84,405,000
Restructuring costs		(672,248)	(657,770)	(18,303)	(1,236,798)	2,585,119
		$37,185,877	$18,644,918	$1,012,491	$8,089,095	

The face value of convertible notes outstanding subsequent to the Restructuring was $26,357,000, which includes $25,315,000 of Modified Notes and $1,042,000 of Old Notes held by Other Note Holders who declined to participate in the Restructuring. The Modified notes were initially recorded at their estimated fair value, net of restructuring costs and will be accreted to their face value using the effective interest rate method over the expected life of the notes (estimated to be the maturity date of June 29, 2014), with the resulting charge recorded as interest expense.

Estimated fair value of modified notes as of November 27, 2012	$19,302,688
Restructuring costs allocated to modified notes	(657,770)
	18,644,918
Accretion of modified notes during 2012	338,536
Carrying value of modified notes as of December 31, 2012	18,983,454
Old notes	1,042,000
Total carrying value of convertible notes as of December 31, 2012	$20,025,454

The remaining Old Notes held by non-electing Other Note Holders continue to be subject to the original terms of the Indenture which include (i) a maturity date of June 15, 2022; (ii) conversion into 132.626 shares of Class A common shares per $1,000 (equivalent to a conversion price of $7.54 per common share) at any time upon prior written notice to the Company; (iii) the ability of the Company, at its option, to redeem all or part of the Old Notes for cash at a redemption price equal to 100% of the principal amount being redeemed plus accrued and unpaid interest.

The covenants in the Indenture, as amended, relating to both the new Modified Notes and the Old Notes are generally limited to administrative issues such as payments of interest, maintenance of office or agency location, delivery of reports and other related issues. Likewise, events of default are defined as failure to pay interest and principal amounts when due, default in the performance of covenants, failure to convert notes upon holder's exercise of conversion rights and similar provisions or the Company's failure to give notice of a fundamental change which is generally defined as events related to a change of control in the Company.

BRISAS ARBITRATION

From 1992 to 2008 the Company focused substantially all of its management and financial resources on the development of the Brisas Project. In April 2008, after a series of actions which concluded with the revocation of the Company's previously authorized right to develop the Brisas Project, the Venezuelan government expropriated the Brisas Project and also effectively deprived the Company of its ability to further develop the Choco 5 Property.

In October 2009 the Company began the Brisas Arbitration by filing a Request for Arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes ("ICSID"), against the Bolivarian Republic of Venezuela ("Respondent") seeking compensation in the arbitration for all of the loss and damage resulting from Venezuela's wrongful conduct (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1)). The Company's claim as last updated in its July 2011 Reply totals approximately $2.1 billion which includes interest from April 14, 2008 (the date of the loss) to July 29, 2011 (the date of the Company's reply) of approximately $400 million The claim, including interest accrued since the loss to July 29, 2011, represents the full market value of the legal rights to develop the Brisas Project at the date of the Tribunal's decision and the value of the Choco 5 Property.

The Company is well advanced in the arbitration process. After the parties each made several filings, the Tribunal held an oral hearing with the parties in Washington, D.C. which concluded on February 17, 2012. The Company and Respondent both submitted post-hearing briefs on March 16, 2012, commenting in conclusion on the full evidentiary record, as is typically permitted in such arbitrations. In July 2012, the Tribunal issued a procedural order requesting the production of further evidence related to valuation issues. The parties have been requested to submit a joint report from their technical experts by April 26, 2013 and to submit observations of the parties on the experts' report by May 24, 2013 with a hearing sometime in early June 2013 if either party requests.

Consistent with Venezuela's publically stated intent to develop the Brisas Project and contiguous areas, it is the Company's understanding that Venezuela has concluded a contract with a large Chinese corporation for initial studies related to the development and eventual construction of the Brisas or Brisas-Cristinas mine as a large gold-copper complex. The Company continues to have discussions with the Venezuelan authorities regarding a settlement of the dispute including the transfer of the extensive technical data related to the development of the Brisas Project that was compiled by the Company.

A conservative estimate to develop either the Brisas or Brisas-Cristinas project without access to the Company's engineering data could be 7 to 10 years; with a settlement that would provide access to that data, the mine theoretically could be developed in about 3 to 4 years. Gold Reserve has proposed a solution to the Venezuelan government that would allow the mine, with the assistance of the Chinese corporation, to be developed for the benefit of Venezuela, with proper compensation for the Company's stakeholders. The Company has provided its solution to various government entities with oversight responsibility for the Brisas Project and through the submission of construction and financing proposals to the relevant authorities, including the Central Bank of Venezuela, the Ministry of Oil and Mines and the Attorney General's office.

Gold Reserve has pursued and will continue to pursue a fair settlement with Venezuela. Regardless of whether there is a settlement or an arbitral award, management is committed to see this process through to its logical conclusion. It is typical for tribunals in this type of arbitration to require six to eighteen months from the date of the oral hearing (the historical average is approximately 1.2 years) to finalize and issue its decision. The substantial value of the Brisas asset and the breadth and depth of the evidentiary record requires thoughtful consideration by the Tribunal and, as a result, the actual timing for the issuance of an arbitral award in this case will be as required by the Tribunal.

An ICSID Additional Facility Award is enforceable globally under the New York Convention, an international convention regarding the recognition and enforcement of arbitral awards with over one hundred forty State parties. There are clear, well documented procedures for identifying sovereign assets located in one or more of these States and for enforcing arbitral awards by attaching such assets.

LITIGATION SETTLEMENT

During December 2008 the Company filed an action in the Ontario Superior Court of Justice against Rusoro and Rusoro's financial advisor Endeavour Financial International Corporation ("Endeavour") relating to damages from an unsolicited takeover offer. Both parties filed counterclaims in 2009 and the Company amended its original claim in 2010. On September 20, 2012, the Company entered a settlement agreement with both Endeavour and Rusoro. Under the settlement dismissing all legal actions Endeavour paid the Company Cdn$1,500,000 and Rusoro paid

Cdn$250,000, issued 2,500,000 common shares and a conditional promissory note in the amount of $1,000,000 which, due to its contingent nature, has not been recorded as an asset. The promissory note will become due and payable when Rusoro is successful in the arbitration it has commenced against the Venezuelan Government seeking compensation for the nationalization of Rusoro's gold assets in Venezuela.

FINANCIAL OVERVIEW

The Company's current financial position and continuing results of operations is primarily a consequence of the ongoing ICSID arbitration related to the seizure of the Brisas Project by the Venezuelan government and the impact of the note restructuring described above and in Note 12 to the audited consolidated financial statements. In addition, the effects of substantial operating deficits and Brisas Project development costs incurred since 1992, the issuance of $183 million of convertible notes and common shares and the acquisition of approximately $125 million of equipment subsequent to the issuance of the Brisas Project Authorization to Affect and the subsequent termination of the development of Brisas and Choco 5 have had a lingering influence on the company's financial resources as well as management's focus.

The Company has no commercial production at this time and, as a result, it has not recorded revenue or cash flows from mining operations and continues to experience losses from operations, a trend the Company expects to continue, unless and until the dispute regarding Brisas is resolved favorably to the Company and/or it acquires or invests in an alternative project which results in positive results from operations.

Historically the Company has financed its operations through the issuance of common stock, other equity securities and convertible debt. The timing of any such new investment or transaction if any, and the amounts that may be required cannot be determined at this time and are subject to available cash, the collection, if any, of an award or settlement related to the Arbitration, sale of remaining equipment originally slated for the Brisas Project, the timing of the redemption or maturity of the remaining notes and/or future financings, if any. The Company has only one operating segment, the exploration and development of mineral properties.

SELECTED ANNUAL INFORMATION

	2012	2011	2010
Other income	$ 9,633,453	$ 2,358,514	$ 1,355,874
Loss from continuing operations	$ (10,025,101)	$ (23,612,393)	$ (21,637,130)
Per share	$ (0.16)	$ (0.40)	$ (0.37)
Total Assets	$ 28,437,052	$ 78,340,069	$ 98,430,366
Total non-current financial liabilities	$ 21,037,945	$ 101,833,491	$ 100,754,404
Distributions or cash dividends declared per share	-	-	-

Factors that have caused period to period variations are more fully discussed below

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2012, the Company had cash and cash equivalents of approximately $8.3 million which represents a decrease from December 31, 2011 of approximately $49.3 million. The net decrease for the twelve months was primarily due to cash used for redemption of convertible notes of $36.2 million, including costs related to the restructuring (See Note 12 to the audited consolidated financial statements), and cash used by operations of $13.4 million. The components of changes in cash are more fully described in the "Operating," "Investing" and "Financing" Activities section below.

	2012	Change	2011
Cash and cash equivalents	$ 8,347,518	$ (49,329,852)	$ 57,677,370

As of December 31, 2012, the Company's total financial resources, which include cash and cash equivalents and marketable securities, totaled approximately $9.1 million. In addition, the Company holds Brisas Project related equipment that it intends to dispose of in the near term which is carried on the balance sheet (as property, plant and equipment) at its estimated fair value of approximately $19 million.

The timing and extent of additional funding, if any, depends on a number of important factors, including, but not limited to the timing and outcome of the Company's current exploration program, its dispute with Venezuela, the timing and the amount of proceeds, if any, from the sale of Brisas Project related equipment, the extent of future acquisitions or investments, if any, status of the financial markets and the Company's share price. The Company believes that cash and investment balances and funds available from potential future equipment sales will be sufficient to enable it to fund its activities into 2014. As of March 22, 2013, the Company had approximately $7.8 million in cash and investments, which are held primarily in U.S. dollar denominated accounts.

Operating Activities

Cash flow used by operating activities for the years ended December 31, 2012, 2011 and 2010 was approximately $13.2 million, $17.9 million and $20.4 million, respectively. Cash flow used by operating activities consists of net operating losses (the components of which are more fully discussed below) adjusted for certain non-cash income and expense items primarily related to gain on settlement of debt, stock options and common shares issued in lieu of cash compensation, accretion of convertible notes, gains on sale of equipment and marketable securities, and certain non-cash changes in working capital.

