

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-3/A

Amendment No. 2

FOR APPLICATIONS FOR QUALIFICATION OF INDENTURES

UNDER THE TRUST INDENTURE ACT OF 1939

GOLD RESERVE INC.

(Name of Applicant)

926 West Sprague Ave., Suite 200
Spokane, Washington 99201
(509) 623-1500

(Address of Principal Executive Offices)

Securities to be Issued Under the Indenture to be Qualified:

Title of Class	Amount*
5.50% Senior Subordinated Convertible Notes due 2014	Up to \$85,447,000 aggregate principal amount

Approximate date of proposed Offer:

The Offer commenced on September 18, 2012 and will expire at 5:00 p.m., New York City time, on October 26, 2012 unless extended by the Company.

Name and Address of Agent for Service:

Rockne J. Timm
Chief Executive Officer
Gold Reserve Inc.
926 West Sprague Ave., Suite 200
Spokane, Washington 99201
Tel. (509) 623-1500

With Copies to:

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2300 Trammell Crow Center
2001 Ross Avenue
Dallas, TX 75201
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* The actual aggregate principal amount of 5.50% Senior Subordinated Convertible Notes due 2014 to be issued pursuant to the Supplemental Indenture (defined below) may be less and depends upon the aggregate amount of the 5.50% Senior Subordinated Convertible Notes due 2022 that are tendered as described in Item 2 herein.

Gold Reserve Inc. hereby amends this application for qualification on such date or dates as may be necessary to delay its effectiveness until (i) the 20th day after the filing of an amendment which specifically states that it shall supersede this application, or (ii) such date as the Commission, acting pursuant to Section 307(c) of the Trust Indenture Act of 1939, as amended, may determine upon the written request of the Company.

EXPLANATORY NOTE

This Amendment No. 2 to the Application for Qualification of Indenture on Form T-3 filed on June 1, 2012 (File No. 022-28973) (the “Original Application”) is being filed by Gold Reserve Inc., a company incorporated under the laws of Yukon, Canada (the “Company”), with the United States Securities and Exchange Commission to reflect the following amendments to the Original Application: (1) Item 2 is amended to reflect the execution by the Company of the Second Amended and Restated Subordinated Notes Restructuring Agreement dated September 13, 2012 (the “Amended Agreement”), (2) the final paragraph of Item 6 is deleted, (3) Item 7(a) is amended to provide more recent information regarding the Company’s capitalization, (4) Item 8 is amended to provide additional information regarding the Modified Notes (as defined below), (5) Exhibit T3C(2) is amended to delete the form of Supplemental Indenture filed with the Original Application and include the current form of Supplemental Indenture, and (6) Exhibit T3G, the statement of eligibility and qualification on Form T-1, is amended to include the Form T-1 of U.S. Bank National Association, as the new trustee under the Indenture and as the trustee of the Supplemental Indenture to be qualified, and delete the prior Form T-1 due to a substitution of U.S. Bank National Association, as trustee for the prior trustee. This Amendment No. 2 is not intended to amend or delete any other part of the Original Application.

ITEM 2. SECURITIES ACT EXEMPTION APPLICABLE.

Upon the terms set forth in the Notice of Offer and the related letter of transmittal filed by the Company on Schedule TO on September 18, 2012, the Company is offering (the “Offer”) to holders of \$1,080,000 of its outstanding 5.50% Senior Subordinated Convertible Notes due 2022 (the “Notes”) to participate in the Amended Agreement upon the same terms therein for the following consideration:

- \$700 principal amount of Notes shall be exchanged for (i) USD \$200.00 in cash, (ii) 147.06 Common Shares, and (iii) a pro rata portion of the Contingent Value Right; and
- \$300 principal of Notes shall remain outstanding and represent the same continuing indebtedness, subject to the amended terms set forth in a Supplemental Indenture (as defined in the Restructuring Agreement) as follows (such Notes, as modified, referred to herein as “Modified Notes”):
 - o the maturity date will be two years from the date of issuance;
 - o the Conversion Rate will be increased from 132.6260 shares of Common Stock per \$1,000 in principal amount of Modified Notes (equivalent to a Conversion Price of \$7.54) to 250 shares of Common Stock per \$1,000 in principal amount of Modified Notes (equivalent to a Conversion Price of \$4.00);
 - o the Holder may convert its Modified Notes to shares of Common Stock at the Conversion Price at any time after the Closing Date upon 3 days prior written notice to the Company;
 - o the Company shall have a mandatory obligation to redeem the Modified Notes then outstanding, in whole or in part, for an amount of cash equal to 120% of the face value thereof plus accrued and unpaid interest upon (i) the Company’s receipt of payment of a settlement or award with respect to its pending arbitration proceedings related to Venezuela’s expropriation of the Brisas Project (any such settlement or award, the “Arbitration Award”) or (ii) the Company’s receipt of proceeds from sale or other disposition of its mining data (the “Mining Data Sale”), in each case with 20 days’ notice to the Holders; provided, however, that the Company’s redemption obligations in (i) and (ii) shall be limited to the amount of the proceeds received by the Company (provided, further, that any subsequent receipt of additional proceeds shall be applied in a similar manner until such time as the redemption obligations have been satisfied in full);

- o the Company may redeem the Modified Notes, in whole or in part upon 20 days' notice to the Holders, for shares of Common Stock at the conversion price plus cash for any accrued and unpaid interest if the closing sale price of its 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, for the avoidance of doubt with respect to the Modified Notes, this provision shall override the provision in the Indenture that permits the Company to redeem the Notes at any time after June 16, 2012); and
- o unless previously converted by a Holder, or redeemed by the Company, the Company may satisfy the Notes, at maturity, by payment of cash in an amount equal to the principal plus accrued and unpaid interest thereon.

As of the date hereof, there are \$85,447,000 aggregate principal amount of the Notes outstanding, \$84,367,000 of which are held by the four Holders that are parties to the Restructuring Agreement and \$1,080,000 of which are the subject of the Offer.

The Company is making the Offer described in the Schedule TO to all Holders that are not a party to the Amended Agreement in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), afforded by Section 3(a)(9) thereof, based upon the following facts:

- The Common Shares, Modified Notes and Contingent Value Rights will be offered by the Company to its existing security holders exclusively and solely for outstanding Notes.
- No sales of securities of the same class as the Notes have been or are to be made by the Company or by or through an underwriter at or about the same time as the Offer for which the exemption is claimed.
- No consideration has been, or is to be, given, directly or indirectly, to any person in connection with such Offer, except for payment of (i) the fees and expenses of legal advisors for their legal services, (ii) the fees of the agent, for its acceptance and exchange services in relation to the Offer, (iii) fees charged by the trustee under the Indenture for its services as trustee, (iv) payments to the Company's directors and employees who agree to execute limited waivers of their change in control agreements and (v) the cash consideration payable to the Noteholders as part of the Offer Consideration.
- No holder of Notes has made or will be requested to make any cash payment in connection with the Offer other than the payment of any applicable withholding or other taxes in accordance with the terms of the Offer.

The Notes to be delivered to the four Holders that are parties to the Amended Agreement were offered in a transaction exempt from the registration requirements of the Securities Act.

CAPITAL SECURITIES

ITEM 7. CAPITALIZATION.

(a) As of October 22, 2012, there were a total of 59,798,972 Class A common shares and 500,236 Class B common shares issued and outstanding. The number of holders of Class A and Class B common shares of record on October 22, 2012 was approximately 760. As of October 26, 2012, there were \$85,447,000 aggregate principal amount of Notes outstanding.

