

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934

For the month of May 2015

Commission File Number: 001-31819

Gold Reserve Inc.

(Exact name of registrant as specified in its charter)

926 W. Sprague Avenue, Suite 200
Spokane, Washington 99201
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

The following exhibits are furnished with this Form 6-K:

99.1 Notice of Annual and Special Meeting of Shareholders and Information Circular

99.2 Form of Proxy

99.3 Supplemental Mailing List Return Card

99.4 Annual Report

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference herein contains both historical information and "forward-looking statements" within the meaning of the relevant sections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and "forward-looking information" within the meaning of applicable Canadian securities laws, that state Gold Reserve Inc.'s (the "Company") 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".

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are outside its control. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: the timing of the enforcement and collection of the amounts awarded (including pre and post award interest and legal costs) (the "Arbitral Award") by the International Centre for Settlement of Investment Disputes (the "ICSID") for the losses caused by Venezuela violating the terms of the treaty between the Government of Canada and the Government of Venezuela for the Promotion and Protection of Investments (the "Canada-Venezuela BIT") related to the Brisas Project (the "Brisas Arbitration"), actions and/or responses by the Venezuelan government to the Company's collection efforts related to the Brisas Arbitration, economic and industry conditions influencing the sale of the Brisas Project related equipment, and conditions or events impacting the Company's ability to fund its operations and/or service its debt.

Forward-looking statements involve risks and uncertainties, as well as assumptions, including those set out herein, 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:

- the timing of the enforcement and collection of the Arbitral Award (as defined herein), if at all;
- the costs associated with the enforcement and collection of the Arbitral Award and the complexity and uncertainty of varied legal processes in various international jurisdictions;
- the Company's current liquidity and capital resources and access to additional funding in the future when required;
- continued servicing or restructuring of the Company's outstanding notes or other obligations as they come due;
- shareholder dilution resulting from restructuring or refinancing the Company's outstanding notes and current accounts payable relating to the Company's legal fees;
- shareholder dilution resulting from the conversion of our outstanding notes in part or in whole to equity;
- shareholder dilution resulting from the sale of additional equity;
- value realized from the disposition of the remaining Brisas Project related assets, if any;
- value realized from the disposition of the Brisas Project technical mining data, if any;
- prospects for exploration and development of other mining projects by the Company;
- ability to maintain continued listing on the TSX Venture Exchange or continued trading on the OTCQB;
- corruption, uncertain legal enforcement and political and social instability;
- currency, metal prices and metal production volatility;
- adverse U.S. and/or Canadian tax consequences;

- abilities and continued participation of certain key employees; 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 Annual Information Form and Annual Report on Form 40-F filed on sedar.com and sec.gov, respectively for additional risk 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 periodically filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC") or other securities regulators or documents presented on the Company's website. Forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable U.S. and Canadian securities regulations. Investors are urged to read the Company's filings with U.S. and Canadian securities regulatory agencies, which can be viewed online at www.sec.gov and www.sedar.com, respectively.

(Signature page follows)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 5, 2015

GOLD RESERVE INC. (Registrant)

By: /s/ Robert A. McGuinness

Name: Robert A. McGuinness

Title: Vice President – Finance & CFO

GOLD RESERVE INC.

926 W. Sprague Avenue, Suite 200,
Spokane, WA 99201

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting (the "Meeting") of the holders of Class A common shares and Class B common shares (collectively, the "Shareholders") of GOLD RESERVE INC. (the "Company") will be held at the Gold Reserve Inc. office in the United States, located at 926 W. Sprague, Suite 200, Spokane, Washington, USA, on June 4, 2015 at 9:30 a.m. (Pacific daylight time) for the following purposes:

- 1) to elect directors of the Company to hold such positions until the next annual meeting of Shareholders or until their successors are elected and have qualified;
- 2) to appoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorize the directors of the Company to fix their remuneration;
- 3) to ratify By-law No. 1, the Company's current by-law, previously made by the board of directors of the Company on September 9, 2014 in connection with the continuance of the Company from the Yukon Territory to the Province of Alberta completed on such date;
- 4) to receive the financial statements of the Company for the year ended December 31, 2014, together with the report of the auditors thereon; and
- 5) to conduct any other business as may properly come before the meeting or any adjournment or postponement thereof.

Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person and who wish to ensure that their shares will be voted are requested to complete, sign and mail the enclosed form of proxy to Proxy Services, c/o Computershare Trust Company N.A., P.O. Box 43101, Providence, RI 02940-5068. Proxies must be received not later than 48 hours preceding the Meeting or any adjournment or postponement thereof. A form of proxy, proxy statement/information circular, supplemental mailing list return card and a copy of the Company's 2014 Annual Report on Form 40-F (the "2014 Annual Report") accompany this Notice of Annual and Special Meeting of Shareholders. The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying management information circular.

This Notice of Annual and Special Meeting of Shareholders, the 2014 Annual Report and Supplemental Mailing List Return Card are being mailed or made available to Shareholders entitled to vote at the Annual and Special Meeting, on or about May 1, 2015.

The Board of Directors has fixed the close of business on April 15, 2015 as the record date for the determination of Shareholders entitled to notice of the meeting and any adjournment or postponement thereof.

DATED this 24th day of April, 2015

BY ORDER OF THE DIRECTORS

Rockne J. Timm
Chief Executive Officer

GOLD RESERVE INC.

MANAGEMENT INFORMATION CIRCULAR

MANAGEMENT SOLICITATION OF PROXIES

This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of GOLD RESERVE INC. (the “Company”) to be voted at the Annual and Special Meeting of Shareholders of the Company (the “Meeting”) to be held on Thursday, the 4th day of June, 2015 at 9:30 a.m. (Pacific daylight time), at the Gold Reserve Inc. office in the United States, located at 926 W. Sprague, Suite 200, Spokane, Washington and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders. The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone by employees of the Company. Employees will not receive any extra compensation for such activities. The Company may pay brokers, nominees or other persons holding shares of the Company in their name for others for their reasonable charges and expenses in forwarding proxies and proxy materials to beneficial owners of such shares, and obtaining their proxies. The Company may also retain independent proxy solicitation agents to assist in the solicitation of proxies for the Meeting. The cost of all solicitations of proxies will be borne by the Company. Except where otherwise stated, the information contained herein is given as of the 24th day of April, 2015.

The Notice of Annual and Special Meeting of Shareholders, Circular and 2014 Annual Report are also available for review on the Company’s website at www.goldreserveinc.com and www.sedar.com under the Company’s profile.

CURRENCY

Unless otherwise indicated, all currency amounts referred to herein are stated in U.S. dollars.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the enclosed form of proxy are directors and/or officers of the Company. A Shareholder (as defined below) submitting a proxy has the right to appoint a person or company, who need not be a Shareholder, to represent the Shareholder at the Meeting other than the persons designated in the form of proxy furnished by the Company. To exercise this right, the Shareholder may either (i) insert the name of the desired representative in the blank space provided in the proxy attached to this Circular or (ii) submit another appropriate form of proxy permitted under applicable law.

The completed proxy will be deemed valid when deposited at the office of Proxy Services, c/o Computershare Trust Company N.A., P.O. Box 43101, Providence, RI 02940-5068 not later than 48 hours preceding the Meeting or any adjournment or postponement thereof, or with the Chairman of the Meeting immediately prior to the commencement of the Meeting or any adjournment or postponement thereof, otherwise the instrument of proxy will be invalid.