Cash flow used by operating activities during the year ended December 31, 2012 generally decreased from the prior comparable period primarily due to a decrease in professional fees and expenses connected with the arbitration and the receipt of funds as a result of settlement of litigation related to the 2008 unsolicited takeover bid for the Company. (See Note 13 to the audited consolidated financial statements)

Investing Activities

	2012	Change	2011	Change	2010
Net proceeds (purchases) of marketable securities	$ 13,645	$ (954,532)	$ 968,177	$ (9,162,466)	$ 10,130,643
Purchase of property, plant and equipment	(159,138)	(108,660)	(50,478)	9,446,214	(9,496,692)
Proceeds from sale of equipment	277,965	(16,179,576)	16,457,541	7,542,926	8,914,615
Decrease in restricted cash	-	-	-	(9,489,777)	9,489,777
Other	-	-	-	1,429,655	(1,429,655)
	$ 132,472	$(17,242,768)	$ 17,375,240	$ (233,448)	$ 17,608,688

The changes in marketable securities primarily relate to changes in debt securities which were purchased in 2009 and matured in 2010 and a decrease in the sale of marketable equity securities in 2012 over the previous period in 2011. Changes in property, plant and equipment from 2010 to 2011 mainly relate to contractual purchases of equipment, payment for which was substantially completed in 2010. Likewise, proceeds from the sale of equipment relates to the subsequent disposal of such equipment. In connection with a portion of the Brisas Project equipment commitments, the Company opened an irrevocable standby letter of credit with a Canadian chartered bank, secured by cash, which was recorded on the balance sheet as restricted cash. During 2010, the Company made its final payments on the commitments covered under the letter of credit and accordingly, as of December 31, 2010 the Company had no restricted cash.

Financing Activities

	2012	Change	2011	Change	2010
Settlement of convertible debt	$ (33,787,500)	$ (33,786,817)	$ (683)	(683)	-
Restructuring fees	(2,585,119)	(2,585,119)	-	-	-
Issuance of common shares	81,925	66,147	15,778	$ (27,883)	$ 43,661
	$ (36,290,694)	$ (36,305,789)	$ 15,095	$ (28,566)	$ 43,661

On June 15, 2012, pursuant to the Put Option provided for in the note indenture, note holders elected to surrender approximately $16.9 million of the remaining $102,347,000 of outstanding notes to the Company for cash leaving a remaining balance of approximately $85.4 million. (See Management’s Discussion and Analysis and Note 12 to the audited consolidated financial statements).

Concurrent with the Put Option, the Company announced the restructuring agreement (the “Restructuring”), which was approved by shareholders in June 2012, and subsequently offered to all note holders. For each $1,000 in principal amount, plus any accrued and unpaid interest on the notes through the date on which the Restructuring

was consummated note holders received (i) $200 in cash, (ii) 147.06 Class A common shares (equivalent to a conversion price of $3.40), (iii) a pro rata portion of an aggregate 5.468% Contingent Value Right ("CVR") and $300 principal of notes remained outstanding representing substantially the same continuing indebtedness, subject to certain amended terms. The Company also paid approximately $0.9 million to note holders electing the Restructuring based on their pro rata share of the total notes restructured and incurred an additional $1.7 million in legal and other transaction costs which have been allocated to the various components of the consideration given by the Company.

Holders of an aggregate of $84,405,000 of notes elected to participate in the Restructuring and $1,042,000 of notes declined to participate. The Company paid a total of $16,887,500 cash, issued a total of 12,412,501 Class A common shares, exchanged existing convertible notes for Modified Notes totaling $25,315,000 and issued CVR's totaling 5.468% of the proceeds actually received by the Company with respect to the Arbitration proceedings or disposition of the Brisas Project mining data. Convertible notes outstanding subsequent to the Restructuring transaction totaled $26,357,000, which is comprised of $25,315,000 of Modified Notes and $1,042,000 of Old Notes held by Other Note Holders who declined to participate in the Restructuring.

The Company had no other significant financing activities in 2012, 2011 and 2010. Net proceeds from the issuance of common shares relate to the exercise of employee stock options and totaled $81,925, $15,778 and $43,661 during the years ended December 31, 2012, 2011 and 2010, respectively.

Contractual Obligations

The following table sets forth information on the Company's material contractual obligation payments for the periods indicated as of December 31, 2012:

	Payments due by Period				
	Total	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More Than 5 Years**
Convertible Notes [1][2]	$ 26,357,000	$ -	$ 25,315,000	$ -	$ 1,042,000
Interest	2,687,078	1,449,635	864,928	114,620	257,895
	$ 29,044,078	$ 1,449,635	$ 26,179,928	$ 114,620	$ 1,299,895

1. Includes $25,315,000 principal amount of 5.50% convertible notes due June 29, 2014 and $1,042,000 principal amount of 5.50% convertible notes due June 15, 2022. The notes pay interest semi-annually and subject to certain conditions, may be converted into Class A common shares of the Company, redeemed or repurchased. The amounts shown above include the interest and principal payments due unless the notes are converted, redeemed or repurchased prior to their due date.

2. The amount recorded as convertible notes in the audited consolidated balance sheet as of December 31, 2012 is comprised of the $19.0 million carrying value (face value $25.3 million) of Modified Notes issued pursuant to the restructuring transaction described herein and the face value $1.0 million of Old Notes held by Other Note Holders who declined to participate in the Restructuring. The $19.0 million carrying value of Modified Notes will be accreted to face value of $25.3 million using the effective interest rate method over the expected life of the notes (estimated to be the maturity date of June 29, 2014), with the resulting charge recorded as interest expense. See Management's Discussion and Analysis and Note 12 to the audited consolidated financial statements)

RESULTS OF OPERATIONS

Summary

Consolidated net loss for the year ended December 31, 2012 was approximately $10.0 million, or $0.16 per share, compared to a net loss for the year ended December 31, 2011 of $23.6 million, or $0.40 per share, a decrease of approximately $13.6 million.

	2012	Change	2011	Change	2010
Other Income (Loss)	$ 9,633,453	$ 7,274,939	$ 2,358,514	$ 1,002,640	$ 1,355,874
Total Expenses	(19,658,554)	6,312,353	(25,970,907)	(2,977,903)	(22,993,004)
Net Loss	$ (10,025,101)	$ 13,587,292	$ (23,612,393)	$ (1,975,263)	$ (21,637,130)

Other Income

The Company has no commercial production at this time and, as a result, other income is often variable from period to period due to one-time or otherwise variable sources of income. In 2012, gain on settlement of debt (net of expenses) and litigation settlement accounted for an increase in other income of approximately $10.0 million before offsets for decreases in interest, gains on marketable securities and equipment sales of approximately $2.7 million for a net change in other income of approximately $7.3 million. The increase in other income in 2011 over 2010 was primarily due to the disposition of marketable securities and sales of equipment totaling $1.5 million partially offset by a decrease in interest income due to lower levels of invested cash. Additionally, the Company's 2010 other income included a one-time gain on the disposition of subsidiaries.

	2012	Change	2011	Change	2010
Gain on settlement of debt	$ 8,089,095	$ 8,087,791	$ 1,304	$ 1,304	$ -
Litigation settlement	1,891,035	1,891,035	-	-	-
Gain on sale of equipment	97,965	(1,362,762)	1,460,727	1,041,314	419,413
Interest	15,727	(101,229)	116,956	(125,214)	242,170
Gain on sale of marketable securities	7,373	(765,325)	772,698	531,077	241,621
Loss on impairment of marketable securities	(433,973)	(433,973)	-	-	-
Foreign currency gain (loss)	(33,769)	(40,598)	6,829	28,736	(21,907)
Gain on sale of subsidiaries	-	-	-	(474,577)	474,577
	$ 9,633,453	$ 7,274,939	$ 2,358,514	$ 1,002,640	$ 1,355,874

Expenses

Core operating expenses (corporate general and administrative, exploration, legal and accounting and Venezuelan operations) increased by approximately $0.8 million and $3.1 million for the years ended December 31, 2012 and 2011, respectively. The increase in core operating expenses in 2012 over 2011 is primarily a result of increases in corporate general and administrative expense and legal and accounting expense of approximately $0.7 million and $1.0 million, respectively, offset by decreases in Venezuelan operations and exploration totaling approximately $0.9 million.

The increase in corporate general and administrative expense for the year ended December 2012 was primarily a result of non-cash charges associated with the previous issuance of stock-based compensation partially offset

by cash-based reductions related to both the number of personnel and compensation related items, fees associated with consultants and other discretionary costs. The increase in legal and accounting expense is primarily attributable to corporate and tax planning activities as well costs associated with litigation. Costs associated with Venezuelan operations continue to decline and are expected to be minimal in 2013. The decrease in exploration expenses is attributable to a reduction in compensation. The increase in core operating expenses in 2011 over 2010 is primarily a result of increases in corporate general and administrative expense related to non-cash charges associated with the historical issuance of stock options and to a lesser degree restricted shares partially offset by a reduction in costs associated with the Venezuelan operations.

Pursuant to generally accepted accounting principles, the Company records a non-cash expense associated with the issuance of options using the fair value method of accounting which is computed using the Black-Scholes method and expensed over the vesting period of the option. Non-cash compensation associated with the restricted stock grants is computed based on the value of the shares at date of grant. Accounting rules do not provide for the recovery of previously expensed amounts associated with expired share purchase options. The Company recorded non-cash compensation expense during 2012 and 2011 of $4.8 million and $4.1 million, respectively, for stock-based grants in 2012, 2011 and prior periods.