INDENTURE SECURITIES

ITEM 8. ANALYSIS OF INDENTURE PROVISIONS.

The Modified Notes will be issued under a Supplemental Indenture to be dated on or about October 29, 2012 and to be entered into between the Company and U.S. Bank National Association, as trustee (the "Trustee"). The following general description of certain provisions of the Supplemental Indenture is qualified in its entirety by reference to the form of Supplemental Indenture filed as Exhibit T3C hereto and incorporated by reference herein. Capitalized terms used in this Item 8 and not defined herein have the meanings assigned to them in the Supplemental Indenture.

Governing Documents

Holders of the Modified Notes have the rights set forth in the Supplemental Indenture.

Maturity Date

The maturity date will be two years from the date of issuance.

Dividends, Distributions and Interest Payments

Interest will accrue at 5.50% per year on the principal amount and will be payable semi-annually in arrears on June 15 and December 15 of each year.

Ranking

The Modified Notes will be unsecured obligations and rank (1) subordinate in right of payment to future unsubordinated indebtedness, and will be effectively subordinate to the extent of the collateral securing such indebtedness, (2) subordinate to senior secured bank indebtedness in right of payment, and will be effectively subordinate to the extent of the collateral securing such indebtedness, (3) subordinate in right of payment to any guarantee of the indebtedness described in (1) or (2) by the Company or any of the Company's subsidiaries for the period that the guarantee is in effect, (4) equal in right of payment to any of the Company's other existing and future unsecured and unsubordinated indebtedness, and (5) senior in right of payment to all of the Company's future subordinated debt. However, the Modified Notes will be effectively subordinated to all future secured debt to the extent of the security on such other indebtedness and to all existing and future obligations of our subsidiaries.

Conversion Rights

Holders may convert their Modified Notes into shares of Common Stock at the applicable conversion rate, at any time after the closing date of the Modified Notes offering upon three (3) days prior written notice to the Company, in multiples of \$1,000 principal amount. The conversion rate for the Modified Notes will be 250 shares of Common Stock per \$1,000 principal amount of Modified Notes (equal to a conversion price of approximately \$4.00 per share), subject to adjustment. Upon conversion, the Company will have the option to deliver cash, common shares or a combination of cash and common shares. In addition, following certain corporate transactions that occur prior to maturity, the Company will increase the conversion rate for a holder who elects to convert its Modified Notes in connection with such corporate transactions by a number of additional common shares. Holders will not receive any additional cash payment or additional shares representing accrued and unpaid interest and additional interest, if any, upon conversion of an Amended Note, except in limited circumstances. Instead, interest will be deemed paid by the common shares and cash, if any, issued upon conversion.

Voting Rights

Holders of Modified Notes have no voting rights.

Redemption at Holder's Option

If the Company experiences specified types of fundamental changes, Holders may require the Company to repurchase all or a portion of their notes at a price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest, if any. The Company may choose to pay the purchase price in connection with a purchase of the notes at the option of the Holder or upon a fundamental change in cash, common shares or any combination of cash and common shares.

Redemption

The Company shall have a mandatory obligation to redeem the Modified Notes then outstanding, in whole or in part, for an amount of cash equal to 120% of the face value thereof plus accrued and unpaid interest upon (i) the Company's receipt of payment of a settlement or award with respect to its pending arbitration proceedings related to Venezuela's expropriation of the Brisas Project (any such settlement or award, the "Arbitration Award") or (ii) the Company's receipt of proceeds from sale or other disposition of its mining data (the "Mining Data Sale"), in each case with 20 days' notice to the Holders; provided, however, that the Company's redemption obligations in (i) and (ii) shall be limited to the amount of the proceeds received by the Company (provided, further, that any subsequent receipt of additional proceeds shall be applied in a similar manner until such time as the redemption obligations have been satisfied in full).

The Company may redeem the Modified Notes, in whole or in part upon 20 days' notice to the Holders, for shares of Common Stock at the conversion price plus cash for any accrued and unpaid interest if the closing sale price of its 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, for the avoidance of doubt with respect to the Modified Notes, this provision shall override the provision in the Indenture that permits the Company to redeem the Notes at any time after June 16, 2012).

Listing

The Modified Notes will not be listed on any securities exchange or any automated dealer quotation system.

Certain Terms of the Indenture

The other terms of the Supplemental Indenture are incorporated from the form of Indenture (the "Indenture") between the Company and The Bank of New York, as Trustee, relating to the 5.50% Senior Subordinated Convertible Notes due June 15, 2022 filed as Exhibit 7.1 to the Company's Registration Statement on Form F-10 (Registration No. 333-142944) filed with the SEC on May 14, 2007, the terms of which are incorporated herein by reference. Below is a summary of certain provisions of the Indenture and, for the purposes of the descriptions below of "Events of Default" and "Satisfaction and Discharge" capitalized terms in such descriptions that are not defined shall have the meaning set forth in the Indenture.

Events of Default

The following are events of default under the Indenture:

- the Company fails to pay the principal amount of the notes when due upon redemption, repurchase or otherwise on the Notes;
- the Company fails to pay interest or additional interest, if any, on the Notes, when due and such failure continues for a period of 30 days;
- the Company fails to perform or observe any other covenant or warranty in the Indenture for 60 days after written notice;
- the Company fails to convert Notes into common shares and for cash upon exercise of a holder's conversion right and such failure continues for 5 business days or more;
- any indebtedness (other than indebtedness which is non-recourse to the Company or any of its subsidiaries) for money borrowed by the Company or one of its subsidiaries (all or substantially all of the outstanding voting securities of which are owned, directly or indirectly, by the Company) in an outstanding principal amount in excess of US\$15 million (or the equivalent thereof in any other currency or currency unit) is not paid at final maturity or upon acceleration and such failure is not cured or the acceleration is not rescinded or annulled, within 10 days after written notice as provided in the Indenture;
- the rendering of a final judgment or judgments (not subject to appeal and not covered by insurance) against the Company or any of its subsidiaries in excess of US\$15 million (or the equivalent thereof in any other currency or currency unit) which remains unstayed, undischarged or unbonded for a period of 60 days;
- the Company's failure to give notice of a Fundamental Change as defined in the Indenture or notice of certain specific corporate transactions when due;
- the Company's failure to comply with its obligations with respect to a Consolidation, Merger, Convey, Transfer or Lease; or
- certain events involving its bankruptcy, insolvency or reorganization involving the Company or its subsidiaries.

The trustee may withhold notice to the holders of the Notes of any default, except defaults in payment of principal or interest, including additional interest, if any, on the Notes. However, the trustee must consider it to be in the interest of the holders of the Notes to withhold this notice.

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the principal amount of the Notes and interest, including additional interest, if any, on the outstanding Notes to be immediately due and payable. In case of certain events of bankruptcy, insolvency or reorganization involving the Company or its subsidiaries, principal amount plus interest, including additional interest, if any, on the Notes will automatically become due and payable. However, if the Company cures all defaults, except the nonpayment of the principal amount of the Notes plus interest, including additional interest, if any, that became due as a result of the acceleration, and meet certain other conditions, with certain exceptions, this declaration may be cancelled and the holders of a majority of the principal amount of outstanding Notes may waive these past defaults.

Payments of Redemption Price, Repurchase Price, Fundamental Change Repurchase Price, principal or interest, including additional interest on the Notes, if any, that are not made when due will accrue interest at the annual rate of 1% above the then-applicable interest rate from the required payment date to the extent lawful.