See "Voting by Non-Registered Shareholders" below for a discussion of how non-registered Shareholders (i.e. Shareholders that hold their shares through an account with a bank, broker or other nominee in "street name") may appoint proxies.

You may revoke or change your proxy at any time before it is exercised at the Meeting. In the case of Shareholders appearing on the registered shareholder records of the Company, a proxy may be revoked at any time prior to its exercise by sending or depositing a written notice of revocation or another signed proxy bearing a later date to the Secretary of the Company at its principal executive office located at 926 W. Sprague Avenue, Suite 200, Spokane, Washington 99201 not later than 48 hours preceding the Meeting or any adjournment or postponement thereof. You may also revoke your proxy by giving notice or by voting in person at the Meeting; your attendance at the Meeting, by itself, is not sufficient to revoke your proxy.

Shareholders appearing in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee in revoking their previously voted shares.

EXERCISE OF DISCRETION BY PROXIES

The shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. In the absence of such choice being specified, such shares will be voted "for" the matters specifically identified in the Notice of Annual and Special Meeting of Shareholders accompanying this Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters which may properly be brought before the Meeting. **If any other matters are properly presented for consideration at the Meeting, or if any of the identified matters are amended or modified, the individuals named as proxies on the enclosed form of proxy will vote the shares that they represent on those matters as recommended by management. If management does not make a recommendation, then they will vote in accordance with their best judgment.** At the time of printing this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Shareholders.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company's issued and outstanding shares consist of Class A common shares (each, a "Class A Share") and Class B common shares (each, a "Class B Share"). Unless otherwise noted, references to Common Shares in this Circular include both Class A Shares and Class B Shares. Holders of Common Shares (collectively, the "Shareholders") are entitled to one vote per share and will vote as a single class on all matters to be considered and voted upon at the Meeting or any adjournment or postponement thereof. As of April 15, 2015 there were 76,077,547 issued and outstanding Class A Shares and 100 issued and outstanding Class B Shares for a total of 76,077,647 Common Shares outstanding

The Company has set the close of business on April 15, 2015 as the record date for the Meeting. The Company will prepare a list of Shareholders of record at such time. Shareholders will be entitled to vote the Common Shares then registered in their name at the Meeting except to the extent that (a) the holder has transferred the ownership of any of his Common Shares after that date, and (b) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he owns the shares, and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting or any adjournment or postponement thereof.

To the knowledge of the directors and executive officers of the Company, as of April 15, 2015, the only persons, firms or corporations that beneficially owned, or exercised control or direction, directly or indirectly, over more than 10% of the voting rights attached to the Common Shares were:

| Shareholder Name and Address | Number of Common Shares Held | Percentage of Common Shares Issued ⁽¹⁾ |
|--|----------------------------------|---|
| Steelhead Navigator Master, L.P. C/O Maples Corporate Services Limited P.O. Box 309 Ugland House, Grand Cayman, KY1-1104 Cayman Islands | 19,667,244 ⁽²⁾ | 25.85% |
| Greywolf Event Driven Master Fund 89 Nexus Way Camana Bay, Grand Cayman KY1-9007 | 9,612,907 | 12.5% |
| Greywolf Overseas Intermediate Fund 89 Nexus Way Camana Bay, Grand Cayman KY1-9007 | 4,694,240 | 6.1% |
| Total Greywolf Capital Management LP | <u>14,307,147 ⁽³⁾</u> | 18.6% |

(1) Based on the number of shares outstanding on April 15, 2015.

(2) The number of Common Shares held is based on publicly available information filed with the Securities and Exchange Commission (the "SEC") by Steelhead Partners, LLC on June 20, 2014. In addition, Steelhead Partners, LLC also holds approximately \$16,236,000 of outstanding 11% convertible notes due 2015 which may be converted into 24,306,101 Class A Shares.

(3) The number of Common Shares held is based on publicly available information filed with the Securities and Exchange Commission (the "SEC") by Greywolf Capital Management LP ("Greywolf") on February 17, 2015. The amount includes 750,000 Common shares issuable upon exercise of warrants held by Greywolf Event Driven Master Fund. In addition, Greywolf Capital Overseas Fund beneficially holds approximately \$6,430,091 of outstanding 11% convertible notes due 2015; which may be converted into 1,837,169 Class A Shares and Greywolf Overseas Intermediate Fund holds approximately \$3,519,909 of outstanding 11% convertible notes due 2015 which may be converted into 1,005,688 Class A Shares.

A quorum for the transaction of business at any meeting of the Shareholders shall be holders of at least one-third (1/3) of the outstanding Common Shares present in person or represented by proxy. Except as may otherwise be stated in this Circular, the affirmative vote of a majority of the votes cast with respect to an item or proposal at the Meeting (an ordinary resolution) is required to approve all items presented in this Circular.

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered Shareholders at the close of business on April 15, 2015 or the persons they designate as their proxies are permitted to vote at the Meeting. In many cases, however, the Common Shares owned by a person (a “non-registered holder”) are registered either: (a) in the name of an intermediary (an “Intermediary”) that the non-registered holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Company has distributed copies of this Circular and the accompanying Notice of Annual and Special Meeting of Shareholders and form of proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to non-registered holders of Common Shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive the Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under the heading “Appointment and Revocation of Proxies”; or
- (b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “Voting Instruction Form”) which the Intermediary must follow. Typically, the non-registered holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own. **Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the non-registered shareholder), the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name, or such other person’s name, in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary, including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.**

A non-registered shareholder may revoke a form of proxy or Voting Instruction Form given to an Intermediary by contacting the Intermediary through which the non-registered shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or Voting Instruction Form, the written notice should be received by the Intermediary well in advance of the Meeting.

Under applicable Canadian securities laws, non-registered shareholders or "beneficial" shareholders are either "objecting beneficial owners" or "OBOs", who object to the disclosure by Intermediaries of information about their ownership in the Company, or "non-objecting beneficial owners" or "NOBOs", who do not object to such disclosure. The Company is not sending the Meeting Materials (including any request for voting instructions made by an Intermediary) directly to NOBOs and does not intend to pay for proximate intermediaries to send such materials to OBOs. Accordingly, OBOs will not receive the Meeting Materials unless the Intermediary assumes the costs of delivery.

BUSINESS OF THE MEETING

Item 1 – Election of Directors

The articles of the Company provide that the Board of Directors (the "Board") shall consist of a minimum of 3 and a maximum of 15 directors, with the actual number of directors to be determined from time to time by the Board. The Company's Board presently consists of seven members and Shareholders are being asked to elect seven members to the Board.

The Board held nine meetings during 2014 at which attendance, in person or by phone, averaged 97%. Messrs. Belanger, McChesney, Mikkelsen, Potvin and Timm attended all nine of the meetings; Messrs. Coleman and Geyer attended eight of the nine meetings.

On March 17, 2015 Chris D. Mikkelsen resigned as a Board member and Kenneth I. Juster was appointed to the Board. Steelhead Partners LLC, beneficial owner of 25.85% of the Company's Class A common shares and 43.5% of the Company's outstanding convertible and interest notes, had previously recommended to the Board to add Mr. Juster as an independent director, due to his considerable expertise and experience, to assist the Company in the collection process of the ICSID Arbitral Award.