Non-core operating expenses for the years ended December 31, 2012 and 2011 decreased from the comparable period approximately $7.1 million and $0.1 million, respectively. For the year ended December 2012, the change was due to decreased interest expense as a result of the debt restructuring, decreases in arbitration costs as a result of moving into the post oral hearing phase of the case, decreases in costs associated with holding and maintaining Brisas related equipment and a decline in equipment write-downs. For the year ended December 2011, the change was primarily a result of reductions in charges related to equipment write-downs partially offset by an increase in costs associated with the arbitration proceedings, as well as a slight increase in costs associated with holding and maintaining equipment.

Overall, total expenses decreased by approximately $6.3 million and increased $3.0 million for the years ended December 31, 2012 and 2011, respectively.

CORE	2012	Change	2011	Change	2010
Corporate general and administrative	$ 6,784,223	$ 707,676	$ 6,076,547	$ 2,262,198	$ 3,814,349
Exploration	940,122	(351,405)	1,291,527	1,291,527	-
Legal and accounting	1,490,716	972,500	518,216	71,605	446,611
Venezuelan operations	586,956	(576,836)	1,163,792	(550,751)	1,714,543
	9,802,017	751,935	9,050,082	3,074,579	5,975,503
NON-CORE					
Interest expense	5,331,042	(1,379,211)	6,710,253	68,376	6,641,877
Arbitration	3,416,729	(3,242,630)	6,659,359	369,712	6,289,647
Equipment holding costs	1,037,600	(631,654)	1,669,254	102,073	1,567,181
Write-down of machinery & equipment	71,166	(1,810,793)	1,881,959	(636,837)	2,518,796
	9,856,537	(7,064,288)	16,920,825	(96,676)	17,017,501
Total expenses for the period	$ 19,658,554	$ (6,312,353)	$ 25,970,907	$ 2,977,903	$ 22,993,004

SUMMARY OF QUARTERLY RESULTS

Quarter ended	12/31/12	9/30/12	6/30/12	3/31/12	12/31/11	9/30/11	6/30/11	3/31/11
Other Income	$7,713,505	$1,905,894	$4,138	$9,916	$20,382	$1,214,530	$516,569	$607,033
Net income (loss)								
before tax	4,353,609	(1,749,062)	(4,907,669)	(7,721,979)	(6,513,744)	(5,061,616)	(6,871,411)	(5,165,622)
Per share	0.08	(0.03)	(0.08)	(0.13)	(0.10)	(0.09)	(0.12)	(0.09)
Fully diluted	0.08	(0.03)	(0.08)	(0.13)	(0.10)	(0.09)	(0.12)	(0.09)
Net income (loss)	4,353,609	(1,749,062)	(4,907,669)	(7,721,979)	(6,513,744)	(5,061,616)	(6,871,411)	(5,165,622)
Per share	0.08	(0.03)	(0.08)	(0.13)	(0.10)	(0.09)	(0.12)	(0.09)
Fully diluted	0.08	(0.03)	(0.08)	(0.13)	(0.10)	(0.09)	(0.12)	(0.09)

Other income in the fourth quarter of 2012 was primarily comprised of an $8.1 million gain on the restructuring of the Company's convertible notes partially offset by a $0.4 million loss on marketable securities. In the third quarter of 2012, the Company recorded other income of $1.9 million from settlement of litigation. Other income during 2011 and the first half of 2012 varied due to the timing of sales of equipment and marketable securities.

During 2012, net loss decreased each quarter primarily due to decreases in costs associated with the arbitration and increases in other income in the third and fourth quarters as noted above. In 2011, net loss increased during the second quarter due to arbitration costs, decreased in the third quarter due to sales of equipment and increased in the fourth quarter due primarily to a write-down of the value of the Company's remaining equipment.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

TRANSACTIONS WITH RELATED PARTIES

MGC Ventures Inc. ("MGC Ventures"). The Chief Executive Officer, President, Vice President-Finance and Vice President-Administration of the Company are also directors and/or officers and shareholders of MGC Ventures. On December 15, 2010, the non-affiliated shareholders of MGC Ventures approved the redemption of all of the shares of MGC Ventures common stock held by Gold Reserve. Gold Reserve received $0.9 million and recorded a gain on sale of subsidiary of $0.2 million. Prior to the redemption, Gold Reserve owned 12,062,953 common shares of MGC Ventures which represented 44% of its outstanding shares. MGC Ventures owned 258,083 common shares of the Company at December 31, 2012 and 2011. During the last three years, the Company sublet a portion of its office space to MGC Ventures for $6,000 per year.

Great Basin Energies Inc. ("Great Basin"). The Chief Executive Officer, President, Vice President-Finance and Vice President-Administration of the Company are also directors and/or officers and shareholders of Great Basin. On December 15, 2010, the non-affiliated shareholders of Great Basin approved the redemption of all of the shares of Great Basin common stock held by Gold Reserve. Gold

Reserve received $1.2 million and recorded a gain on sale of subsidiary of $0.3 million. Prior to the redemption, Gold Reserve owned 15,661,595 common shares of Great Basin which represented 45% of its outstanding shares. Great Basin owned 491,192 common shares of the Company at December 31, 2012 and 2011. During the last three years, the Company sublet a portion of its office space to Great Basin for $6,000 per year.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the audited consolidated financial statements include the:

- assessments of the recoverability and carrying value of the Brisas Project related equipment, the realizable value of which may be different than management's current estimate.
- determination of the fair value of the Company's convertible notes which are accreted to their face value at maturity using the effective interest rate method over the expected life of the notes, with the resulting charge recorded as interest expense.
- use of the fair value method of accounting for stock options which is computed using the Black-Scholes method which utilizes estimates that affect the amounts ultimately recorded as stock based compensation.
- preparation of tax filings in a number of jurisdictions requires considerable judgment and the use of assumptions. Accordingly, the amounts reported could vary in the future.

Any current or future operations the Company may have are subject to the effects of changes in legal, tax and regulatory regimes, political, labor and economic developments, social and political unrest, currency and exchange controls, import/export restrictions and government bureaucracy in the countries in which it operates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In February 2013, the FASB issued Accounting Standards Update 2013-02 which contains requirements regarding the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this update are effective for reporting periods beginning after December 15, 2012 and are not expected to have a significant impact on the Company's financial statements.

In June 2011, the FASB issued Accounting Standards Update 2011-05 that requires changes in the presentation of comprehensive income. Entities have the option of presenting the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The adoption of the updated guidance effective January 1, 2012 did not have an effect on the Company's financial statements.

In May 2011, the FASB issued Accounting Standards Update 2011-04 which contains amendments resulting in common fair value measurement and

disclosure requirements in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards. The amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This update was effective for the Company beginning January 1, 2012 and did not have a significant impact on the Company's financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

Class A Common Shares

The Company is authorized to issue an unlimited number of Class A common shares without par value of which 72,241,473 Class A common shares were issued as at the date hereof. Shareholders are entitled to receive notice of and attend all meetings of shareholders with each Class A common share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. Shareholders are entitled to dividends if, as and when declared by the board of directors of the Company. Shareholders are entitled upon liquidation, dissolution or winding up of the Company to receive the remaining assets of the Company available for distribution to shareholders.

Equity Units

In February 1999, Gold Reserve Corporation became a subsidiary of the Company, the successor issuer. Generally, each shareholder of Gold Reserve Corporation received one Class A common share of the Company for each common share owned in Gold Reserve Corporation. For tax reasons, certain U.S. holders elected to receive Equity Units in lieu of Class A common shares. An Equity Unit comprises one Class B common share of the Company and one Gold Reserve Corporation Class B common share, and is substantially equivalent to a Class A common share and is generally immediately convertible into Class A common shares. Equity Units, of which 500,236 were issued as of the date hereof, are not listed for trading on any stock exchange, but subject to compliance with applicable federal, provincial and state securities laws, may be transferred.

Preferred Shares

The Company is authorized, subject to the limitations prescribed by law and the Company's articles of incorporation, from time to time, to issue an unlimited number of serial preferred shares; and to determine variations, if any, between any series so established as to all matters, including, but not limited to, the rate of dividend and whether dividends shall be cumulative or non-cumulative; the voting power of holders of such series; the rights of such series in the event of the dissolution of the Corporation or upon any distribution of the assets of the Corporation; whether the shares of such series shall be convertible; and such other designations, rights, privileges, and relative participating, optional or other special rights, and such restrictions and conditions thereon as are permitted by law. There are no preferred shares issued or outstanding as of the date hereof.

Equity Incentive Plan

The Company adopted and the shareholders approved on June 27, 2012, the 2012 Equity Incentive Plan (the "2012 Plan"). The 2012 Plan permits grants of stock options of up to 10% of the issued and outstanding common shares of the Company on a rolling basis. As of December 31, 2012 there were 517,983 options available for grant.

Stock options exercisable for Common Shares as of the date herein:

Expiry Date	Exercise Price	Number of Shares
December 5, 2013	$ 0.29	1,071,688
March 18, 2014	$ 0.73	456,000
January 3, 2016	$ 1.82	2,625,000
January 30, 2017	$ 2.89	1,620,500
June 9, 2021	$ 1.92	950,000
Total Class A common shares issuable pursuant to stock options		6,723,188

Convertible Notes

The Company has Convertible Notes outstanding as of the date hereof totaling $26,357,000, which is comprised of face value $25,315,000 of Modified Notes convertible to Class A common shares under certain circumstances at $4.00 per share and face value $1,042,000 of Old Notes convertible to Class A common shares under certain circumstances at $7.54 per share.

The following summarizes the share capital structure of the Company as of the date hereof:

Class A common shares outstanding	72,241,473
Equity Units outstanding	500,236
Total shares outstanding	72,741,709
Shares issuable pursuant to the 2012 Equity Incentive Plan	6,723,188
Shares issuable pursuant to the Convertible Notes	6,466,946
Total shares outstanding, fully diluted	85,931,843

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference herein contains both historical information and "forward-looking statements" and "forward-looking information" (within the meaning of the relevant sections of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and "forward-looking information" within the meaning of applicable Canadian securities laws, that state the Company's intentions, hopes, beliefs, expectations or predictions for the future. Forward-looking statements and forward-looking information are collectively referred to herein as "forward-looking statements".