Subject to the trustee's duties in the case of an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders, unless the holders have offered to the trustee indemnity reasonably satisfactory to it. Subject to the Indenture, applicable law and the trustee's indemnification, the holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of any proceedings for any remedy available to the trustee.

No holder of the Notes may pursue any remedy under the Indenture, except in the case of a default in the payment of the Redemption Price, Repurchase Price, Fundamental Change Repurchase Price, principal or interest, including additional interest (in respect of any default in payment under a Note on or after the due date) on the Notes, unless:

- the holder has given the trustee written notice of an event of default;
- the holders of at least 25% in principal amount of outstanding Notes make a written request, and offer indemnity to the trustee reasonably satisfactory to it to pursue the remedy;
- the trustee does not receive an inconsistent direction from the holders of a majority in principal amount of the Notes; and
- the trustee fails to comply with the request within 60 days after receipt.

Satisfaction and Discharge

The Indenture will cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Notes provided for in the Indenture), when either:

- all Notes that have been authenticated (except destroyed, lost, or stolen Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the trustee for cancellation; or
- all Notes that have not been delivered to the trustee for cancellation have become due and payable and the Company has deposited or caused to be irrevocably deposited with the trustee as trust funds for such purpose an amount sufficient to pay and discharge the entire indebtedness evidenced by the Notes not delivered to the trustee for cancellation.

CONTENTS OF APPLICATION FOR QUALIFICATION

This application for qualification comprises:

- (a) Pages numbered 1 to 7 numbered consecutively
- (b) The statement of eligibility and qualification on Form T-1 of the Trustee under the Indenture to be qualified filed herewith as Exhibit 25.1
- (c) The following exhibits in addition to those filed as part of the Form T-1 statement of eligibility and qualification of the Trustee:

Exhibit No.	Description
T3A	Restated Articles of Incorporation of the Company filed as Exhibit 3.1 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
T3B	Bylaws of the Company filed as Exhibit 3.2 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
T3C(1)	Indenture, dated May 18, 2007, by and among GR, and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, incorporated by reference to Exhibit 7.1 to GR's Registration Statement on Form F-10 (File 333-142944) filed with the U.S. SEC on May 14, 2007
T3C(2)	Form of Supplemental Indenture
T3E(1)	Notice of Offer to Holders of its 5.50% Senior Subordinated Convertible Notes due 2022, dated September 18, 2012, incorporated by reference to Exhibit (e)(1) of the Company's Tender Offer Statement on Schedule TO dated September 18, 2012
T3E(2)	Letter of Transmittal, incorporated by reference to Exhibit (a)(1)(B) of the Company's Tender Offer Statement on Schedule TO dated September 18, 2012
T3E(3)	Form of Notice of Withdrawal, incorporated by reference to Exhibit (a)(1)(C) of the Company's Tender Offer Statement on Schedule TO dated September 18, 2012
T3E(4)	Press Release, dated September 18, 2012, incorporated by reference to Exhibit (a)(5)(A) of the Company's Tender Offer Statement on Schedule TO dated September 18, 2012, as amended
T3F	Cross-reference sheet (included as part of Exhibit T3C(1))
25.1	Statement of eligibility and qualification of the Trustee on Form T-1

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the applicant, Gold Reserve Inc., a corporation organized and existing under the laws of Yukon, Canada, has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the city of Spokane, and State of Washington, on the 26th of October, 2012.

Gold Reserve Inc.

By: /s/ Rockne J. Timm
Name: Rockne J. Timm
Title: Chief Executive Officer

Attest: /s/ Robert A. McGuinness
Name: Robert A. McGuinness
Title: Vice President Finance, Chief Financial Officer

EXHIBIT INDEX

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25.1	Statement of eligibility and qualification of the Trustee on Form T-1

GOLD RESERVE INC.

as Issuer

AND

U.S. BANK NATIONAL ASSOCIATION

as Trustee

COMPUTERSHARE TRUST COMPANY OF CANADA

as Co-Trustee

First Supplemental Indenture

Dated as of September 13, 2012

to

Indenture

Dated as of May 18, 2007

5.50% Senior Subordinated Convertible Notes

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FIRST SUPPLEMENTAL INDENTURE, dated as of [●], 2012 (this "Supplemental Indenture"), by and among **GOLD RESERVE INC.**, a corporation duly organized and existing under the laws of Yukon, Canada, as Issuer (hereinafter called the "Company"), having its principal office at 926 West Sprague Ave., Suite 200, Spokane, WA 99201 (Facsimile No. (509) 623-1634), **U.S. BANK NATIONAL ASSOCIATION**, having its Corporate Trust Office at 100 Wall Street, Suite 1600, New York, New York, 10005, as successor Trustee (hereinafter, "US Bank" or the "Trustee") to The Bank of New York Mellon (f/k/a The Bank of New York) (the "Predecessor Trustee") and **COMPUTERSHARE TRUST COMPANY OF CANADA**, having its Corporate Trust Office at 1500 University St., 7th Floor, Montreal, Quebec H3A 3S8, Canada, as successor Co-Trustee (hereinafter, "Computershare" or the "Co-Trustee") to BNY Trust Company of Canada (the "Predecessor Co-Trustee").

RECITALS OF THE COMPANY

WHEREAS, the Company, the Predecessor Trustee and the Predecessor Co-Trustee have heretofore entered into an Indenture dated as of May 18, 2007 (the "Indenture");

WHEREAS, pursuant to a Subordinated Note Restructuring Agreement ("Restructuring Agreement"), as amended and restated, by and among the Company and certain Holders party thereto (the "Large Noteholders"), the parties thereto agreed to restructure certain of the Securities issued pursuant to the Indenture upon the terms and conditions set forth in the Restructuring Agreement;

WHEREAS, (i) pursuant to the Restructuring Agreement, the Company and the Large Noteholders agreed, inter alia, to modify the terms of certain Securities held by the Large Noteholders, and (ii) the Company intends to offer to all other Holders of Notes ("Other Holders") the ability to restructure the Notes held by them on the same economic terms as the Notes held by the Large Noteholders (the transactions contemplated by clauses (i) and (ii) are referred to as the "Restructuring");

WHEREAS, Section 11.02 of the Indenture expressly permits the Company and the Trustee to amend or supplement the Indenture with the consent of the Holders of not less than a majority in Principal Amount of the Outstanding Securities;

WHEREAS, the Large Noteholders hold approximately 87.8% of the Outstanding Securities and have consented to the amendments reflected in this Supplemental Indenture to provide for the terms of the Modified Securities, as defined herein, and certain other matters, pursuant to the Restructuring Agreement;

WHEREAS, this Supplemental Indenture includes the form of the Modified Securities to be issued to such Holders as elect to participate in the Restructuring;

WHEREAS, pursuant to Section 11.03 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, for the purposes hereinabove recited, and pursuant to due corporate action, the Company has duly determined to execute and deliver to the Trustee this Supplemental Indenture, and all conditions and requirements necessary to make this Supplemental Indenture a valid, legal and binding instrument in accordance with its terms have been satisfied, and the execution and delivery hereof have been in all respects duly authorized.

NOW, THEREFORE, in consideration of the premises, agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE ONE
Relation to Indenture; Definitions

SECTION 1.01. Relation to Indenture.

This Supplemental Indenture constitutes an integral part of the Indenture.

SECTION 1.02. Definitions.

For all purposes of this Supplemental Indenture, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

SECTION 1.03. General References.