The by-laws of the Company provide that each director shall be elected to hold office until the next annual meeting of the Company's Shareholders or until their qualified successors are elected. All of the current directors' terms expire on the date of the Meeting and it is proposed by management that each of them be re-elected to serve until the next annual meeting of Shareholders, or until their qualified successors are elected, unless they resign or are removed from the Board in accordance with the by-laws of the Company.

Shareholders can vote for all of the directors, vote for some of them and withhold votes for others, or withhold votes for all of them.

Management recommends that you vote FOR the election of each of the directors.

The following information with respect to the business experience of nominees for election to the Board has been supplied by the director or obtained from the Company's current records.

| Name and Place of Residence | Principal Occupation | Director of Gold Reserve Inc. since |
|--|--|-------------------------------------|
| Rockne J. Timm Spokane, Washington USA | Mr. Timm's principal occupation is Chief Executive Officer of the Company, a position he has held since 1988. Mr. Timm has also served as President and Chairman of the Board from 1988 until January 2004. Mr. Timm is Chairman of the Executive Committee. He has been a director and executive officer of the Company's Venezuelan and other subsidiaries since 1992 and he is President and director of Great Basin Energies, Inc. since 1981 and MGC Ventures, Inc. since 1989. | 1984 |
| A. Douglas Belanger Spokane, Washington USA | Mr. Belanger's principal occupation is President of the Company, a position he has held since January 2004. Mr. Belanger has also served as Executive Vice President from 1988 through January 2004. He has been a director and executive officer of the Company's Venezuelan and other subsidiaries since 1992 and is Executive Vice President and director of Great Basin Energies Inc. since 1984 and MGC Ventures, Inc. since 1997. | 1988 |
| James P. Geyer Spokane, Washington USA | Mr. Geyer's principal occupation is Vice President, North America for Stonegate Agricom Ltd. and President of Paris Hills Agricom Inc. (a subsidiary of Stonegate Agricom Ltd.). Mr. Geyer is also a director and member of the environmental, health and safety committee and the chair of the governance and nominating committee of Thompson Creek Metals Company Inc. Mr. Geyer held the position of Senior Vice President of the Company from January 1997 to August of 2010. | 1997 |
| James H. Coleman, Q.C. Calgary, Alberta Canada | Mr. Coleman's principal occupation is Senior Partner with the law firm of Norton Rose Fulbright Canada LLP. He is also a director of Great Basin Energies Inc. since 1996, MGC Ventures, Inc. since 1997; Energold Drilling Corp. since 1994, Sulliden Exploration, Inc. since 2005, and Petrowest Corporation since 2012. Mr. Coleman has been Chairman of the Company since 2004. | 1994 |
| Patrick D. McChesney Spokane, Washington USA | Mr. McChesney's principal occupation is chief financial officer and chief technology officer of Foothills Auto Group, an automobile dealership group based in Spokane, Washington, a position he has held since 2005. Mr. McChesney is a director of Great Basin Energies, Inc. since 2002 and MGC Ventures, Inc. since 1989. | 1988 |
| J.C. Potvin Toronto, Ontario Canada | Mr. Potvin's principal occupation is as a director and President of Murchison Minerals Ltd. (formerly Flemish Gold Corp.). Mr. Potvin currently serves on the audit and compensation committees. He is also a director of Exploration Azimut Inc. where he is chair of the audit committee. | 1993 |

| | | |
|--|---|------|
| Kenneth I. Juster New York, New York USA | Mr. Juster's principal occupation, during the last five years, is as a partner and managing director at the global private equity firm of Warburg Pincus. | 2015 |
|--|---|------|

Other Executive Officers

Robert A. McGuinness, - Vice President of Finance, Chief Financial Officer

Mr. McGuinness' principal occupation with the Company is as Vice President of Finance since March 1993 and Chief Financial Officer since June 1993. He also serves as Vice President of Finance, Chief Financial Officer and Treasurer of Great Basin Energies, Inc. and MGC Ventures, Inc. Mr. McGuinness resides in Spokane, Washington, USA.

Mary E. Smith, - Vice President of Administration and Secretary

Ms. Smith's principal occupation with the Company is as Vice President of Administration since January 1997 and Secretary since June 1997. She also serves as Vice President of Administration and Secretary of Great Basin Energies Inc. and MGC Ventures, Inc. Ms. Smith resides in Spokane, Washington, USA.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No proposed director of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Company is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company or any personal holding company of such person has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Company or any personal holding company of such person has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or, (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Security Ownership of Management

The following table discloses the number and percentage of the Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each director and executive officer named in the Circular and by all directors and officers as a group, as of the date of this Circular.

| Name of Beneficial Owner | Amount (1) | Percent of Class |
|---|------------|------------------|
| Rockne J. Timm ^{(2) (3)} Washington, USA Chief Executive Officer and Director | 2,050,704 | 2.7% |
| A. Douglas Belanger ^{(2) (3)} Washington, USA President and Director | 2,251,940 | 2.9% |
| James P. Geyer Washington, USA Director | 684,139 | * |
| James H. Coleman, Q.C. ^{(2) (3)} Alberta, Canada Non-Executive Chairman and Director | 582,254 | * |
| Patrick D. McChesney ^{(2) (3)} Washington, USA Director | 437,963 | * |
| Jean Charles Potvin Ontario, Canada Director | 546,358 | * |
| Kenneth I. Juster New York, New York Director | 25,000 | * |
| Robert A. McGuinness ^{(2) (3)} Washington, USA Vice President Finance and CFO | 535,004 | * |
| Mary E. Smith ^{(2) (3)} Washington, USA Vice President Administration and Secretary | 505,855 | * |
| Directors and officers as a group | 7,619,217 | 9.1% |

*Indicates less than 1%

(1) Includes Common Shares issuable pursuant to options exercisable as of the date of this Circular or exercisable within 60 days of the date of this Circular as follows: Mr. Timm 874,000; Mr. Belanger 831,000; Mr. Geyer 276,666; Mr. Coleman 276,666; Mr. McChesney 276,666; Mr. Potvin 276,666; Mr. Juster 25,000; Mr. McGuinness 352,000; and Ms. Smith 316,000. The number includes direct ownership of Common Shares as follows: Mr. Timm 1,176,704 shares; Mr. Belanger 1,420,940 shares; Mr. Geyer 407,473 shares; Mr. Coleman 305,588 shares; Mr. McChesney 161,297 shares; Mr. Potvin 269,692 shares; Mr. McGuinness 183,004 shares; and Ms. Smith 189,855 shares.

- (2) Messrs. Timm, Belanger, Coleman, McChesney, McGuinness, and Ms. Smith are directors and/or officers of Great Basin Energies, Inc. (OTC: GBEI), which owns 491,192 Common Shares, or 0.7% of the outstanding Common Shares. The foregoing individuals beneficially own 17.5%, 11.2%, 4.2%, 2.7%, 1.3%, and 1.2%, respectively, of the outstanding common shares of Great Basin Energies, Inc. and may be deemed indirectly to have an interest in the Company through their respective management positions and/or ownership interests in Great Basin Energies, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the Common Shares owned by Great Basin Energies, Inc. and such Common Shares are not included in this total.
- (3) Messrs. Timm, Belanger, Coleman, McChesney, McGuinness, and Ms. Smith are directors and/or officers of MGC Ventures, Inc. (OTC: MGCV), which owns 258,083 Common Shares, or 0.4% of the outstanding Common Shares. The foregoing individuals beneficially own 18.4%, 18.6%, 7.5%, 5.6%, 1.9%, and 1.5%, respectively, of the outstanding common shares of MGC Ventures, Inc. and may be deemed indirectly to have an interest in the Company through their respective management positions and/or ownership interests in MGC Ventures, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the Common Shares owned by MGC Ventures, Inc. and such Common Shares are not included in this total.