In this Management's Discussion and Analysis, 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 its actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are out of the Company's control. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties

associated with: the Brisas Arbitration, actions by the Venezuelan government, economic and industry conditions influencing the future sale of Brisas Project related equipment, conditions or events impacting the Company's ability to fund its operations or service its debt, and the overall impact of misjudgments in the course of preparing forward-looking information.

Forward-looking statements involve risks and uncertainties, as well as assumptions, including those set out above, that 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. The words "believe," "anticipate," "expect," "intend," "estimate," "plan," "may," "could" and other similar expressions that are predictions of or indicate future events and future trends which do not relate to historical matters, identify forward-looking statements. Any such forward-looking statements are not intended to provide any assurances as to future results.

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

- outcome of the Company's arbitration against the Bolivarian Republic of Venezuela;
- continued servicing or restructuring of the Company's convertible notes or other obligations as they come due;
- equity dilution resulting from the conversion of the convertible notes in part or in whole to common shares;
- value realized from the disposition of the remaining Brisas Project related assets;
- competition with companies that are not subject to or do not follow Canadian and U.S. laws and regulations;
- corruption, uncertain legal enforcement and political and social instability;
- regulatory, political and economic risks associated with foreign jurisdictions including changes in laws and legal regimes;
- currency, metal prices and metal production volatility;
- adverse U.S. and Canadian tax consequences;
- abilities and continued participation of certain key employees;
- prospects for exploration and development of other mining projects by the Company; and
- risks normally incident to the 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. See "Risk Factors" contained in the Company's filings with Canadian and U.S. securities regulatory agencies for additional factors that could cause results to differ materially from 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 filed periodically with 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 its disclosure obligations under applicable Canadian and U.S. securities regulations. Investors are urged to read the Company's filings with Canadian and U.S. securities regulatory agencies, which can be viewed online at www.sedar.com and www.sec.gov, respectively.

MANAGEMENT'S REPORT

To the Shareholders of Gold Reserve Inc.

The accompanying audited consolidated financial statements of the Company were prepared by management in accordance with accounting principles generally accepted in the United States, consistently applied and within the framework of the summary of significant accounting policies contained therein. Management is responsible for all information in the accompanying audited consolidated financial statements.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada and in the U.S. Internal control over financial reporting includes:

- maintaining records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of the executive officers of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on the Company's financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's financial statements would be prevented or detected.

Management, including the CEO and CFO, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012 based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2012.

The effectiveness of internal control over financial reporting as of December 31, 2012 has been audited by the Company's independent auditors, PricewaterhouseCoopers LLP ("PwC"), a registered public accounting firm, as stated in their audit report, which is dated March 21, 2013 and included below.

/s/ Rockne J. Timm
Chief Executive Officer
March 25, 2013

/s/ Robert A. McGuinness
VicePresident-Finance and CFO
March 25, 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gold Reserve Inc.

We have completed integrated audits of Gold Reserve Inc.'s ("Gold Reserve") 2012 and 2011 consolidated financial statements and an audit of its internal control over financial reporting as at December 31, 2012. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gold Reserve, which comprise the consolidated balance sheets as at December 31, 2012 and 2011 and the consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012 and cumulatively for the period from January 1, 2010 to December 31, 2012, and the related notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Gold Reserve as at December 31, 2012 and 2011 and its financial operations and its cash flows for each of the three years in the period ended December 31, 2012 and cumulatively for the period from January 1, 2010 to December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

Report on internal control over financial reporting

We have also audited Gold Reserve's internal control over financial reporting as at December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibility for internal control over financial reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the company's internal control over financial reporting.

Definition of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Gold Reserve maintained, in all material respects, effective internal control over financial reporting as at December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by COSO.

s/PricewaterhouseCoopers LLP
Chartered Accountants
Vancouver, British Columbia
March 21, 2013

GOLD RESERVE INC.

(A Development Stage Enterprise)

CONSOLIDATED BALANCE SHEETS

December 31, 2012 and 2011

(Expressed in U.S. dollars)

		2012		2011
ASSETS				
Current Assets:				
Cash and cash equivalents (Note 4)	$	8,347,518	$	57,677,370
Assets held for sale (Note 7)		–		450,000
Marketable securities (Notes 5, 6)		723,449		892,271
Deposits, advances and other		175,293		194,802
Total current assets		9,246,260		59,214,443
Property, plant and equipment, net (Note 7)		19,190,792		19,125,626
Total assets	$	28,437,052	$	78,340,069
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	$	914,977	$	2,076,131
Accrued interest		64,269		234,545
Total current liabilities		979,246		2,310,676
Convertible notes (Note 12)		20,025,454		101,833,491
Other (Note 12)		1,012,491		–
Total liabilities		22,017,191		104,144,167
SHAREHOLDERS' EQUITY				
Serial preferred stock, without par value				
Authorized: Unlimited				
Issued: None				
Common shares and equity units		283,482,779		244,023,265
Class A common shares, without par value				
Authorized: Unlimited				
Issued and outstanding: 2012…72,211,473 2011…59,043,972				
Equity Units				
Issued and outstanding: 2012…500,236 2011…500,236				
Contributed Surplus		5,171,603		5,171,603
Stock options (Note 9)		19,762,883		17,143,278
Accumulated deficit		(302,209,087)		(292,183,986)
Accumulated other comprehensive income		211,683		41,742
Total shareholders' equity (deficit)		6,419,861		(25,804,098)
Total liabilities and shareholders' equity	$	28,437,052	$	78,340,069

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors:

s/ Chris D. Mikkelsen s/ Patrick D. McChesney

GOLD RESERVE INC.

(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. dollars)

	For the Years Ended December 31,			January 1, 2010 through December 31, 2012
	2012	2011	2010	
OTHER INCOME (LOSS)				
Interest	$ 15,727	$ 116,956	$ 242,170	$ 374,853
Litigation settlement (Note 13)	1,891,035	–	–	1,891,035
Gain on sale of marketable securities	7,373	772,698	241,621	1,021,692
Loss on impairment of marketable securities	(433,973)	–	–	(433,973)
Gain on sale of equipment	97,965	1,460,727	419,413	1,978,105
Gain on sale of subsidiaries (Note 10)	–	–	474,577	474,577
Gain on settlement of debt (Note 12)	8,089,095	1,304	–	8,090,399
Foreign currency gain (loss)	(33,769)	6,829	(21,907)	(48,847)
	9,633,453	2,358,514	1,355,874	13,347,841
EXPENSES				
Corporate general and administrative	6,784,223	6,076,547	3,814,349	16,675,119
Exploration	940,122	1,291,527	–	2,231,649
Legal and accounting	1,490,716	518,216	446,611	2,455,543
Venezuelan operations	586,956	1,163,792	1,714,543	3,465,291
Arbitration (Note 3)	3,416,729	6,659,359	6,289,647	16,365,735
Equipment holding costs	1,037,600	1,669,254	1,567,181	4,274,035
Write-down of machinery and equipment	71,166	1,881,959	2,518,796	4,471,921
	14,327,512	19,260,654	16,351,127	49,939,293
Loss before interest expense	(4,694,059)	(16,902,140)	(14,995,253)	(36,591,452)
Interest expense	(5,331,042)	(6,710,253)	(6,641,877)	(18,683,172)
Net loss for the period	$ (10,025,101)	$ (23,612,393)	$ (21,637,130)	$ (55,274,624)
Net loss per share, basic and diluted	$ (0.16)	$ (0.40)	$ (0.37)	
Weighted average common shares outstanding	61,377,173	59,470,615	57,754,492	

GOLD RESERVE INC.

(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in U.S. dollars)

	For the Years Ended December 31,			January 1, 2010 through December 31, 2012
	2012	2011	2010	
Net loss for the period	$ (10,025,101)	$ (23,612,393)	$ (21,637,130)	$ (55,274,624)
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on marketable securities	(256,659)	(403,475)	1,736,761	1,076,627
Realized gains included in net loss	(7,373)	(772,698)	(241,621)	(1,021,692)
Impairment of marketable securities	433,973	–	–	433,973
Other comprehensive income (loss)	169,941	(1,176,173)	1,495,140	488,908
Comprehensive loss for the period	$ (9,855,160)	$ (24,788,566)	$ (20,141,990)	$ (54,785,716)

The accompanying notes are an integral part of the consolidated financial statements.

GOLD RESERVE INC.

(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2012, 2011 and 2010

(Expressed in U.S. dollars)

	Common Shares and Equity Units			Contributed	Common Shares and Equity Units	Stock	Accumulated	Accumulated Other Comprehensive	KSOP
	Common Shares	Equity Units	Amount	Surplus	Held by Affiliates	Options	Deficit	income (loss)	Debt
Balance, December 31, 2009	57,694,997	500,236	$ 242,207,200	$ 5,171,603	$ (636,267)	$ 14,448,889	$(246,934,463)	$ (277,225)	$ (110,691)
Net loss							(21,637,130)		
Other comprehensive income								1,495,140	
Stock option compensation						99,532			
Fair value of options exercised			29,851			(29,851)			
Common shares issued for:									
Option exercises ($0.29/share avg.)	150,554		43,661						
Services ($1.62/share avg.)	924,300		1,503,566						
Decrease in shares held by affiliates			(201,820)		636,267				
Balance, December 31, 2010	58,769,851	500,236	243,582,458	5,171,603	–	14,518,570	(268,571,593)	1,217,915	(110,691)
Net loss							(23,612,393)		
Other comprehensive loss								(1,176,173)	
Stock option compensation						2,723,577			
Fair value of options exercised			98,869			(98,869)			
Common shares issued for:									
Option exercises ($0.16/share avg.)	95,921		15,778						
Services ($1.83/share avg.)	178,200		326,160						
KSOP allocation									110,691
Balance, December 31, 2011	59,043,972	500,236	244,023,265	5,171,603	–	17,143,278	(292,183,986)	41,742	–
Net loss							(10,025,101)		
Other comprehensive loss								169,941	
Stock option compensation						2,682,472			
Fair value of options exercised			63,137			(63,137)			
Common shares issued for:									
Convertible notes restructure	12,402,501		37,185,877						
Option exercises ($1.56/share avg.)	52,500		81,925						
Services ($3.03/share avg.)	702,500		2,128,575						
Balance, December 31, 2012	72,211,473	500,236	$ 283,482,779	$ 5,171,603	$ –	$ 19,762,883	$(302,209,087)	$ 211,683	$ –

The accompanying notes are an integral part of the consolidated financial statements.