Unless otherwise specified or unless the context otherwise requires, (i) all references in this Supplemental Indenture to Articles and Sections refer to the corresponding Articles and Sections of this Supplemental Indenture and (ii) the terms “*herein*,” “*hereof*,” “*hereunder*” and any other word of similar import refer to this Supplemental Indenture.

ARTICLE TWO
Amendments to the Indenture

The Indenture is hereby amended as set forth below in this Article Two for the purpose of implementing modifications to certain of the Securities that Holders elect to restructure pursuant to the Restructuring; *provided, however*, that the amendments effected hereby are being effected solely with respect to the Securities of the Holders that elect to participate in the Restructuring. Securities held by Holders that do not elect to participate in the Restructuring will not be subject to the new terms applicable to Modified Securities added pursuant to this Supplemental Indenture but will continue to be subject to the applicable terms of the Indenture.

SECTION 2.01. Amendment of Section 1.01 – Additional Defined Terms.

Section 1.01 of the Indenture is hereby amended by inserting the following defined terms in the appropriate alphabetical position:

“**Arbitration Award**” means any settlement, award, or other payment made or other consideration transferred to the Company or any of its affiliates arising out of, in connection with or with respect to the Arbitration Proceedings, including, but not limited to the Proceeds received by the Company or its affiliates from a sale, pledge (except as provided for in Section 9 of the CVR Certificate), transfer or other disposition, directly or indirectly, of the Company’s rights with respect to the Arbitration Proceedings.

“**Arbitration Proceedings**” means that certain arbitration proceeding commenced by the Company against the Bolivarian Republic of Venezuela pending before the International Centre for Settlement of Investment Disputes (“ICSID”) in *Gold Reserve Inc. v. Bolivarian Republic of Venezuela* (ICSID Case No. ARB(AF)/09/1).

“**Contingent Value Right**” means, with respect to each Holder of a Modified Security, the contingent value right entitling the holder thereof to, among other rights, the applicable Contingent Value Percentage of Proceeds received by the Company, net of certain deductions, with respect to an Arbitration Award and a Mining Data Sale, as further described in the CVR Certificate.

“**CVR Certificate**” means the Contingent Value Right Certificate, substantially in the form of Exhibit C attached to the Restructuring Agreement, issued by the Company to each Holder of a Modified Security.

“**Mining Data**” means the mine data base relating to the Brisas Project which consists of over 900 core drill holes with assay certificates with a calculated proven and probable 43-101 compliant audited ore reserve.

“**Mining Data Sale**” means the sale, pledge (except as provided for in Section 9 of the CVR Certificate), transfer or other disposition, directly or indirectly, of all or any portion of the Mining Data.

“**Modified Securities**” means the Securities modified pursuant to Article II of this Supplemental Indenture.

“**Modified Security**” means a Security modified pursuant to Article II of this Supplemental Indenture.

“**Notice of Redemption of Modified Securities**” has the meaning specified in Section 13.10.

“**Proceeds**” means the gross amount of all consideration, whether cash, securities, commodities, bonds or other non-cash consideration, received by the Company arising out of, in connection with or with respect to an Arbitration Award or Mining Data Sale, as applicable; provided that, for the purposes of calculating Proceeds, any consideration received by any affiliate of the Company in connection with an Arbitration Award or Mining Data Sale, as the case may be, shall be deemed to have been received by the Company.

SECTION 2.02. Additional Amendment of Section 1.01 – Modified Defined Terms.

Section 1.01 of the Indenture is hereby amended by deleting the terms “Global Security”, “Holder” or “Securityholder”, “Issue Date”, “Security” and “Stated Maturity” and inserting the following definitions:

“**Global Security**” means a Security or Modified Security, as applicable, in global form registered in the Security Register in the name of a Depository or a nominee thereof.

“**Holder**” or “**Securityholder**” means a Person in whose name a Security or a Modified Security is registered in the Security Register.

“**Issue Date**” means the date the Securities are originally executed and authenticated as set forth in the Security (except for the Modified Securities) under the Indenture and as set forth in the Modified Security in this Supplemental Indenture.

“**Security**” or “**Securities**” have the respective meanings specified in the first paragraph of the Recitals of the Company in the Indenture, as modified by Section 2.09 hereof.

“**Stated Maturity**” when used with respect to any Modified Security, means [●], 2014, and when used with respect to any Security that is not a Modified Security, means June 15, 2022.

SECTION 2.03. Amendment of Article II – Amendment to Section 2.03 – Form of Reverse of Security

Article II of the Indenture is hereby amended to modify the first paragraph following the paragraph entitled “Interest” of Section 2.03 to read in its entirety as follows:

Interest will be paid to the person in whose name a Security is registered at the close of business on or, as the case may be, immediately preceding the Regular Record Date immediately preceding the relevant interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2.04. Amendment of Article II – Insertion of New Section 2.05 – Form of Face of Security (Modified Security).

Article II of the Indenture is hereby amended by inserting the following as new Section 2.05:

Section 2.05. Form of Face of Security (Modified Security).

[INCLUDE IF MODIFIED SECURITY IS A GLOBAL SECURITY — THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (“DTC”), A NEW YORK CORPORATION, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

GOLD RESERVE INC.

5.50% Senior Subordinated Convertible Notes due 2014

No. [●]

CUSIP NO. [NTD: New CUSIP No. to be inserted]
ISIN [NTD: New ISIN No. to be inserted]

U.S. \$[●]

Gold Reserve Inc., a corporation duly organized and validly existing under the laws of Yukon, Canada (herein called the “**Company**”, which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [●] United States Dollars (\$●) **[INCLUDE IF MODIFIED SECURITY IS A GLOBAL SECURITY** — (which amount may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, in accordance with the rules and procedures of the Depositary)] on [●], 2014. Payment of the principal of this Security shall be made by wire transfer or check mailed to the address of the Holder of this Security specified in the register of Securities, or, at the option of the Holder of this Security, at the Corporate Trust Office, in such lawful money of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Issue Date of this Security is [●], 2012.

Reference is made to the further provisions of this Security set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Security the right to convert this Security in certain circumstances and the obligation or option of the Company to repurchase this Security upon certain events on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of said State.

This Security shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

GOLD RESERVE INC.

By: _____
Authorized Signatory

Attest:

By: _____
Authorized Signatory

SECTION 2.05. Amendment of Article II – Insertion of New Section 2.06 – Form of Reverse of Security (Modified Security).

Article II of the Indenture is hereby amended by inserting the following as new Section 2.06:

Section 2.06. Form of Reverse of Security (Modified Security).

This Security is one of a duly authorized issue of Securities of the Company, designated as its 5.50% Senior Subordinated Convertible Notes due 2014 (herein called the “**Modified Securities**”), all issued or to be issued under and pursuant to an Indenture dated as of May 18, 2007, as amended (herein called the “**Indenture**”), between the Company and The Bank of New York (herein called the “**Trustee**”), as supplemented by the Supplemental Indenture dated as of [●], 2012 between the Company and the Trustee, to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Modified Securities. Terms used herein which are defined in the Indenture have the meanings assigned to them in the Indenture, as so supplemented.

The indebtedness evidenced by the Modified Securities is unsecured indebtedness of the Company and is or will be (1) subordinate in right of payment to future unsubordinated indebtedness for the construction and development of the Brisas gold and copper project, and will be effectively subordinate to the extent of the collateral securing such indebtedness, (2) subordinate to senior secured bank indebtedness in right of payment, and will be effectively subordinate to the extent of the collateral securing such indebtedness, (3) subordinate in right of payment to any guarantee of the indebtedness described in (1) or (2) by us or any of our subsidiaries for the period that the guarantee is in effect, (4) equal in right of payment to any of our other existing and future unsecured and unsubordinated indebtedness, and (5) senior in right of payment to all of our future subordinated debt. However, the indebtedness evidenced by the Modified Securities will be effectively subordinated to all future secured debt to the extent of the security on such other indebtedness and to all existing and future obligations of our subsidiaries.