The following table represents the Directors and the committees on which they currently serve.

| Director | Executive Committee | Audit Committee | Compensation Committee | Nominating Committee |
|------------------------|---------------------|-----------------|------------------------|----------------------|
| Rockne J. Timm | Chairman | | | |
| A. Douglas Belanger | X | | | |
| James P. Geyer | | X | | |
| James H. Coleman, Q.C. | X | | | X |
| Patrick D. McChesney | | Chairman | X | X |
| Kenneth I. Juster | | | X | |
| Jean Charles Potvin | | X | Chairman | X |

The persons named in the accompanying form of proxy intend to vote for the election of these nominees as directors unless otherwise directed. Management does not contemplate that the nominees will be unable to serve as directors.

If you complete and return the attached form of proxy, your representative at the Meeting, or any adjournment or postponement thereof, will vote your shares FOR the election of the nominees set out herein unless you specifically direct that your vote be withheld.

Item 2 – Appointment of Independent Auditors

It is proposed that the firm of PricewaterhouseCoopers LLP be appointed by the Shareholders as independent certified public accountants to audit the financial statements of the Company for the year ending December 31, 2015 and that the Board be authorized to fix the auditors' remuneration. PricewaterhouseCoopers LLP were first appointed auditors of the Company in 1992. Representatives of PricewaterhouseCoopers LLP are not expected to be present at the Meeting.

Management recommends that you vote FOR the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors at a remuneration to be fixed by the Board.

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors at a remuneration to be fixed by the Board.

Item 3 – Ratification of By-law No. 1

On September 9, 2014, the Company was continued to the Province of Alberta from the Yukon Territory and, as a result of such change of domicile, the Company became subject to the provisions of the *Business Corporations Act* (Alberta) ("ABCA") as if it had been incorporated under such statute. In connection therewith, the Board approved the repeal of the Company's By-laws No. 1 (the "Old By-laws") that had been made by the Board and confirmed by Shareholders on October 5, 1998, which by-laws complied with Yukon corporate law, and approved a new by-law relating generally to the transaction of the business and affairs of the Company ("By-law No. 1"). Pursuant to the ABCA, Shareholders are required to ratify and approve By-law No. 1, a copy of which is attached as "Appendix A" to this Circular.

By-law No. 1 is standard in its form and is in substance typical of a modern by-law for a public company governed by the ABCA. By-law No.1 governs various aspects of the business and affairs of the Company, such as establishing a quorum for meetings of directors and shareholders, the conduct of such meetings, signing authorities, indemnification of directors and officers and other similar matters. Shareholders are urged to review By-law No. 1 in its entirety. By-law No. 1 was approved by the Board on September 9, 2014 and is in effect until it is confirmed, confirmed as amended or rejected by Shareholders at the Meeting, and if confirmed or confirmed as amended, By-law No. 1 will continue in effect in the form in which it was so confirmed. If Shareholders reject the confirmation of By-law No. 1, the Old By-law will become effective again, as of the date of the Meeting (and not retroactively).

Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution in the following form (the "By-law No. 1 Resolution"):

"BE IT RESOLVED THAT:

- (a) the new by-law of Gold Reserve Inc. (the "Company"), being By-law No. 1, relating generally to the transaction and the business and affairs of the Company, in the form attached as "Appendix A" to the management information circular of the Company dated April 24, 2015, is hereby ratified and confirmed as the new general by-law of the Company;
- (b) the repeal of the By-laws No. 1 made by the directors of the Company and confirmed by the shareholders of the Company on October 5, 1998 is hereby ratified and confirmed; and
- (c) any director or officer of the Company is hereby authorized and directed, acting for, in the name and on behalf of the Company, to execute or cause to be executed under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things as may, in the opinion of such director or officer of the Company, be necessary or advisable to carry out the intent of the foregoing resolutions."

To be effective, the By-law No. 1 Resolution must be approved by not less than the majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.

Management recommends that you vote FOR the By-law No. 1 Resolution. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote FOR the approval of the By-law No. 1 Resolution.

Item 4 – Consolidated Financial Statements

A copy of the consolidated financial statements of the Company for the year ended December 31, 2014 (the “Financial Statements”) and the report of the Company’s independent auditors Financial Statements are included in the 2014 Annual Report and will be submitted at the Meeting. Copies of the Financial Statements can also be obtained on www.sec.gov and www.sedar.com. Shareholders are not being asked to vote on the receipt of the Financial Statements.

EXECUTIVE COMPENSATION

The disclosure that follows has been prepared in accordance with the provisions of National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis (“CD&A”) is to provide information about the Corporation’s executive compensation philosophy, objectives and processes and to discuss compensation decisions relating to certain of the Corporation’s senior officers, being the four identified named executive officers (the “NEOs”) during the Corporation’s most recently completed financial year, being the year ended December 31, 2014. The NEOs who are the focus of this CD&A and who appear in the executive compensation tables of this Circular are: A. Douglas Belanger, President; Robert A. McGuinness, Vice President Finance and Chief Financial Officer (the “CFO”); Rockne J. Timm, Chief Executive Officer (the “CEO”); and Mary E. Smith, Vice President Administration and Secretary.

Compensation Committee

The Company’s compensation program was administered during 2014 by the Compensation Committee of the Board (the “Compensation Committee”), composed of Mr. Mikkelsen, Mr. Potvin and Mr. McChesney. Mr. Mikkelsen resigned his position in March of 2015 and Mr. Juster was appointed to the Compensation Committee on March 19, 2015.

The Compensation Committee met three times during 2014. While serving on the Compensation Committee, each of the members attended all three meetings. All of the members of the Compensation Committee have had direct experience in matters of executive compensation that is relevant to their responsibilities as members of such committee by virtue of their respective professions and long-standing involvement with public companies and matters of executive compensation. In addition, each member of the Compensation Committee keeps abreast on a regular basis of trends and developments affecting executive compensation.

The Board had determined that each member of the Compensation Committee satisfied the definition of “independent” director as established under National Instrument 58-101 of the Canadian Securities Administrators. The Compensation Committee currently has no written charter.

The function of the Compensation Committee is to evaluate the Company’s performance and the performance of the NEOs. The Compensation Committee approves the cash and equity-based compensation of the NEOs and submits such approvals to the full Board for ratification. The Compensation Committee also reviews the Company’s compensation plans, policies and programs and other specific compensation arrangements to assess whether they meet the Company’s risk profile and to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation. The Board has complete discretion over the amount and composition of each NEO’s compensation. Compensation matters relating to the directors were administered by the full Board. Compensation matters relating to each NEO that is a member of the Board were administered by the Compensation Committee.

The Company currently does not anticipate making any significant changes to its compensation policies and practices in 2015.

Compensation Program Philosophy

The goal of the compensation program is to attract, retain and reward employees and other individuals who contribute to both the immediate and the long-term success of the Company. Contributions are largely measured subjectively, and are rewarded through cash and equity-based compensation.

The following objectives are considered in setting the compensation programs for the NEOs:

- Set compensation and incentive levels that reflect competitive market practices for similar experience and similar size companies; and
- Encourage stock holdings to align the interests of the NEOs with those of Shareholders.