GOLD RESERVE INC.

(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. dollars)

	For the Years Ended December 31, 2012	2011	2010	January 1, 2010 through December 31, 2012
Cash Flows from Operating Activities:				
Net loss for the period	$ (10,025,101)	$ (23,612,393)	$ (21,637,130)	$ (55,274,624)
Adjustments to reconcile net loss to net cash used in operating activities:				
Stock option compensation	2,682,742	2,723,577	99,532	5,505,851
Depreciation	22,806	68,222	132,653	223,681
Gain on settlement of debt	(8,089,095)	(1,304)	–	(8,090,399)
Gain on sale of equipment	(97,965)	(1,460,727)	(419,413)	(1,978,105)
Gain on sale of subsidiaries	–	–	(474,577)	(474,577)
Write-down of machinery and equipment	71,166	1,881,959	2,518,796	4,471,921
Amortization of premium on marketable debt securities	–	–	175,020	175,020
Accretion of convertible notes	852,045	1,081,074	1,012,682	2,945,801
Securities received in settlement of litigation	(101,482)	–	–	(101,482)
Net gain on sale of marketable securities	(7,373)	(772,698)	(241,621)	(1,021,692)
Impairment of marketable securities	433,973	–	–	433,973
Shares issued for compensation and KSOP	2,125,815	1,560,159	470,415	4,156,389
Changes in non-cash working capital:				
Net decrease in deposits and advances	22,269	189,712	91,812	303,793
Net increase (decrease) in accounts payable and accrued expenses	(1,061,430)	442,976	(2,156,853)	(2,775,307)
Net cash used in operating activities	(13,171,630)	(17,899,443)	(20,428,684)	(51,499,757)
Cash Flows from Investing Activities:				
Proceeds from disposition of marketable securities	13,645	1,666,751	11,158,787	12,839,183
Purchase of marketable securities	–	(698,574)	(1,028,144)	(1,726,718)
Purchase of property, plant and equipment	(159,138)	(50,478)	(9,496,692)	(9,706,308)
Proceeds from sales of equipment	277,965	16,457,541	8,914,615	25,650,121
Decrease in restricted cash	–	–	9,489,777	9,489,777
Deconsolidation of subsidiaries	–	–	(1,429,655)	(1,429,655)
Net cash provided by investing activities	132,472	17,375,240	17,608,688	35,116,400
Cash Flows from Financing Activities:				
Net proceeds from the issuance of common shares	81,925	15,778	43,661	141,364
Restructure fees	(2,585,119)	–	–	(2,585,119)
Settlement of convertible notes	(33,787,500)	(683)	–	(33,788,183)
Net cash provided by (used in) financing activities	(36,290,694)	15,095	43,661	(36,231,938)
Change in Cash and Cash Equivalents:				
Net decrease in cash and cash equivalents	(49,329,852)	(509,108)	(2,776,335)	(52,615,295)
Cash and cash equivalents - beginning of period	57,677,370	58,186,478	60,962,813	60,962,813
Cash and cash equivalents - end of period	$ 8,347,518	$ 57,677,370	$ 58,186,478	$ 8,347,518

The accompanying notes are an integral part of the consolidated financial statements.

Note 1. The Company and Significant Accounting Policies:

The Company. Gold Reserve Inc. (the "Company") is engaged in the business of acquiring, exploring and developing mining projects. The Company is an exploration stage company incorporated in 1998 under the laws of the Yukon Territory, Canada and is the successor issuer to Gold Reserve Corporation which was incorporated in 1956.

In February 1999 each Gold Reserve Corporation shareholder exchanged its shares for an equal number of Gold Reserve Inc. Class A common shares except in the case of certain U.S. holders who for tax reasons elected to receive equity units which are comprised of one Gold Reserve Inc. Class B common share and one Gold Reserve Corporation Class B common share and substantially equivalent to a Class A common share.

The Company's recent activities have included: obtaining a working interest in the La Tortuga project, establishing the local operating entity and commencing related exploration (See Note 7 to the audited consolidated financial statements); concluding the redemption and restructuring of the Company's convertible notes (See Note 12 to the audited consolidated financial statements); implementing its plan to regain compliance with the NYSE-MKT (the "NYSE" or "Exchange") continued listing standards which was denied by the Exchange on March 7, 2013; defending and ultimately settling litigation related to a breach of fiduciary responsibility during the course of a 2008 unsolicited takeover bid (See Note 13 to the audited consolidated financial statements); and since 2009, executing the Company's arbitration claim against Venezuela as well as continued efforts to reach an amicable settlement (See Note 3 to the audited consolidated financial statements). The Company has no revenue producing mining operations at this time. All amounts shown herein are expressed in U.S. dollars unless otherwise noted.

Principles of Consolidation. These audited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The statements include the accounts of the Company, Gold Reserve Corporation, four Venezuelan subsidiaries, a Mexican subsidiary and four other subsidiaries which were formed to hold the Company's interest in its foreign subsidiaries or for future transactions. All subsidiaries are wholly owned. All intercompany accounts and transactions have been eliminated on consolidation. The Company's policy is to consolidate those subsidiaries where control exists. Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.

Development Stage Enterprise. As a result of the expropriation of the Brisas Project by the Venezuelan government, the Company was forced to abandon its development efforts on the project and, in 2009, expensed all capitalized costs associated with its development. The expropriation resulted in the end of the development of the Brisas Project and management considers January 1, 2010 a new inception date of the continued development of the Company's business of acquiring and exploring other mining projects. ASC 915 requires additional disclosures of development stage enterprises including cumulative amounts from the inception of the development stage.

Cash and Cash Equivalents. The Company considers short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents for purposes of reporting cash equivalents and cash flows. The cost of these investments approximates fair value. The Company manages the exposure of its cash and cash equivalents to credit risk by diversifying its holdings into major Canadian and U.S. financial institutions.

Exploration and Development Costs. Exploration costs incurred in locating areas of potential mineralization or evaluating properties or working interests with specific areas of potential mineralization are expensed as incurred. Development costs of proven mining properties not yet producing are capitalized

at cost and classified as capitalized exploration costs under property, plant and equipment. Property holding costs are charged to operations during the period if no significant exploration or development activities are being conducted on the related properties. Upon commencement of production, capitalized exploration and development costs would be amortized based on the estimated proven and probable reserves benefited. Properties determined to be impaired or that are abandoned are written-down to the estimated fair value. Carrying values do not necessarily reflect present or future values.

Property, Plant and Equipment. Property, plant and equipment are recorded at the lower of cost less accumulated depreciation or estimated net realizable value. Included in property, plant and equipment is $29 million of equipment that has been adjusted to an estimated net realizable value of $19 million which is not being depreciated. Replacements and major improvements are capitalized. Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets retired or sold are removed from the accounts and any resulting gain or loss is reflected in operations. Depreciation is provided using straight-line and accelerated methods over the lesser of the useful life or lease term of the related asset.

Assets Held for Sale. Long-lived assets are classified as held for sale in the period in which certain criteria are met. Assets held for sale are measured at the lower of carrying amount or fair value less cost to sell and are not depreciated as long as they remain classified as held for sale.

Impairment of Long-Lived Assets. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the expected future net cash flows to be generated from the use or disposition of a long-lived asset (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized and the asset is written down to fair value. Fair value is generally determined by discounting estimated cash flows, using quoted market prices where available or making estimates based on the best information available.

Foreign Currency. The U.S. dollar is the Company's (and its foreign subsidiaries') functional currency. Monetary assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the rates of exchange in effect at the balance sheet dates. Non-monetary assets and liabilities are translated at historical rates and revenue and expense items are translated at average exchange rates during the reporting period, except for depreciation which is translated at historical rates. Translation gains and losses are included in the statement of operations.

Stock Based Compensation. The Company uses the fair value method of accounting for stock options. The fair value of options granted to employees is computed using the Black-Scholes method as described in Note 9 and is expensed over the vesting period of the option. For non-employees, the fair value of stock based compensation is recorded as an expense over the vesting period or upon completion of performance. Consideration paid for shares on exercise of share options, in addition to the fair value attributable to stock options granted, is credited to capital stock. Fair value of restricted stock issued as compensation is based on the grant date market value and expensed over the vesting period. The Company also maintains the Gold Reserve Director and Employee Retention Plan. Each Unit granted to a participant entitles such person to receive a cash payment equal to the fair market value of one Gold Reserve Class A Common Share (1) on the date the Unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater. The Company will not accrue a liability for these units until and unless events required for vesting of the units occur. Stock options and Units granted under their respective plans become fully vested and exercisable and/or payable upon a change of control.

Bonus Pool Plan. The Company maintains a Bonus Plan related to the outcome of its arbitration against Venezuela as described in Note 3. Participation in the Bonus Plan vests upon the participant's selection by the Committee of independent directors, subject to voluntary termination of employment or termination for cause. The Company will not accrue a liability for this Plan until and unless events required for payment under the Plan occur.