Interest. The Company, promises to pay interest on the principal amount of this Modified Security at the rate of 5.50% per annum. The Company will pay interest semiannually on June 15 and December 15 of each year commencing on [December 15,] 2012.

Interest will be paid to the person in whose name a Modified Security is registered at the close of business on or, as the case may be, immediately preceding the Regular Record Date immediately preceding the relevant interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Holder of this Modified Security after 5:00 p.m., New York City time, on a Regular Record Date shall be entitled to receive interest, on this Security on the corresponding interest payment date. The Holder of this Modified Security after 5:00 p.m., New York City time, on a Regular Record Date will receive payment of interest payable on the corresponding interest payment date notwithstanding the conversion of this Modified Security at any time after the close of business on such Regular Record Date. If this Modified Security is surrendered for conversion during the period after 5:00 p.m., New York City time, on any Regular Record Date to 9:00 a.m., New York City time, on the corresponding interest payment date, it must be accompanied by payment of an amount equal to the interest that the Holder is to receive on the Modified Securities. Notwithstanding the foregoing, no such payment of interest need be made by any converting Holder (i) if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to the corresponding interest payment date, (ii) if the Company has specified a Fundamental Change Purchase Date during such period, or (iii) to the extent of any overdue interest existing at the time of conversion of such Modified Security. Except where this Modified Security is surrendered for conversion and must be accompanied by payment as described above, no interest will be payable by the Company on any interest payment date subsequent to the date of conversion, and delivery of the cash and Common Shares, if applicable, pursuant to Article XVI of the Indenture, together with any cash payment for any fractional share, upon conversion will be deemed to satisfy the Company's obligation to pay the principal amount of the Modified Securities and accrued and unpaid interest, if any, to, but not including, the related Conversion Date.

Method of Payment. By no later than 10:00 a.m. (New York City time) on the date on which any principal of or interest, on any Modified Security is due and payable, the Company shall deposit with the Paying Agent money sufficient to pay such amount. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of Modified Securities represented by a Global Security (including principal and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will pay principal of Definitive Securities at the office or agency designated by the Company in the Borough of Manhattan, The City of New York. Interest on Definitive Securities will be payable (i) to Holders having an aggregate principal amount of \$5,000,000 or less, by check mailed to the Holders of these Modified Securities and (ii) to Holders having an aggregate principal amount of more than \$5,000,000, either by check mailed to each Holder or, upon application by a Holder to the Registrar not later than the relevant Record Date, by wire transfer in immediately available funds to that Holder's account within the United States, which application shall remain in effect until the Holder notifies, in writing, the Registrar to the contrary.

Additional Amounts. The Company shall pay to the Holders such Additional Amounts as may become payable under Section 12.09 of the Indenture.

Redemption for Tax Reasons. The Company may, at its option, redeem the Modified Securities, in whole but not in part, for an amount equal to 100% of the Principal Amount of the Modified Securities, plus accrued and unpaid interest (including Additional Amounts, if any), to, but excluding, the Redemption Date (the “**Redemption Price**”), if the Company has become or would become obligated to pay to the Holders Additional Amounts (which are more than a *de minimis* amount) as a result of any amendment or change occurring after [●], 2012 in the laws or any regulations of Canada or any Canadian political subdivision or taxing authority, or any change occurring after [●], 2012 in the interpretation or application of any such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory or administrative determination); provided the Company cannot avoid these obligations by taking reasonable measures available to it and that it delivers to the Trustee an opinion of Canadian legal counsel specializing in taxation and an Officers’ Certificate attesting to such change and obligation to pay Additional Amounts. The Company will not and will not cause any Paying Agent or the Trustee to deduct from such Redemption Price any amounts on account of, or in respect of, any Canadian Taxes other than Excluded Taxes (except in respect of certain Excluded Holders). In such event, the Company will give the Trustee and the Holders of the Modified Securities not less than 30 days’ nor more than 60 days’ notice of redemption, except that (i) the Company will not give notice of redemption earlier than 60 days prior to the earliest date on or from which it would be obligated to pay any such Additional Amounts, and (ii) at the time the Company gives the notice, the circumstances creating its obligation to pay such Additional Amounts remain in effect.

Upon receiving such notice of redemption, each Holder who does not wish to have the Company redeem its Modified Securities pursuant to Article XIII of the Indenture can elect to (i) convert its Modified Securities pursuant to Article XVI of the Indenture or (ii) not have its Modified Securities redeemed, provided that no Additional Amounts will be payable on any payment of interest or principal with respect to the Modified Securities after such Redemption Date. All future payments will be subject to the deduction or withholding of any Canadian Taxes required to be deducted or withheld.

Where no such election is made, the Holder will have its Modified Securities redeemed without any further action. If a Holder does not elect to convert its Modified Securities pursuant to Article XVI of the Indenture but wishes to elect to not have its Modified Securities redeemed, such Holder must deliver to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in the notice of redemption, a written Notice of Election (the “**Notice of Election**”) on the back of this Modified Security, or any other form of written notice substantially similar to the Notice of Election, in each case, duly completed and signed, so as to be received by the Paying Agent no later than the close of business on a Business Day at least five Business Days prior to the Redemption Date.

A Holder may withdraw any Notice of Election by delivering to the Company (if the Company is acting as its own Paying Agent), or to a Paying Agent designated by the Company in the notice of redemption, a written notice of withdrawal prior to the close of business on the Business Day prior to the Redemption Date.

If cash sufficient to pay the Redemption Price of all Modified Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to 10:00 a.m., New York City time, on the Redemption Date, then on such Redemption Date, interest, including Additional Amounts, if any, cease to accrue on such Modified Securities or portions thereof.

Company's Obligation to Redeem. The Company shall redeem the Modified Securities then outstanding, in whole or in part, for an amount of cash equal to 120% of the Outstanding Principal Amount thereof plus accrued and unpaid interest, upon (a) the Company's receipt of Proceeds of an Arbitration Award or (b) the Company's receipt of Proceeds from a Mining Data Sale, in each case, notwithstanding any other notice provision herein, upon twenty (20) days' notice to the Holders (which notice shall be provided within ten (10) days of the Company's receipt of any such Proceeds); provided, however, that in respect of any given receipt of Proceeds by the Company, the Company's redemption obligations in this paragraph shall be limited to the amount of the Proceeds received by the Company, and if the amount of Proceeds received is insufficient to redeem all of the Modified Securities then outstanding, the Company shall redeem a *pro rata* portion of each Holder's Securities determined on the basis of the Principal Amount of Modified Securities held by each Holder as among all outstanding Modified Securities held by all Holders (provided, further, that any subsequent receipt of additional Proceeds shall be applied in a similar manner until such time as the redemption obligations have been satisfied in full).

Company's Right to Redeem. The Company may, at its option, redeem the Modified Securities, in whole or in part, upon twenty (20) days' notice to the Holders, for a number of Common Shares per Modified Security equal to the Principal Amount of such Modified Security divided by the Conversion Price, plus an amount of cash equal to any then accrued and unpaid interest, if the closing sale price of the Company's Common Shares is equal to or greater than 200% of the Conversion Price for at least 20 trading days during any period of thirty (30) consecutive trading days; provided, that such notice is given by the Company within [five (5)] days of the end of such thirty (30) trading day period.