The Company evaluates the extent to which strategic and business goals are met and measures individual performance, albeit subjectively, and the degree to which teamwork and Company objectives are promoted. The Company strives to achieve a balance between the compensation paid to a particular individual and the compensation paid to other employees and executives having similar responsibilities within the Company. The Company also strives to ensure that each employee understands the components of his or her salary, and the basis upon which it is determined and adjusted.

The Company encourages NEOs to own shares of the Company however there currently is no policy requiring officer or director ownership.

The Compensation Committee has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices as such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the NEO or director, the Company is unaware of the purchase of any such financial instruments by any NEO or director.

During 2014, the Company did not retain a compensation consultant or advisor to assist the Board or Compensation Committee in determining compensation for the Company's executive officers and directors.

Compensation Elements and Rationale for Pay Mix Decisions

To reward both short and long-term performance in the compensation program and in furtherance of the Company's compensation objectives noted above, the Company's executive compensation philosophy includes the following two principles.

Compensation levels should be competitive

A competitive compensation program is vital to the Company's ability to attract and retain qualified senior executives. The Company regularly assesses peer group data to ensure that the compensation program is competitive.

Incentive compensation should balance short and long-term performance

To reinforce the importance of balancing strong short-term annual results and long-term viability and success, NEOs may receive both short and long-term incentives. Short-term incentives focus on the achievement of certain objectives for the upcoming year, while stock options create a focus on share price appreciation over the long term.

Compensation Benchmarking

The Company in the past established base salaries by using an extensive internal survey of base salaries paid to officers of mining companies with similar experience in the mining industry and therefore proved a good basis on which to make the comparison. The companies considered in our internal survey were:

| | |
|---------------------------------|---------------------------------------|
| Coeur d'Alene Mines Corporation | Copper Mountain Mining Corporation |
| Gabriel Resources Ltd. | Gran Columbia Gold |
| Hecla Mining Company | International Tower Hill Mines Ltd. |
| Lydian International Limited | Midas Gold |
| Mines Management, Inc. | NovaGold Resources Inc. |
| Revett Minerals Inc. | Rusoro Mining Ltd. |
| Sandspring Resources Ltd. | St. Augustine Gold and Copper Limited |

All of the participants of the internally generated survey are listed on the NYSE MKT, the Toronto Stock Exchange, or TSX Venture Exchange (the "TSXV"). The Company believes that the survey is a very good representation of average salaries paid to officers with similar levels of experience with comparable mining companies and therefore a good basis on which to make comparisons. The data was obtained from publicly available information.

Components of Executive Compensation

The components of executive compensation are as follows:

Base Salary. The administration of the program requires the Compensation Committee to review annually the base salary of each NEO and to consider various factors, including individual performance, experience, length of time in position, future potential, responsibility, and the executive's current salary in relation to the executive salary range at other mining companies. These factors are considered subjectively and none are accorded a specific weight.

Bonuses. In addition to base salary, the Compensation Committee from time-to-time recommends to the Board payments of discretionary bonuses to executives and selected employees. Such bonuses are based on the same criteria and determined in a similar fashion as described above.

Equity. The Compensation Committee from time-to-time recommends to the Board grants of options to executives and selected employees. These grants are to motivate the executives and selected employees to achieve goals that are consistent with the Company's business strategies, to create Shareholder value and to attract and retain skilled and talented executives and employees. These factors are considered subjectively and none are accorded a specific weight when granting awards.

KSOP Plan Contribution. The Compensation Committee annually determines the contribution to the KSOP Plan, for allocation to individual participants. Participation in and contributions to the KSOP Plan by individual employees, including officers, is governed by the terms of the KSOP Plan. See "Incentive Plans – KSOP Plan".

Chief Executive Officer's Compensation

It is the responsibility of the Compensation Committee to review and recommend to the Board for ratification the compensation package for the Chief Executive Officer based on the same factors listed above that are used in determining the base salaries for the other NEOs.

The Compensation Committee has not developed specific quantitative or qualitative performance measures or other specific criteria for determining the compensation of the Company's Chief Executive Officer, primarily because the Company does not yet have a producing mine or other operations from which such quantitative data can be derived.

The determination of the Chief Executive Officer's compensation in 2014 was based on an internal survey of other companies previously mentioned herein, was subjective, and based on the progress of the proceedings relating to the resolution of the investment dispute with Venezuela, and the pursuit of new corporate opportunities.

Other NEO's Compensation

In determining the compensation of the other NEOs, the compensation during 2014 was also based on an internal survey of other companies, was subjective, and based on the progress of the proceedings relating to the resolution of the investment dispute with Venezuela, and the pursuit of new corporate opportunities. Generally, the Compensation Committee considers prior compensation and equity grants when considering current compensation.

Change of Control Agreements

The Company maintains Change of Control Agreements with each of the NEOs which were implemented by the Board to induce the NEOs to remain with the Company and continue their involvement in the then ongoing development of the Brisas project and more recently, resolution of the investment dispute with Venezuela and the pursuit of new corporate opportunities. A "Change of Control" means one or more of the following: the acquisition by any individual, entity or group, of beneficial ownership of the Company of 25 percent of the voting power of the outstanding Common Shares; a change in the composition of the Board that causes less than a majority of the current directors of the Board to be members of the incoming board; reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company; liquidation or dissolution of the Company; or any other event the Board reasonably determines constitutes a Change of Control. Change of Control benefits become payable under the terms of the Change of Control agreements if, within 12 months following a Change of Control, the employee's employment is terminated by the Company or the surviving or successor entity without cause or the employee voluntarily terminates his/her employment for reasons specified under the respective Change of Control Agreement. Such reasons include a substantial alteration in the nature or status of employment responsibilities or a reduction in compensation or benefits.

The Board believes these individuals' familiarity and long-standing involvement with the Brisas project and matters relating to the investment dispute with Venezuela are important assets to the Company and their continued employment is important to resolve the dispute with Venezuela. The Board believes that the loss of their continued services could have a detrimental impact on the Company's efforts to collect the damages awarded it, in excess of \$740 million, by the tribunal constituted under the Additional Facility Rules of the International Center for the Settlement of Investment Disputes ("ICSID") of the World Bank in connection with the investment dispute with Venezuela, the potential settlement of the dispute with Venezuela, and the successful sale of assets associated with the Brisas Project.

See "Termination and Change of Control Benefits".

SUMMARY COMPENSATION TABLE

The following table discloses the compensation paid or granted by the Company to the NEOs for each of the fiscal years ended December 31, 2014, 2013, and 2012.