Income Taxes. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and those amounts reported in the financial statements. The deferred tax assets or liabilities are calculated using the enacted tax rates expected to apply in the periods in which the differences are expected to be settled. Deferred tax assets are recognized to the extent that they are considered more likely than not to be realized.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measurement Uncertainty. The realizable value of the remaining equipment, originally purchased for the Brisas Project, may be different than management's current estimate. Any operations the Company may have are subject to the effects of changes in legal, tax and regulatory regimes, political, labor and economic developments, social and political unrest, currency and exchange controls, import/export restrictions and government bureaucracy in the countries in which it operates. The Company operates and files tax returns in a number of jurisdictions. The preparation of such tax filings requires considerable judgment and the use of assumptions. Accordingly, the amounts reported could vary in the future.

Net Loss Per Share. Net loss per share is computed by dividing net loss by the combined weighted average number of Class A and B common shares outstanding during each year. In periods in which a loss is incurred, the effect of potential issuances of shares under options and convertible notes would be anti-dilutive, and therefore basic and diluted losses per share are the same.

Convertible Notes. Convertible notes are classified as a liability and are initially recorded at their estimated fair value, net of issuance costs. The notes are subsequently accreted to face value using the effective interest rate method over the expected life of the notes, with the resulting charge recorded as interest expense.

Comprehensive Loss. Comprehensive loss includes net loss and other comprehensive income or loss. Other comprehensive loss may include unrealized gains and losses on available-for-sale securities and gains and losses on certain derivative instruments. The Company presents comprehensive loss and its components in the audited consolidated statements of comprehensive loss.

Financial Instruments. Marketable equity securities are classified as available for sale with any unrealized gain or loss recorded in other comprehensive income. If a decline in fair value of a security is determined to be other than temporary, an impairment loss is recognized. Cash and cash equivalents, deposits and advances are accounted for at cost which approximates fair value. Accounts payable and accrued expenses are recorded at amortized cost.

Contingent Value Rights. Contingent value rights are obligations arising from the disposition of a portion of the rights to future proceeds of an arbitration award against Venezuela and/or the sale of mining data.

Note 2. New Accounting Policies:

In February 2013, the FASB issued Accounting Standards Update 2013-02 which contains requirements regarding the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this update are effective for reporting periods beginning after December 15, 2012 and are not expected to have a significant impact on the Company's financial statements.

In June 2011, the FASB issued Accounting Standards Update 2011-05 that requires changes in the presentation of comprehensive income. Entities have the option of presenting the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The adoption of the updated guidance effective January 1, 2012 did not have an effect on the Company's financial statements.

In May 2011, the FASB issued Accounting Standards Update 2011-04 which contains amendments resulting in common fair value measurement and disclosure requirements in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards. The amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This update was effective for the Company beginning January 1, 2012 and did not have a significant impact on the Company's financial statements.

Note 3. Expropriation of Brisas Project by Venezuela and Related Arbitration:

From 1992 to 2008 the Company focused substantially all of its management and financial resources on the development of the Brisas Project. In April 2008, after a series of actions which concluded with the revocation of the Company's previously authorized right to develop the Brisas Project, the Venezuelan government expropriated the Brisas Project and also effectively deprived the Company of its ability to further develop the Choco 5 Property.

In October 2009 the Company began the Brisas Arbitration by filing a Request for Arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes ("ICSID"), against the Bolivarian Republic of Venezuela ("Respondent") seeking compensation in the arbitration for all of the losses and damages resulting from Venezuela's wrongful conduct (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1)). The Company's claim as last updated in its July 2011 Reply totals approximately $2.1 billion which includes interest from April 14, 2008 (the date of the loss) to July 29, 2011 (the date of the Company's reply) of approximately $400 million. The claim, including interest accrued since the loss to July 29, 2011, represents the full market value of the legal rights to develop the Brisas Project at the date of the Tribunal's decision and the value of the Choco 5 Property.

The Company is well advanced in the arbitration process. After the parties each made several filings, the Tribunal held an oral hearing with the parties in Washington, D.C. which concluded on February 17, 2012. The Company and Respondent both submitted post-hearing briefs on March 16, 2012, commenting in conclusion on the full evidentiary record, as is typically permitted in such arbitrations. In July 2012, the Tribunal issued a procedural order requesting the production of further evidence related to valuation issues. The parties have been requested to submit a joint report from their technical experts by April 26, 2013 and to submit observations of the parties on the experts' report by May 24, 2013 with a hearing sometime in early June 2013 if either party requests.

An ICSID Additional Facility Award is enforceable globally under the New York Convention, an international convention regarding the recognition and enforcement of arbitral awards with over one hundred

forty State parties. There are clear, well documented procedures for identifying sovereign assets located in one or more of these States and for enforcing arbitral awards by attaching such assets.

The Board of Directors approved a Bonus Pool Plan ("Bonus Plan") in May 2012, which is intended to reward the participants, including named executive officers, employees, directors and consultants, for their past and future contributions including their efforts related to the development of the Brisas Project, execution of the arbitration claim and the collection of an award, if any. The bonus pool under the Bonus Plan will generally be comprised of the gross proceeds or the fair value of any consideration related to such transactions less applicable taxes times 1% of the first $200 million and 5% thereafter. Participation in the Bonus Plan vests upon the participant's selection by the Committee of independent directors, subject to voluntary termination of employment or termination for cause. The Company currently does not accrue a liability for the Bonus Plan as events required for payment under the Plan have not yet occurred.

Pursuant to its recent debt restructuring (See Note 12 to the audited consolidated financial statements), the Company issued a CVR which entitles each note holder to receive, net of certain deductions (including income tax calculation), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by the Company with respect to the Arbitration proceedings or disposition of the Brisas Project mining data. The proceeds, if any, could be cash, commodities, bonds, shares or any other consideration received by the Company and if such proceeds are other than cash, the fair market value of such non-cash proceeds, net of any required deductions (e.g., for taxes) will be subject to the CVR.

Note 4. Cash and Cash Equivalents:

	2012	2011
U.S. Treasury bills	$ –	$ 40,000,000
Bank deposits	2,981,234	12,238,554
Money market funds	5,366,284	5,438,816
Total	$ 8,347,518	$ 57,677,370

At December 31, 2012 and 2011, the Company had cash of approximately $9,000 and $88,000 respectively, in Venezuela.

Note 5. Marketable Securities:

	2012	2011
Fair value at beginning of year	$ 892,271	$ 2,263,923
Acquisitions	101,482	698,574
Dispositions, at cost	(6,272)	(894,053)
Realized gain	(7,373)	(772,698)
Unrealized loss	(256,659)	(403,475)
Fair value at balance sheet date	$ 723,449	$ 892,271

The Company's marketable securities are classified as available-for-sale and are recorded at quoted market value with gains and losses recorded within other comprehensive income until realized. Realized gains and losses are based on the average cost method. In 2012, declines in the fair value of certain securities were determined to be other than temporary and as a result the Company recognized an impairment loss of $433,973. As of December 31, 2012 and 2011, marketable securities had a cost basis of $511,766 and $850,529, respectively.

Note 6. Fair Value Measurements:

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities, Level 2 inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability and Level 3 inputs are unobservable inputs for the asset or liability that reflect the entity's own assumptions.

	Fair value December 31, 2012	Level 1	Level 2	Level 3
Marketable securities	$ 723,449	$ 723,449	–	–

	Fair value December 31, 2011	Level 1	Level 2	Level 3
Marketable securities	$ 892,271	$ 892,271	–	–

Note 7. Property, Plant and Equipment:

	Cost	Accumulated Depreciation	Net
December 31, 2012			
Machinery and equipment	$ 18,985,828	$ –	$ 18,985,828
Furniture and office equipment	526,363	(485,409)	40,954
Leasehold improvements	41,190	(41,190)	–
Venezuelan property and equipment	171,445	(157,445)	14,000
Mineral property	150,010	–	150,010
	$ 19,874,836	$ (684,044)	$ 19,190,792

	Cost	Accumulated Depreciation	Net
December 31, 2011			
Machinery and equipment	$ 18,985,828	$ –	$ 18,985,828
Furniture and office equipment	517,235	(463,066)	54,169
Leasehold improvements	41,190	(40,727)	463
Venezuelan property and equipment	1,415,972	(1,330,806)	85,166
	$ 20,960,225	$ (1,834,599)	$ 19,125,626

Machinery and equipment includes amounts paid for equipment previously intended for use on the Brisas Project. At December 31, 2011 equipment with a carrying value of approximately $0.45 million was reclassified to Assets held for sale and sold during the first quarter of 2012 for its carrying value.

In April 2012 the Company entered into an Option Agreement with Soltoro Ltd. ("Soltoro") whereby Soltoro granted Gold Reserve the right to earn an undivided 51% interest in the La Tortuga Property located in Jalisco State, Mexico (the "Soltoro Agreement"). The Soltoro Agreement allows the Company to acquire an undivided 51% interest by making an aggregate $650,000 in option payments to Soltoro as well as expending $3 million on the property over 3 years. At completion of the earn-in a joint venture agreement will be formalized. The Company may subsequently exercise an option to acquire an additional 9% interest in the La Tortuga Property for $2,000,000. Upon signing, the Company made an initial $50,000 option payment and at the end of July 2012 the Company made an additional $100,000 option payment to Soltoro. La Tortuga is an 11,562 hectare property being investigated for its base and precious metal potential with occurrences of copper and gold mineralization over 49 square kilometers, including iron oxide copper gold deposits, copper porphyries and epithermal gold and/or base metal veining.

Note 8. KSOP Plan:

The KSOP Plan, adopted in 1990 for the benefit of employees, is comprised of two parts, (1) a salary reduction component, or 401(k), and (2) an employee share ownership component, or ESOP. Unallocated shares are recorded as a reduction to shareholders' equity. Allocation of common shares or cash contributions to participants' accounts, subject to certain limitations, is at the discretion of the Company's board of directors. The fair market value of the shares when allocated is recorded in the statement of operations with a reduction of the KSOP debt account. Cash contributions for the Plan years 2012, 2011 and 2010 were approximately $169,000, $127,000 and $175,000 respectively. Additionally, in 2011 the Plan allocated common shares valued at $110,690 to eligible participants.