Offer to Purchase By the Company upon a Fundamental Change. In the event of a Fundamental Change with respect to the Company at any time prior to [●], 2014, the Company will be required to make an offer to purchase (the "**Fundamental Change Purchase Offer**") all outstanding Modified Securities at a purchase price equal to the Principal Amount plus accrued but unpaid interest, including Additional Amounts, if any (the "**Fundamental Change Purchase Price**"), up to, but excluding, the purchase date (the "**Fundamental Change Purchase Date**"). Subject to the satisfaction of certain conditions set forth in this Modified Security and in Article XV of the Indenture, the Company will have the right to pay the Fundamental Change Purchase Price by delivering Common Shares, cash or a combination of Common Shares and cash, as set forth in the Indenture.

Within 30 Business Days after the occurrence of a Fundamental Change with respect to the Company, the Company shall mail to the Trustee and all Holders of the Modified Securities at their addresses shown in the Security Register, and to beneficial owners of the Modified Securities as may be required by applicable law, a notice (the "**Fundamental Change Notice**") of the occurrence of such Fundamental Change and the Fundamental Change Purchase Offer arising as a result thereof. The Company shall be required to purchase Modified Securities in respect of which such offer is accepted by a Holder no later than 30 Business Days after a Fundamental Change Notice has been mailed.

To accept the Fundamental Change Purchase Offer, a Holder of Modified Securities must deliver to the Company (if it is acting as its own Paying Agent), or to a Paying Agent designated by the Company for such purpose in the Fundamental Change Purchase Notice and the Trustee, on or before the close of business on the third Business Day immediately preceding the Fundamental Change Purchase Date, (i) written notice of acceptance of the Fundamental Change Purchase Offer in the form set forth in the Fundamental Change Purchase Offer Acceptance Notice on the back of this Modified Security (“**Fundamental Change Purchase Notice**”), or any other form of written notice substantially similar to the Fundamental Change Purchase Notice, in each case, duly completed and signed, with appropriate signature guarantee, and (ii) such Modified Securities that the Holder wishes to tender for purchase by the Company pursuant to the Fundamental Change Offer, duly endorsed for transfer to the Company.

Holders have the right to withdraw any Fundamental Change Purchase Notice by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

Conversion. Subject to and in compliance with the provisions of the Indenture (including without limitation the conditions of conversion of this Modified Security set forth in Section 16.01 thereof), the Holder hereof has the right, at its option upon not less than 3 days’ notice to the Company, to convert the Principal Amount hereof or any portion of such principal which is \$1,000 or an integral multiple thereof, into, subject to Section 16.02 of the Indenture, Common Shares at the initial conversion rate of 250 Common Shares per \$1,000 Principal Amount of Modified Securities (the “**Conversion Rate**”) (equivalent to a Conversion Price of \$4.00), subject to adjustment in certain events described in the Indenture. Upon conversion of a Modified Security, the Company will have the option to deliver Common Shares, cash or a combination of Common Shares and cash for the Modified Securities surrendered, as set forth in the Indenture. No fractional shares will be issued upon any conversion, but an adjustment and payment in cash will be made, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Modified Securities for conversion. The Trustee will initially act as Conversion Agent. A Holder may convert fewer than all of such Holder’s Modified Securities so long as the Modified Securities converted are an integral multiple of US\$1,000 principal amount.

[INCLUDE IF MODIFIED SECURITY IS A GLOBAL SECURITY – In the event of a deposit or withdrawal of an interest in this Modified Security, including an exchange, transfer, repurchase or conversion of this Modified Security in part only, the Trustee, as custodian of the Depositary, shall make an adjustment on its records to reflect such deposit or withdrawal in accordance with the rules and procedures of the Depositary.]

If an Event of Default shall occur and be continuing, the Principal Amount plus accrued but unpaid interest, including Additional Amounts, if any, may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Modified Securities under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate Principal Amount of the Outstanding Securities. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate Principal Amount of the Outstanding Securities, on behalf of the Holders of all the Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Modified Security shall be conclusive and binding upon such Holder and upon all future Holders of this Modified Security and of any Modified Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Modified Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Modified Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities, the Holders of not less than 25% in aggregate Principal Amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity satisfactory to it, and the Trustee shall not have received from the Holders of a majority in Principal Amount of Outstanding Securities a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Modified Security for the enforcement of any payment of said principal hereof on or after the respective due dates expressed herein or for the enforcement of any conversion right.

No reference herein to the Indenture and no provision of this Modified Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the Principal Amount, Redemption Price or Fundamental Change Purchase Price of, and interest, including Additional Amounts, if any, on, this Modified Security at the times, place and rate, and in the coin, currency or shares, herein prescribed. Notwithstanding the foregoing, prior to the occurrence of a Fundamental Change, the Company may, with the consent of the holders of not less than a majority of the Securities, amend the obligation of the Company to repurchase Securities upon a Fundamental Change.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Modified Security is registrable in the Security Register, upon surrender of this Modified Security for registration of transfer at the office or agency of the Company in The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Modified Securities, of authorized denominations and for the same aggregate Principal Amount, will be issued to the designated transferee or transferees.

The Modified Securities are issuable only in registered form in denominations of \$1,000 and any integral multiple of \$1,000 above that amount, as provided in the Indenture and subject to certain limitations therein set forth. Securities are exchangeable for a like aggregate Principal Amount of Modified Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Modified Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Modified Security is registered as the owner hereof for all purposes, whether or not this Modified Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

This Modified Security shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Modified Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ASSIGNMENT FORM

If you want to assign this Modified Security, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Modified Security to:

(Print or type name, address and zip code and social security or tax ID number of assignee)

and irrevocably appoint _____ agent to transfer this Modified Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“**STAMP**”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

CONVERSION NOTICE

If you want to convert this Modified Security into cash and, if applicable, Common Shares of the Company, check the box:

To convert only part of this Modified Security, state the Principal Amount to be converted (which must be \$1,000 or an integral multiple of \$1,000):

\$ _____

If you want the stock certificate and Modified Securities (if any) to be delivered, made out in another person's name, fill in the form below:

(Insert other person's social security or tax ID no.)

(Print or type other person's name, address and zip code)

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

FUNDAMENTAL CHANGE PURCHASE OFFER ACCEPTANCE NOTICE

If you elect to have this Modified Security purchased by the Company pursuant to the applicable provisions of the Indenture, check the box:

If you elect to have only part of this Modified Security purchased by the Company, state the Principal Amount to be purchased (which must be \$1,000 or an integral multiple of \$1,000):

\$ _____

The undersigned hereby accepts the Fundamental Change Purchase Offer pursuant to the applicable provisions of the Modified Securities.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“**STAMP**”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

If Certificated Modified Securities have been issued, the certificate numbers shall be stated in this notice.

NOTICE OF ELECTION UPON TAX REDEMPTION

If you elect not to have this Modified Security redeemed by the Company, check the box:

If you elect to have only part of this Modified Security redeemed by the Company, state the Principal Amount to be redeemed (which must be \$1,000 or an integral multiple of \$1,000):

\$ _____

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Note: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECTION 2.06. Amendment of Article III - Insertion of New Section 3.01A – Modified Securities: Title; Amount and Issue of Modified Securities; Principal and Interest.