The amounts related to the Option-based awards and the Share-based awards (which are no longer allowed under TSXV regulations) do not necessarily represent the value of the shares when vesting occurs, the value of the options when exercised, or value the employee may realize from the sale of the shares.

| Name and Principal Position | Year | Salary \$ | Share-based Awards | Option-based Awards | Non-equity Incentive plan compensation | | Pension value \$ | All Other Compensation \$ | Total Compensation \$ |
|--|------|--------------|------------------------|------------------------|--|---------------------------|---------------------|------------------------------|--------------------------|
| | | | \$ | \$ | Annual incentive plans | Long-term incentive plans | | | |
| Rockne J. Timm Chief Executive Officer | 2014 | 330,000 | - | - | n/a | n/a | n/a | 34,499 ⁽⁴⁾ | 364,499 |
| | 2013 | 300,000 | - | - | n/a | n/a | n/a | 33,499 ⁽⁵⁾ | 333,499 |
| | 2012 | 300,000 | 303,000 ⁽¹⁾ | 478,842 ⁽³⁾ | n/a | n/a | n/a | 100,000 ⁽⁶⁾ | 1,181,842 |
| Robert A. McGuinness Vice President Finance and CFO | 2014 | 210,000 | - | 65,498 ⁽²⁾ | n/a | n/a | n/a | 27,865 ⁽⁴⁾ | 303,363 |
| | 2013 | 180,000 | - | - | n/a | n/a | n/a | 33,499 ⁽⁵⁾ | 213,499 |
| | 2012 | 180,000 | 227,250 ⁽¹⁾ | 136,117 ⁽³⁾ | n/a | n/a | n/a | 70,000 ⁽⁶⁾ | 613,367 |
| A. Douglas Belanger President | 2014 | 300,000 | - | - | n/a | n/a | n/a | 34,499 ⁽⁴⁾ | 334,499 |
| | 2013 | 270,000 | - | - | n/a | n/a | n/a | 33,499 ⁽⁵⁾ | 303,499 |
| | 2012 | 270,000 | 303,000 ⁽¹⁾ | 456,966 ⁽³⁾ | n/a | n/a | n/a | 92,500 ⁽⁶⁾ | 1,122,466 |
| Mary E. Smith Vice President Administration and Secretary | 2014 | 140,000 | - | 52,398 ⁽²⁾ | n/a | n/a | n/a | 18,577 ⁽⁴⁾ | 210,975 |
| | 2013 | 119,000 | - | - | n/a | n/a | n/a | 26,353 ⁽⁵⁾ | 145,353 |
| | 2012 | 119,000 | 181,800 ⁽¹⁾ | 131,256 ⁽³⁾ | n/a | n/a | n/a | 54,750 ⁽⁶⁾ | 486,806 |

- (1) For Share-based awards granted in 2012, the amount represents the aggregate grant date fair value computed by multiplying the number of shares granted with the grant date fair value of \$3.03 per share, the price of the Common Shares on the grant date of January 30, 2012. The number of shares granted to each NEO was as follows: Mr. Timm, 100,000; Mr. McGuinness, 75,000; Mr. Belanger, 100,000; and Ms. Smith, 60,000.
- (2) On July 25, 2014, the Company granted options to the NEOs as follows: Mr. McGuinness, 75,000; and Ms. Smith, 60,000; with an exercise price of \$4.02 per share. The fair value of these options at the date of grant was estimated using the Black-Scholes valuation model, which valuation model the Company has determined to be the most accurate measure of value for option-based awards ("Black-Scholes") with the following assumptions: a two year expected term; expected volatility of 38%; risk free interest rate of 0.53% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the options granted during 2014 was calculated at approximately \$0.87. The options vested as follows: 1/3 upon grant and 1/3 on January 25, 2015, with the remaining 1/3 to vest on July 25, 2015.
- (3) On January 30, 2012, the Company granted options to the NEOs as follows: Mr. Timm, 394,000; Mr. McGuinness, 112,000; Mr. Belanger, 376,000; and Ms. Smith, 108,000; with an exercise price of \$2.89 per share. The fair value of these options at the date of grant was estimated using the Black-Scholes valuation model, which valuation model the Company has determined to be the most accurate measure of value for option-based awards ("Black-Scholes") with the following assumptions: a 2.9 year expected term; expected volatility of 65%; risk free interest rate of 0.29% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the options granted during 2012 was calculated at approximately \$1.22. The options vested as follows: 34% upon grant, 33% on July 30, 2012, and 33% on January 30, 2013.
- (4) Represents the Company's contribution in the form of cash to each of the NEOs allocated to the KSOP Plan for 2014.
- (5) Represents the Company's contribution in the form of cash to each of the NEOs allocated to the KSOP Plan for 2013.
- (6) Represents the Company's contribution of \$25,000 to each of the NEOs in the form of cash allocated to the KSOP Plan for 2012 and a payment of a waiver of Change of Control Rights in connection with the restructuring of the 5.5% convertible notes due 2022 approved by the Shareholders on June 27, 2012 as follows: Mr. Timm \$75,000; Mr. McGuinness \$45,000; Mr. Belanger \$67,500; and Ms. Smith \$29,750.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares, some of which were previously unvested (the “Formerly Restricted Shares”) granted to the NEOs outstanding as at December 31, 2014. No Share-based awards were outstanding as at December 31, 2014.

| Name | Grant Date | Option-based Awards | | | | Share-based Awards | | |
|--|------------|---|--------------------------|------------------------|--|--|--|---|
| | | Number Of securities underlying unexercised options # | Option exercise price \$ | Option expiration date | Value of Unexercised in-the-money options (1) \$ | Number of shares or units of shares that have not vested # | Market or payout value of share-based awards that have not vested \$ | Market or payout value of share-based awards not paid out or distributed \$ |
| Rockne J. Timm Chief Executive Officer | 1/3/2011 | 480,000 | 1.82 | 1/3/2016 | 657,600 | - | - | - |
| | 1/30/2012 | 394,000 | 2.89 | 1/30/2017 | 118,200 | - | - | - |
| | Total | 874,000 | | | 775,800 | - | - | - |
| Robert A. McGuinness Vice President Finance and CFO | 1/3/2011 | 190,000 | 1.82 | 1/3/2016 | 260,300 | - | - | - |
| | 1/30/2012 | 112,000 | 2.89 | 1/30/2017 | 33,600 | - | - | - |
| | 7/25/2014 | 75,000 | 4.02 | 7/25/2024 | - | - | - | - |
| | Total | 302,000 | | | 293,900 | - | - | - |
| A. Douglas Belanger President | 1/3/2011 | 455,000 | 1.82 | 1/3/2016 | 623,350 | - | - | - |
| | 1/30/2012 | 376,000 | 2.89 | 1/30/2017 | 112,800 | - | - | - |
| | Total | 831,000 | | | 736,150 | - | - | - |
| Mary E. Smith Vice President Administration and Secretary | 1/3/2011 | 168,000 | 1.82 | 1/3/2016 | 230,160 | - | - | - |
| | 1/30/2012 | 108,000 | 2.89 | 1/30/2017 | 32,400 | - | - | - |
| | 7/25/2014 | 60,000 | 4.02 | 7/25/2024 | - | - | - | - |
| | Total | 276,000 | | | 262,560 | - | - | - |

- (1) The “Value of Unexercised in-the-money options” was calculated by determining the difference between the market value of the securities underlying the option at the end of the financial year and the exercise price of such options. At December 31, 2014 the closing price of the Class A Shares on the OTCQB was \$3.19.

OPTIONS VESTED DURING THE YEAR

The following table sets forth information for NEOs regarding the value of stock options during 2014. No share-based awards vested, and no non-equity incentive plan compensation was earned during 2014.

| Name | Option-based awards – Value vested during the year (1) \$ | Share-based awards – Value vested during the year \$ | Non-equity incentive plan compensation – Value earned during the year \$ |
|--|---|--|--|
| Robert A. McGuinness Vice President Finance and CFO | - | - | - |
| Mary E. Smith Vice President Administration and Secretary | - | - | - |

- (1) On July 24, 2014, Mr. McGuinness and Ms. Smith were granted stock options with an exercise price of \$4.02 per share. On the date of the grant, 25,000 stock options vested for Mr. McGuinness and 8,333 stock options vested for Ms. Smith with a market price and exercise price of \$4.02 per share.