Note 9. Stock Based Compensation Plans:

Equity Incentive Plans. In order to comply with the requirements of the TSX Venture Exchange ("TSXV"), the Company adopted and the shareholders approved on June 27, 2012, the 2012 Equity Incentive Plan (the "2012 Plan") to replace the Company's previous equity incentive plans: the 1997 Equity Incentive Plan (the "1997 Plan") and the 2008 Venezuelan Equity Incentive Plan (the "Venezuelan plan"). Upon shareholder approval, all awards previously granted pursuant to the 1997 Plan and the Venezuelan Plan became subject to the 2012 Plan and the previous plans were terminated. The 2012 Plan permits the grants of stock options of up to 10% of the issued and outstanding common shares of the Company on a rolling basis. As of December 31, 2012 there were 517,983 options available for grant. The Company provides newly issued shares to satisfy stock option exercises. The grants are made for terms of up to ten years with vesting periods as required by the TSXV and as may be determined by a committee established pursuant to the 2012 Plan, or in certain cases, by the Company's board of directors.

Share option transactions for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012		2011		2010	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding - beginning of period	5,185,188	$ 1.42	3,178,102	$ 2.39	4,573,318	$ 2.67
Options exercised	(52,500)	1.56	(138,501)	0.93	(150,554)	0.29
Options expired	–	–	(1,521,413)	4.52	(1,142,745)	3.75
Options forfeited	–	–	(126,000)	1.82	(101,917)	2.83
Options granted	1,620,500	2.89	3,793,000	1.85	–	–
Options outstanding - end of period	6,753,188	$ 1.77	5,185,188	$ 1.42	3,178,102	$ 2.39
Options exercisable - end of period	4,568,988	$ 1.59	2,897,688	$ 1.07	3,178,102	$ 2.39

The following table relates to stock options at December 31, 2012:

	Outstanding Options				Exercisable Options			
Exercise Price Range	Number	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)	Number	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)
$0.29 - $0.29	1,079,188	$0.29	$3,259,148	0.93	1,079,188	$0.29	$3,259,148	0.93
$0.73 - $0.73	468,500	$0.73	1,208,730	1.21	468,500	$0.73	1,208,730	1.21
$1.82 - $1.82	2,635,000	$1.82	3,926,150	3.01	1,966,250	$1.82	2,929,713	3.01
$1.92 - $1.92	950,000	$1.92	1,320,500	8.44	-	-	-	-
$2.89 - $2.89	1,620,500	$2.89	680,610	4.08	1,055,050	$2.89	443,121	4.08
$0.29 - $2.89	6,753,188	$1.77	$10,395,138	3.57	4,568,988	$1.59	$7,840,712	2.58

During the years ended December 31, 2012 and 2011, the Company granted approximately 1.6 million and 3.8 million options, respectively. The Company recorded non-cash compensation expense during 2012, 2011 and 2010 of $2.7 million, $2.7 million and $0.1 million, respectively, for stock options granted in 2012 and prior periods. As of December 31, 2012, compensation expense of $0.4 million related to unvested options remains to be recognized over the remaining vesting period.

The weighted average grant date fair value of options granted during the years ended December 31, 2012 and 2011 was calculated at $1.22 and $1.23, respectively. The fair value of options granted was determined using the Black-Scholes model based on the following weighted average assumptions:

	2012	2011
Risk free interest rate	0.29%	1.52%
Expected Term	2.9 years	4.0 years
Expected volatility	65%	97%
Dividend yield	nil	nil

The risk free interest rate is based on the U.S. Treasury rate on the date of grant for a period equal to the expected term of the option. The expected term is based on historical exercise experience and expected post-vesting behavior. The expected volatility is based on historical volatility of the Company's stock over a period equal to the expected term of the option.

Restricted Stock. During the years ended December 31, 2012, 2011 and 2010, the Company issued 0.7 million, 0.2 million and 0.9 million shares of restricted stock, respectively to employees and directors of the Company. The fair value of restricted stock issued as compensation is based on the grant date market value and expensed over the vesting period. The Company recorded non-cash compensation expense during 2012, 2011 and 2010 of $2.1 million, $1.4 million and $0.5 million, respectively, for stock issued in 2012 and prior periods.

Retention Units Plan. The Company also maintains the Gold Reserve Director and Employee Retention Plan. Units granted under the plan become fully vested and payable upon achievement of certain milestones related to the Brisas Project or in the event of a change of control. The Company's Board of Directors has considered, but not acted upon alternative vesting provisions for the units to more adequately reflect the current business objectives of the Company. Each unit granted to a participant entitles such person to receive a cash payment equal to the fair market value of one Gold Reserve Class A Common Share (1) on the date the unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater. As of December 31, 2012 an aggregate of 1,457,500 unvested units have been granted to directors and executive officers of the Company and 315,000 units have been granted to other employees. The Company currently does not accrue a liability for these units as events required for vesting of the units have not yet occurred. The minimum value of these units, based on the grant date value of the Class A shares, was approximately $7.7 million.

Note 10. Related Party Transactions:

MGC Ventures Inc. ("MGC Ventures"). The Chief Executive Officer, President, Vice President-Finance and Vice President-Administration of the Company are also directors and/or officers and shareholders of MGC Ventures. On December 15, 2010, the non-affiliated shareholders of MGC Ventures approved the redemption of all of the shares of MGC Ventures common stock held by Gold Reserve. Gold Reserve received $0.9 million and recorded a gain on sale of subsidiary of $0.2 million. Prior to the redemption, Gold Reserve owned 12,062,953 common shares of MGC Ventures which represented 44% of its outstanding shares. MGC Ventures owned 258,083 common shares of the Company at December 31, 2012 and 2011. During the last three years, the Company sublet a portion of its office space to MGC Ventures for $6,000 per year.

Great Basin Energies Inc. ("Great Basin"). The Chief Executive Officer, President, Vice President-Finance and Vice President-Administration of the Company are also directors and/or officers and shareholders of Great Basin. On December 15, 2010, the non-affiliated shareholders of Great Basin approved the redemption of all of the shares of Great Basin common stock held by Gold Reserve. Gold Reserve received $1.2 million and recorded a gain on sale of subsidiary of $0.3 million. Prior to the redemption, Gold Reserve owned 15,661,595 common shares of Great Basin which represented 45% of its outstanding shares. Great Basin owned 491,192 common shares of the Company at December 31, 2012 and 2011. During the last three years, the Company sublet a portion of its office space to Great Basin for $6,000 per year.

Note 11. Shareholder Rights Plan:

The Company instituted a shareholder rights plan (the "Rights Plan") in 1999. Since the original approval by the shareholders, the Rights Plan and the Rights Plan agreement have been amended and continued from time to time. In June 2012, the shareholders approved certain amendments to the Rights Plan including continuing the Shareholder Rights Plan until June 30, 2015 and amending certain provisions of the Rights Plan which would exempt the Large Note

Holders from triggering the Plan as a result of the Restructuring (See Note 12). The Rights Plan is designed to give the Board of Directors time to consider alternatives, allow shareholders time to properly assess the merits of a bid and insure they receive full and fair value for their common shares. One right is issued in respect of each outstanding share. The rights become exercisable only when a person, including any party related to it or acting jointly with it, acquires or announces its intention to acquire 20% or more of the Company's outstanding shares without complying with the "permitted bid" provisions of the Rights Plan. Each right would, on exercise, entitle the holder, other than the acquiring person and related persons, to purchase Class A common shares of the Company at a 50% discount to the market price at the time.

Note 12. Convertible Notes:

In May 2007, the Company issued $103,500,000 aggregate principal amount of senior subordinated convertible notes ("Old Notes"), of which $102,347,000 remained outstanding prior to June 15, 2012. Old Notes with a face value of $1,153,000 were previously settled in cash or repurchased by the Company in the open market at a total cost of approximately $452,000. Such Old Notes included interest at a rate of 5.50% annually, paid semi-annually in arrears and originally matured on June 15, 2022.

On May 16, 2012, the Company notified the holders of Old Notes, as required by the Indenture governing such notes (the "Indenture"), that they had the right to require the Company to purchase all or a portion of their Old Notes on June 15, 2012 and that, pursuant to a negotiated agreement with the largest note holders, the Company would pay, in cash, any such notes validly surrendered. On June 15, 2012, pursuant to the put option provided in the Indenture (the "Put Option"), holders of Old Notes elected to surrender approximately $16.9 million of the Old Notes to the Company for cash leaving a remaining balance of approximately $85.4 million.

Concurrent with the Put Option, the Company announced the restructuring agreement (the "Restructuring"), which was approved by shareholders in June 2012, with its three largest holders of Old Notes, who then held approximately 88% of such outstanding Old Notes. Subsequently, in the third quarter, the next largest holder of Old Notes was added to the Restructuring bringing the total amount of outstanding principal under the Old Notes subject to the Restructuring to approximately 98.7%. Thereafter in the third quarter, management also offered the same restructuring terms to the holders of the remaining 1.3% of the Company's outstanding Old Notes (the "Other Note Holders").

The Restructuring, among other terms, provided for the redemption of the remaining Old Notes held that were not previously surrendered to the Company pursuant to the Put Option. The general terms of the Restructuring were as follows:

For each $1,000 in principal amount, plus any accrued and unpaid interest on the Old Notes through the date on which the Restructuring was consummated:

- $700 principal amount of Old Notes were exchanged for: (i) $200 in cash, (ii) 147.06 Class A common shares of the Company (equivalent to a conversion price of $3.40), and (iii) a pro rata portion of an aggregate 5.468% Contingent Value Right ("CVR").
- $300 principal of Old Notes remained outstanding representing the same continuing indebtedness, subject to certain amended terms (the "Modified Notes") including: (i) maturity date of June 29, 2014; (ii) convertible into 250 shares of Class A common stock per $1,000 (equivalent to a conversion price of $4.00) at any time after the closing date upon 3 days prior written notice to the Company; (iii) mandatory redemption obligation for an amount of cash equal to 120% of the face value thereof plus accrued and unpaid interest upon certain events related to the receipt of proceeds connected with the arbitration proceedings or sale or other disposition of the Company's mining data; (iv) optional redemption for shares of

Common Stock at the conversion price noted above plus cash for any accrued and unpaid interest if the closing sale price of its Class A common shares is equal to or greater than 200% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days; and (v) redemption at maturity by payment of cash in an amount equal to the principal plus accrued and unpaid interest thereon.