Article III of the Indenture is hereby amended by inserting the following Section 3.01A:

Section 3.01A Modified Securities: Title; Amount And Issue Of Modified Securities; Principal And Interest. The Modified Securities shall be known and designated as the “5.50% Senior Subordinated Convertible Notes due 2014” of the Company. The aggregate Principal Amount of Modified Securities that may be authenticated and delivered under this Indenture is initially limited to \$●, except for Modified Securities authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of other Securities pursuant to Sections 3.03, 3.04, 3.06, 3.07, 3.08, 11.06, 13.05, 15.04 and 16.01. The Principal Amount shall be payable on [●], 2014, unless earlier converted, redeemed or repurchased. The Modified Securities and any other Securities, if any, will be treated as a single class for purposes of the Indenture, including waivers, amendments and redemptions; *provided*, that notwithstanding the foregoing, in any instance in which the Modified Securities are treated or affected differently from the other Securities, whether directly or indirectly, including but not limited to waivers, amendments and redemptions, the Modified Securities shall be treated as a separate class for purposes of the Indenture.

The Modified Securities shall bear interest at a rate of 5.50% per year. Interest on the Modified Securities shall accrue from the Issue Date. Interest shall be payable semiannually in arrears on June 15 and December 15, beginning [December 15], 2012. Interest on the Modified Securities shall be computed on the basis of a 360-day year of twelve 30-day months. Each rate of interest which is calculated with reference to a period (the “Deemed Interest Period”) that is less than the actual number of days in the calendar year of calculation is, for the purposes of the Interest Act (Canada), equivalent to a rate based on a calendar year calculated by multiplying such number of days in the Deemed Interest Period. The amount of interest payable for any period shorter than a full quarterly period for which interest is computed, will be computed on the basis of the actual number of days elapsed in the period.

SECTION 2.07. Amendment of Article V - Amendment of Sections 5.01 and 5.03

Sections 5.01 and 5.03 of the Indentures are hereby amended to read in their entirety as follows:

Section 5.01 Company's Right to Redeem; Notices to Trustee.

(a) At any time on or after June 16, 2010, and until June 15, 2012 the Company may redeem the Securities (other than the Modified Securities), in whole or in part, for cash at a Redemption Price equal to 100% of the Principal Amount being redeemed plus accrued and unpaid interest, to but excluding the Redemption Date, if the closing sale price of the Common Shares is equal to or greater than 150% of the Conversion Price then in effect for at least 20 Trading Days in the period of 30 consecutive Trading Days ending on the Trading Day prior to the date of mailing of the Notice of Redemption.

(b) Beginning on June 16, 2012 the Company may, at its option, redeem all or part of the Securities (other than the Modified Securities) for cash at a Redemption Price equal to 100% of the Principal Amount being redeemed plus accrued and unpaid interest, to but excluding the Redemption Date.

(c) If the Company elects to redeem Securities, it shall notify the Trustee in writing at least forty-five (45) days before the Redemption Date (unless a shorter period is acceptable to the Trustee), but not more than sixty (60) days before the Redemption Date, of the Redemption Date, the Principal Amount of Securities to be redeemed, the Conversion Price and the Redemption Price payable on the Redemption Date. The Company shall give such notice to the Trustee in accordance with Section 5.03.

(d) In connection with any redemption, the Company shall furnish to the Trustee an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, to the redemption have been complied with.

(e) For the avoidance of doubt, the Modified Securities may only be redeemed in accordance with the provisions of Section 13.08 or Section 13.09 hereof.

Section 5.03 Notice of Redemption.

(a) At least 30 days but not more than 60 days before a Redemption Date, with respect to Securities that are not Modified Securities, or on such date as is set forth in Section 13.08 or 13.09, as applicable, with respect to Modified Securities (which date shall be the Redemption Date with respect to such Modified Securities), the Company shall provide a notice of redemption (a "**Notice of Redemption**") to the Trustee and to each Holder of Securities to be redeemed at such Holder's address kept by the Registrar.

(b) The Notice of Redemption shall identify the Securities to be redeemed and shall state:

- (i) the Redemption Date;
- (ii) the Redemption Price;

- (iii) the applicable Conversion Rate as of the Trading Day prior to the date of the mailing of the Notice of Redemption;
- (iv) the name and address of the Paying Agent and the Conversion Agent;
- (v) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;
- (vi) that the Securities called for redemption may be converted at any time before the close of business on the second Business Day prior to the Redemption Date;
- (vii) that Holders who wish to convert Securities must comply with the procedures in Section 16.02;
- (viii) that, unless the Company defaults in making payment of the Redemption Price for the Securities called for redemption, interest on the Securities will cease to accrue on and after the Redemption Date and the only remaining right of the Holder will be to receive payment of the Redemption Price upon presentation and surrender to the Paying Agent of the Securities;
- (ix) if fewer than all the outstanding Securities are to be redeemed, the certificate number and Principal Amounts of the particular Securities to be redeemed; and
- (x) the CUSIP number or numbers for the Securities called for redemption.

(c) At the Company's request, the Trustee shall give the Notice of Redemption in the Company's name and at the Company's expense.

SECTION 2.08. Amendment of Article XIII – Insertion of New Sections 13.08, 13.09, 13.10 and 13.11 – Redemption.

Article XIII of the Indenture is hereby amended by inserting the following Sections 13.08, 13.09, 13.10 and 13.11:

Section 13.08 Mandatory Redemption of Modified Securities.

The Company shall redeem the Modified Securities then outstanding, in whole or in part, for an amount of cash equal to 120% of the Outstanding Principal Amount thereof plus accrued and unpaid interest, upon (a) the Company's receipt of Proceeds of an Arbitration Award or (b) the Company's receipt of Proceeds from a Mining Data Sale, in each case, notwithstanding any other notice provision herein, upon twenty (20) days' notice to the Holders (which notice shall be provided within ten (10) days of the Company's receipt of any such Proceeds); provided, however, that in respect of any given receipt of Proceeds by the Company, the Company's redemption obligations in this paragraph shall be limited to the amount of the Proceeds received by the Company, and if the amount of Proceeds received is insufficient to redeem all of the Modified Securities then outstanding, the Company shall redeem a *pro rata* portion of each Holder's Securities (subject to the requirements of the Depositary) determined on the basis of the Principal Amount of Modified Securities held by each Holder as among all outstanding Modified Securities held by all Holders (provided, further, that any subsequent receipt of additional Proceeds shall be applied in a similar manner until such time as the redemption obligations have been satisfied in full).

Section 13.09 Optional Redemption of Modified Securities.

The Company may not elect to redeem the Modified Securities at any time after [●] for any reason other than as set forth in this Section 13.09. The Company may, at its option, redeem the Modified Securities, in whole or in part, upon twenty (20) days' notice to the Holders, for a number of Common Shares per Modified Security equal to the Principal Amount of such Modified Security divided by the Conversion Price, plus an amount of cash equal to any then accrued and unpaid interest, if the closing sale price of the Company's Common Shares is equal to or greater than 200% of the Conversion Price for at least 20 trading days during any period of thirty (30) consecutive trading days; *provided*, that such notice is given by the Company to the persons in whose names a Modified Security is registered in the Security Register, with a copy to the Trustee, within five (5) days of the end of such thirty (30) trading day period.

Section 13.10 Notice of Redemption of Modified Securities.

(a) At least thirty (30) days but not more than sixty (60) days before a Redemption Date, the Company shall provide a notice of redemption (a "Notice of Redemption of Modified Securities") to the Trustee and to each Holder of the Modified Securities to be redeemed at such Holder's address kept by the Registrar.