INCENTIVE PLANS

The 2012 Equity Incentive Plan, as amended and restated (the “2012 Plan”)

The 2012 Plan was adopted by the Board for the employees, officers, directors and consultants of the Company and its subsidiaries and permits the grant of stock options, which are exercisable for Class A Shares.

The maximum number of Class A Shares issuable under options granted under the 2012 Plan is 7,550,000 Class A Shares. At the date of this Circular 17,500 options have been exercised, 5,798,000 options are outstanding and 1,734,500 are available for grant.

On March 19, 2015, Kenneth I. Juster was granted 100,000 stock options exercisable at \$3.89.

Securities Authorized for issuance under Equity Compensation Plans

The following table sets forth certain information regarding the 2012 Plan as of December 31, 2014:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under 2012 Plan |
|---|---|---|--|
| Equity Incentive Plans approved by Shareholders | N/A | N/A | N/A |
| 2012 Equity Incentive Plan not approved by Shareholders | 5,698,000 | N/A | 1,834,500 |
| Total | 5,698,000 | | 1,834,500 |

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.

The 2012 Plan was established to provide incentives to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The 2012 Plan is administered by a committee of the Board, and in certain cases by the Board, established pursuant to the terms of the 2012 Plan.

In accordance with the rules of the TSXV the number of Class A Shares which may be reserved for issuance to any one person may not exceed 5% of the issued shares in a 12-month period, calculated as at the date the stock options are granted to such person. In addition pursuant to such rules and as set forth in the 2012 Plan, the Company may not grant stock options providing for the issuance of more than 2% of the issued Class A Shares to any one consultant in any 12-month period, calculated as at the date the stock options are granted to such consultant, and the Company may not grant stock options providing for the issuance, in the aggregate, of more than 2% of the issued Class A Shares to all persons retained to conduct investor relations activities in any 12-month period, calculated as at the date the stock options are granted to such persons.

The 2012 Plan also provides for the following:

- a) stock options granted under the 2012 Plan will have an expiry date not to exceed 10 years from the date of grant;
- b) any stock options granted that expire or terminate for certain reasons without having been exercised will again be available under the 2012 Plan;
- c) stock options will vest 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;
- d) the minimum exercise price of any stock options issued under the 2012 Plan will be the last previous closing price on the date of grant, subject to the requirements of the Exchange; and
- e) the Company's board of directors is authorized to grant to participants that number of stock options under the 2012 Plan not exceeding 7,550,000 of the issued and outstanding Class A Shares of the Company, less the number of currently outstanding stock options.

Amendments to the 2012 Plan may be made by the board of directors of the Company without shareholder approval to:

- (i) amend the 2012 Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the 2012 Plan, subject to prior written approval of the TSXV, if applicable;
- (iii) change the termination provision of an option granted under the 2012 Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the 2012 Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by the Exchange, if applicable; and
- (vi) amend the 2012 Plan to reduce the benefits that may be granted to new plan participants.

The board of directors of the Company is of the view that the 2012 Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry.

KSOP Plan

The Company's subsidiary, Gold Reserve Corporation, maintains a KSOP Plan for the benefit of eligible employees. The KSOP Plan consists of two components: 1) a salary reduction component and a 401(k) which includes provisions for discretionary contributions by the Company, and (2) an employee share ownership component, or ESOP. Eligible employees are those who have been employed for a period in excess of one year and who have worked at least 1,000 hours during the year in which any allocation is to be made.

Employee contributions to the 401(k) component of the KSOP Plan are limited in each year to the total amount of salary reduction the employee elects to defer during the year, which is limited in 2015 to \$18,000 (\$24,000 limit for participants who are 50 or more years of age, or who turn 50 during 2015).

Employer contributions, stated as a percentage of eligible compensation, are determined each year by the Board. The employer contributions are disclosed under "Executive Compensation – Summary Compensation Tables", under the column "All Other Compensation". All contributions, once made to the individual's account under the KSOP Plan, are thereafter self-directed.

Total employer and employee annual contributions to an employee participating in both the 401(k) and ESOP components of the KSOP Plan are limited (in 2015) to a maximum of \$53,000 (\$59,000 limit for participants who are 50 or more years of age or who turn 50 during 2015). The annual dollar limit is an aggregate limit which applies to all contributions made under this plan. For KSOP Plan year 2015 the Company has adopted a minimum "Safe Harbor" contribution of 3% of eligible compensation.

Distributions from the KSOP Plan are not permitted before the participating employee reaches the age of 59 and six months, except in the case of death, disability, termination of employment by the Company or financial hardship. The employee stock ownership component of the KSOP Plan is qualified under Sections 421 and 423 of the U.S. Internal Revenue Code of 1986, as amended.

Allocated cash contributions to eligible KSOP Plan participants (9 participants for 2014) for plan years 2014, 2013, and 2012 were \$164,094, \$171,895, and \$168,909, respectively.

Retention Units

The Company has a Director and Employee Retention Plan (the “Retention Plan”) for the primary purposes of: (1) attracting and retaining directors, management and personnel with the training, experiences, and ability to enable them to make a substantial contribution to the success of the business of the Company, (2) to motivate participants by means of growth-related incentives to achieve long range goals, (3) to further the identity of interests of participants with those of the Company’s shareholders through equity-based incentive opportunities and (4) to allow each participant to share in the value of the Company following the grant of retention units.

Under the Retention Plan, the Board or a committee thereof may grant retention units (the “Units”) to directors and certain key employees of the Company or its subsidiaries. Individuals become eligible to participate if the Board or a committee thereof determines that the individual can assist the Company in achieving corporate milestones, influence the growth of the Company, or that the individual’s performance warrants further incentive or reward. Current participants in the Retention Plan include directors, officers, and other employees, all of whom have signed award agreements.

The Units vest as follows:

100% when the Company collects proceeds from the ICSID arbitration process and/or Mining Data sale AND agrees to distribute a substantial majority of the proceeds to its shareholders

The Units also become fully vested and payable upon a change of control.

Subject to vesting, each Unit granted to participating directors and employees entitles such persons to receive a cash payment equal to the fair market value of one Class A Share (a) on the date the Unit was granted or (b) on the date any such participant becomes entitled to payment, whichever is greater.

No Units were granted to directors, executive officers, or employees in 2014, 2013, or 2012. As of December 31, 2014 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 minimum value of these units, based on the grant date value of the Class A shares, was approximately \$7.7 million.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Termination of Employment, Change in Responsibilities and Employment Contracts

At this time, there are no written employment agreements between the Company and the NEOs.

The Company maintains Change of Control Agreements with each of the NEOs, which were implemented by the Board to induce the NEOs to remain with the Company in the event of a change of control. The Board believes these individuals' familiarity and long-standing involvement with the Brisas project are important assets to the Company and their continued employment is important to resolve the dispute with Venezuela. The Board believes that the loss of their continued services could have a detrimental impact on the successful outcome of the arbitration, potential settlement of the dispute, and the successful sale of assets associated with the Brisas Project.

Existing Change of Control Arrangements with Executive Officers

Beginning in 2003, the Company entered into Change of Control Agreements with each of the NEOs and three other employees. Other than as disclosed herein, no other executive officers, directors or affiliates of the Company have Change of Control Agreements with the Company.

A Change of Control means one or more of the following: the acquisition by any individual, entity or group, of beneficial ownership of the Company of 25 percent of the voting power of the outstanding Common Shares; a change in the composition of the Board that causes less than a majority of the current directors of the Board to be members of the incoming board; reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company; liquidation or dissolution of the Company; or any other event the Board reasonably determines constitutes a Change of Control.