The CVR entitles each note holder of the Modified Notes to receive, net of certain deductions (including income tax calculation), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by the Company with respect to the Arbitration proceedings or disposition of the Brisas Project mining data. The proceeds, if any, could be cash, commodities, bonds, shares or any other consideration received by the Company and if such proceeds are other than cash, the fair market value of such non-cash proceeds, net of any required deductions (e.g., for taxes) will be subject to the CVR.

The Company paid approximately $2.6 million in restructuring costs including $0.9 million to holders of Old Notes electing the Restructuring based on their pro rata share of the total Old Notes restructured and $1.7 million in legal and other transaction costs. The restructuring costs have been allocated to the various components of the consideration given by the Company as detailed below. In addition, the Company paid $4.6 million, $5.6 million and $5.6 million in interest during 2012, 2011 and 2010 respectively.

The offer period related to the Restructuring expired on November 23, 2012 and was finalized on November 27, 2012. Holders of an aggregate of $84,405,000 of Old Notes elected to participate in the Restructuring and $1,042,000 of Old Notes declined to participate. Pursuant to the terms of the Restructuring, the Company paid a total of $16,887,500 cash, issued a total of 12,412,501 Class A common shares, exchanged Old Notes for Modified Notes with a face value of $25,315,000 and issued CVR's totaling 5.468% of the proceeds actually received by the Company with respect to the Arbitration proceedings or disposition of the Brisas Project mining data.

Management considered the relevant fair value measurement guidance as required by generally accepted accounting principles in order to record the debt restructuring transaction based on the fair value of the consideration given to redeem the Old Notes. At June 15, 2012, the fair value of the agreed upon consideration was estimated to equal the carrying value of the Old Notes of $84.4 million. On November 27, 2012 when the restructuring was completed, the fair value of the aggregate consideration given was estimated at approximately $75.1 million, resulting in a gain on the transaction of approximately $9.3 million which is recorded in the audited consolidated statement of operations net of costs associated with the restructuring transaction. The gain is due to the effect of the decrease in the share price, between June 15, 2012 and the date the restructuring was completed, on the fair value of the consideration given. As of November 27, 2012, management's estimate of the fair value of the consideration given included approximately $16.9 million cash, $37.9 million of equity, $19.3 million of Modified Notes and $1.0 million related to the CVR as summarized below:

	November 27, 2012 Fair Value of Consideration Given					
	Cash	**Equity**	**Notes**	**CVR**	**Gain**	**Total**
Restructured notes	$16,887,500	$37,858,125	$19,302,688	$1,030,794	$9,325,893	$84,405,000
Restructuring costs		(672,248)	(657,770)	(18,303)	(1,236,798)	2,585,119
		$37,185,877	$18,644,918	$1,012,491	$8,089,095	

The face value of convertible notes outstanding subsequent to the Restructuring was $26,357,000, which includes $25,315,000 of Modified Notes and $1,042,000 of Old Notes held by Other Note Holders who declined to participate in the Restructuring. The Modified Notes were initially recorded at their estimated fair value, net of restructuring costs and will be accreted to their face value using the effective interest rate method over the expected life of the notes (estimated to be the maturity date of June 29, 2014), with the resulting charge recorded as interest expense.

Estimated fair value of modified notes as of November 27, 2012	$19,302,688
Restructuring costs allocated to modified notes	(657,770)
	18,644,918
Accretion of modified notes during 2012	338,536
Carrying value of modified notes as of December 31, 2012	18,983,454
Old notes	1,042,000
Total carrying value of convertible notes as of December 31, 2012	$20,025,454

The remaining Old Notes held by non-electing Other Note Holders continue to be subject to the original terms of the Indenture which include (i) a maturity date of June 15, 2022; (ii) conversion into 132.626 shares of Class A common shares per $1,000 (equivalent to a conversion price of $7.54 per common share) at any time upon prior written notice to the Company; (iii) the ability of the Company, at its option, to redeem all or part of the Old Notes for cash at a redemption price equal to 100% of the principal amount being redeemed plus accrued and unpaid interest.

The covenants in the Indenture, as amended, relating to both the new Modified Notes and the Old Notes are generally limited to administrative issues such as payments of interest, maintenance of office or agency location, delivery of reports and other related issues. Likewise, events of default are defined as failure to pay interest and principal amounts when due, default in the performance of covenants, failure to convert notes upon holder's exercise of conversion rights and similar provisions or the Company's failure to give notice of a fundamental change which is generally defined as events related to a change of control in the Company.

Note 13. Litigation:

During December 2008, the Company filed an action in the Ontario Superior Court of Justice against Rusoro Mining Ltd and Rusoro's financial advisor Endeavour Financial International Corporation ("Endeavour") relating to damages from an unsolicited takeover offer. Both parties filed counterclaims in 2009 and the Company amended its original claim in 2010. In September 2012, the Company entered a settlement agreement with both Endeavour and Rusoro. Under the settlement, dismissing all legal actions, Endeavour paid the Company Cdn $1,500,000 and Rusoro paid Cdn $250,000, issued 2,500,000 common shares and a note in the amount of $1,000,000 which due to its contingent nature has not been recorded as an asset. The promissory note will become due and payable when Rusoro is successful in the arbitration it has commenced against the Venezuelan Government seeking compensation for the nationalization of Rusoro's gold assets in Venezuela.

Note 14. Income Tax:

Income tax expense differs from the amount that would result from applying Canadian tax rates to net loss before taxes. These differences result from the items noted below:

	2012	2011	2010
Income tax benefit based on Canadian tax rates	$ 2,506,275	$ 6,257,284	$ 6,058,396
Increase (decrease) due to:			
Different tax rates on foreign subsidiaries	623,387	474,459	218,882
Non-deductible expenses	(2,617,969)	(1,428,111)	(473,091)
Change in valuation allowance and other	(511,693)	(5,303,632)	(5,804,187)
	$ –	$ –	$ –

No current income tax has been recorded by the parent company for the three years ended December 31, 2012. The Company has recorded a valuation allowance to reflect the estimated amount of the future tax assets which may not be realized, principally due to the uncertainty of utilization of net operating losses and other carry forwards prior to expiration. The valuation allowance for future tax assets may be reduced in the near term if the Company's estimate of future taxable income changes. The components of the Canadian and U.S. future income tax assets as of December 31, 2012 and 2011 were as follows:

	Future Tax Asset	
	2012	2011
Accounts payable and accrued expenses	$ 33,869	$ 43,966
Property, plant and equipment	(5,248)	(7,254)
Total temporary differences	28,621	36,712
Net operating loss carry forward	37,543,580	35,659,263
Alternative minimum tax credit	19,871	19,871
Total temporary differences, operating losses and tax credit carry forwards	37,592,072	35,715,846
Valuation allowance	(37,592,072)	(35,715,846)
Net deferred tax asset	$ –	$ –

At December 31, 2012, the Company had the following U.S. and Canadian tax loss carry forwards:

US	Canadian	Expires
$ –	$ 1,734,082	2014
–	2,161,329	2015
1,386,674	–	2018
1,621,230	–	2019
665,664	–	2020
896,833	–	2021
1,435,774	–	2022
1,806,275	–	2023
2,386,407	–	2024
3,680,288	–	2025
4,622,825	2,624,353	2026
6,033,603	4,870,458	2027
4,360,823	18,563,966	2028
1,769,963	17,593,207	2029
2,159,079	21,735,430	2030
3,216,024	24,338,649	2031
3,041,866	3,399,516	2032
$ 39,083,328	$ 97,020,990	

CORPORATE INFORMATION

Officers and Directors

Rockne J. Timm
Chief Executive Officer and Director

A. Douglas Belanger
President and Director

Robert A. McGuinness
Vice President of Finance and CFO

Mary E. Smith
Vice President of Administration and Secretary

Arturo Rivero
President, Minera Gold Reserve S.A. de C.V.

James H. Coleman
Non-Executive Chairman and Director

James P. Geyer
Director

Jean Charles (JC) Potvin
Director

Patrick D. McChesney
Director

Chris D. Mikkelsen
Director

Share Information

Number of Shareholders:
Approximately 8,000

Common Shares Issued March 22, 2013

Class A common - 72,241,473

Equity Units - 500,236

Common Share
Purchase Options - 6,723,188

Securities Listings

Canada -
The TSX Venture Exchange: GRZ.V

United States -
OTC QB: GDRZF

Transfer Agent

Computershare Trust Company, Inc.
Toronto, Ontario Canada
Providence, RI USA

Registered Agent

Austring, Fendrick & Fairman
Whitehorse, Yukon Canada

Office

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Ph: (509) 623-1500
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Bankers

Bank of America
Spokane, Washington USA

Bank of Montreal
Vancouver, British Columbia Canada

Auditors

PricewaterhouseCoopers LLP
Vancouver, British Columbia Canada

Counsel

Baker & McKenzie LLP
Houston, Texas USA
Caracas, Venezuela

Norton Rose Fulbright
Toronto, Ontario Canada

White & Case LLP
Washington, D.C. USA

Annual Meeting

The 2013 Annual Meeting will be held at 9:30 a.m. on June 11, 2013

The Spokane Club,
1002 W. Riverside
Spokane, Washington

Additional information regarding the company may be obtained at www.GoldReserveInc.com

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