(b) The Notice of Redemption of Modified Securities shall identify the Securities to be redeemed and shall state:

(i) the Redemption Date;

(ii) the price to be paid for the redemption of the Modified Securities specified in Section 13.08 or 13.09, as applicable;

(iii) the *pro rata* portion of each Holder's Securities subject to redemption determined on the basis of the Principal Amount of Modified Securities held by each Holder as among all outstanding Modified Securities held by all Holders, if the Modified Securities are being redeemed pursuant to Section 13.08;

(iv) the applicable Conversion Rate as of the Trading Day prior to the date of the mailing of the Notice of Redemption of Modified Securities, if the Modified Securities are being redeemed pursuant to Section 13.09;

(v) the name and address of the Paying Agent and the Conversion Agent;

(vi) that the Modified Securities called for redemption must be surrendered to the Paying Agent to collect the price to be paid for the redemption of the Modified Securities specified in Section 13.08 or 13.09, as applicable;

(vii) that the Modified Securities called for redemption may be converted at any time before the close of business on the second Business Day prior to the Redemption Date;

(viii) that Holders who wish to convert Modified Securities must comply with the procedures in Section 16.02;

(ix) that, unless the Company defaults in making payment of the price to be paid for the redemption of the Modified Securities specified in Section 13.08 or 13.09, as applicable, for the Modified Securities called for redemption, interest on the Modified Securities will cease to accrue on and after the Redemption Date and the only remaining right of the Holder will be to receive payment of the price to be paid for the redemption of the Modified Securities specified in Section 13.08 and/or 13.09, as applicable, upon presentation and surrender to the Paying Agent of the Modified Securities;

(x) if fewer than all the outstanding Modified Securities are to be redeemed, the certificate number and Principal Amounts of the particular Modified Securities to be redeemed; and

(xi) the CUSIP number or numbers for the Modified Securities called for redemption.

(c) At the Company's request, the Trustee shall give the Notice of Redemption of the Modified Securities in the Company's name and at the Company's expense.

Section 13.11 Redemption Price of Modified Securities.

In the event of any redemption of Modified Securities pursuant to Section 13.08 or 13.09, the redemption price applicable to such Modified Securities in accordance with such section shall be deemed to be the "Redemption Price" of such Modified Securities for purposes of determining the occurrence of an Event of Default under Section 7.01.

SECTION 2.09. Rights of Holders of Modified Securities.

Except as expressly provided in this Supplemental Indenture, a Holder of a Modified Security shall have all of the rights of a Holder of a Security under the Indenture and all references to "Security" shall include Modified Security and all references to "Securities" shall include Modified Securities except in relation to the terms of the Company's 5.50% Senior Subordinated Convertible Notes due 2022 as set forth in Section 2.03 of Indenture and the first two paragraphs of Section 3.01 of the Indenture.

**ARTICLE THREE
Miscellaneous**

SECTION 3.01. Certain Trustee Matters.

The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness.

The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture or the Securities (including for the avoidance of doubt the Modified Securities) or the proper authorization or the due execution hereof or thereof by the Company.

Except as expressly set forth herein, nothing in this Supplemental Indenture shall alter the duties, rights or obligations of the Trustee set forth in the Indenture.

The Trustee makes no representation or warranty as to the validity or sufficiency of the information contained in any prospectus supplement or other disclosure documentation related to the Notes, except such information which specifically pertains to the Trustee itself, or any information incorporated therein by reference.

SECTION 3.02. Continued Effect.

Except as expressly supplemented and amended by this Supplemental Indenture, the Indenture shall continue in full force and effect in accordance with the provisions thereof, and the Indenture is in all respects hereby ratified and confirmed and the provisions thereof shall be applicable to the Securities and this Supplemental Indenture. This Supplemental Indenture and all its provisions shall be deemed a part of the Indenture in the manner and to the extent herein and therein provided and the Indenture and this Supplemental Indenture shall henceforth be read and construed together for all purposes. Any and all references to the "Indenture", whether within the Indenture or in any notice, certificate or other instrument or document, shall be deemed to include a reference to this Supplemental Indenture (whether or not made), unless the context shall require otherwise.

SECTION 3.03. Governing Law.

This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.04. Counterparts.

This instrument may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 3.05. Successors.

All agreements of the Company in this Supplemental Indenture shall bind its successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

SECTION 3.06. Headings, Etc.

The headings of the Sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 3.06. Severability.

In case any provision of this Supplemental Indenture or the Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and delivered, all as of the date first written above.

THE COMPANY:

GOLD RESERVE INC.

By: _____
Name: Rockne J. Timm
Title: Chief Executive Officer

TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

CO-TRUSTEE:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

**STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE**

Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2)

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368

I.R.S. Employer Identification No.

800 Nicollet Mall Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

Beverly A. Freaney
U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
(212) 361-2893

(Name, address and telephone number of agent for service)

Gold Reserve Inc.

(Issuer with respect to the Securities)

Washington	
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

926 West Sprague Avenue, Suite 200 Spokane, Washington	99201
(Address of Principal Executive Offices)	(Zip Code)

5.50% Senior Subordinated Convertible Notes due 2022

(Title of the Indenture Securities)

FORM T-1

Item 1. GENERAL INFORMATION. Furnish the following information as to the Trustee.

- a) *Name and address of each examining or supervising authority to which it is subject.*
Comptroller of the Currency
Washington, D.C.
- b) *Whether it is authorized to exercise corporate trust powers.*
Yes

Item 2. AFFILIATIONS WITH OBLIGOR. *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. LIST OF EXHIBITS: *List below all exhibits filed as a part of this statement of eligibility and qualification.*

- 1. A copy of the Articles of Association of the Trustee.*
- 2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
- 3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
- 4. A copy of the existing bylaws of the Trustee.**
- 5. A copy of each Indenture referred to in Item 4. Not applicable.
- 6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
- 7. Report of Condition of the Trustee as of June 30, 2012 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York, State of New York on the 15th of October, 2012.

By: /s/ Beverly A. Freaney
Beverly A. Freaney
Vice President

Exhibit 2



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:


1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, May
9, 2012, I have hereunto subscribed my
name and caused my seal of office to be
affixed to these presents at the U.S.

Department of the Treasury, in the City of
Washington, District of Columbia.





Comptroller of the Currency

Exhibit 3



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, John Walsh, Acting Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.
2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today,
September 14, 2011, I have hereunto
subscribed my name and caused my seal of
office to be affixed to these presents at the
U.S. Department of the Treasury, in the City
of Washington, District of Columbia.



John Walsh

Acting Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: October 15, 2012

By: /s/ Beverly A. Freeney
Beverly A. Freeney
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition

As of 6/30/2012

(\$000's)

	<u>6/30/2012</u>
Assets	
Cash and Balances Due From Depository Institutions	\$ 15,399,893
Securities	72,720,824
Federal Funds	75,584
Loans & Lease Financing Receivables	211,830,660
Fixed Assets	5,286,747
Intangible Assets	12,383,063
Other Assets	25,125,941
Total Assets	\$ 342,822,712
Liabilities	
Deposits	\$ 245,043,009
Fed Funds	6,587,299
Treasury Demand Notes	0
Trading Liabilities	937,898
Other Borrowed Money	35,563,317
Acceptances	0
Subordinated Notes and Debentures	5,829,815
Other Liabilities	11,359,611
Total Liabilities	\$ 305,320,949
Equity	
Minority Interest in Subsidiaries	\$ 2,015,054
Common and Preferred Stock	18,200
Surplus	14,133,323
Undivided Profits	21,335,186
Total Equity Capital	\$ 37,501,763
Total Liabilities and Equity Capital	\$ 342,822,712