In connection with the 2012 restructuring of the Company's 5.5% convertible notes due 2022, members of management and the directors agreed to limited waivers of their rights under their respective change in control agreements.

Pursuant to the Change of Control Agreements, in the event of a Change of Control each participant is entitled to, among other things, continue employment with the Company and, if the participant's employment is terminated within 12 months following the Change of Control for any reason other than termination by the Company for cause, such participant will be entitled to receive, among other things:

- An amount equal to 24 times his or her monthly salary (36 times for Mr. Timm and Mr. Belanger), determined as of the date immediately prior to termination or the Change of Control, whichever is greater (the Change of Control time period of 24 months compared to 36 months is based primarily on seniority of position and responsibility and length of service with the Company);
- An amount equal to two years of the Company's KSOP contributions (based upon the maximum allowable allocation pursuant to applicable law and the participant's annual salary immediately prior to his or her termination date or the Change of Control, whichever is greater);
- An amount equal to the aggregate of all bonuses received during the 12 months prior to his or her termination date, plus any amounts required to be paid in connection with unpaid vacation time;
- A payment equal to two times the monthly premium for maintenance of health, life, accidental death and dismemberment, and long term disability insurance benefits for a period of 36 months;
- Cause all equity awards or equity-based awards (including options and restricted shares) granted to the participant to become fully vested and unrestricted;

- At the election of the participant, the buy-out of the cash value of any unexercised options based upon the amount by which the weighted average trading price of the Class A Shares for the last five days preceding the date the participant makes such election exceeds the exercise price of the options; and
- A payment equal to the value of the participant's vested retention units in accordance with the Retention Plan.

As further discussed in the following two paragraphs, the participants are entitled to receive certain "gross-up payments" (that is, an excess parachute gross-up payment and a deferred compensation gross-up payment) if payments that he or she receives are subject to the excise tax under Code Section 4999 on excess parachute payments or the additional tax and interest factor tax under Code Section 409A on deferred compensation. The intent of these gross-up payments is to put the participant in the same position, after tax, that he or she would have been in if the payments that the participant received had not been subject to the excise and additional taxes.

The Change of Control Agreements also provide for a gross-up payment if any payment made to or for the benefit of a participant ("Excess Parachute Payment") would be subject to the excise tax imposed by Code Section 4999, or any interest or penalties are incurred by the participant with respect to such excise tax. The Company will pay to the participant an additional payment ("Excess Parachute Gross-Up Payment") in an amount such that after payment by the participant of all taxes on the Excess Parachute Gross-Up Payment, the participant retains an amount of the Excess Parachute Gross-Up Payment equal to the excise tax (and any interest or penalties) imposed upon the participants Excess Parachute Payment.

The Change of Control Agreements further provide for a gross-up payment if any payment made to or for the benefit of a participant ("Deferred Compensation Payment") would be subject to the additional tax or additional interest on any underpayment of tax imposed by Code Section 409A, or any interest or penalties are incurred by the participant with respect to such additional tax or underpayment of tax. The Company will pay to the participant an additional payment ("Deferred Compensation Gross-Up Payment") in an amount such that after payment by the participant of all taxes on the Deferred Compensation Gross-Up Payment, the participant retains an amount of the Deferred Compensation Gross-Up Payment equal to the additional tax and additional interest on any underpayment of tax (and any interest or penalties) imposed upon the participant's Deferred Compensation Payment.

Payments may be delayed six months under Code Section 409A. In the event of such a delay, the delayed payments will be made to a rabbi trust. Upon the completion of the six-month delay period, the payments held in the rabbi trust will be paid to the participant plus interest at the prime rate. The Company will pay all costs associated with the rabbi trust.

Participants would have been entitled to collectively receive an aggregate of approximately \$13,170,685 if a Change of Control had occurred on December 31, 2014. This amount assumes all persons with Change of Control Agreements elect the buy-out of their options as described above. For purposes of such calculation, Gold Reserve assumed the election was made on December 31, 2014, which resulted in share price of \$3.19 per share. This amount was determined exclusive of any gross-up payments, which payments could be substantial depending on the tax position of each individual.

The following table represents the estimated payout for employees holding Change of Control Agreements at December 31, 2014. These amounts were determined exclusive of any gross-up payments, which could be substantial depending on the tax position of each individual.

| Name | Compensation (1) \$ | Payout of Stock Options (2) \$ | Payout of Retention Units (3) \$ | Total |
|----------------------|------------------------|--------------------------------------|---|------------|
| Rockne J. Timm | 1,238,163 | 775,800 | 1,502,000 | 3,515,963 |
| Robert A. McGuinness | 608,873 | 293,900 | 589,000 | 1,491,773 |
| A. Douglas Belanger | 1,151,378 | 736,150 | 1,502,000 | 3,389,528 |
| Mary E. Smith | 440,551 | 262,560 | 524,400 | 1,227,511 |
| Total NEOs | 3,438,965 | 2,068,410 | 4,117,400 | 9,624,775 |
| Other participants | 746,670 | 1,432,440 | 1,366,800 | 3,545,910 |
| Total | 4,185,635 | 3,500,850 | 5,484,200 | 13,170,685 |

- (1) Represents the estimated payout as of December 31, 2014 of the associated salary, vacation, KSOP contribution, bonus and insurance.
- (2) Represents the payout of stock options.
- (3) Represents the payment associated with the value of the Units on December 31, 2014 and does not include 500,000 retention units for non-employee directors equal to \$2,210,000.

DIRECTOR COMPENSATION

Summary Director Fee Tables

During 2014, the Board agreed to pay \$36,000 to each non-employee director in quarterly installments of \$9,000 per quarter, payable on June 24, 2014, July 15, 2014, October 15, 2014, and January 15, 2015. Mr. Coleman received Cdn. \$100,000 for his role as Chairman.

The amount related to Option-based awards does not necessarily represent the value of the shares when vesting occurs, the value of the options when exercised, or value the director may realize from the sale of the shares.

| Name | Year | Fees Earned (1) \$ | Share-based awards \$ | Option-based awards (2) \$ | Non-equity Incentive plan compensation | All Other Compensation \$ | Total \$ |
|-----------------------------------|------|-----------------------|--------------------------|-------------------------------|--|------------------------------|-------------|
| James H. Coleman | 2014 | 36,000 | - | 21,833 | - | 90,257 ⁽³⁾ | 148,090 |
| James P. Geyer | 2014 | 36,000 | - | 21,833 | - | - | 57,833 |
| Patrick D. McChesney | 2014 | 36,000 | - | 21,833 | - | - | 57,833 |
| Chris D. Mikkelsen ⁽⁴⁾ | 2014 | 36,000 | - | 21,833 | - | - | 57,833 |
| Jean Charles Potvin | 2014 | 36,000 | - | 21,833 | - | - | 57,833 |

(1) Represents cash fees granted as director during the year.

(2) On July 25, 2014, the Company granted 25,000 options to each of the non-executive directors with an exercise price of \$4.02 per share. The fair value of these options at the date of grant was estimated using the Black-Scholes valuation model, which valuation model the Company has determined to be the most accurate measure of value for option-based awards ("Black-Scholes") with the following assumptions: a two year expected term; expected volatility of 38%; risk free interest rate of 0.53% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the options granted during 2014 was calculated at approximately \$0.87. The options vested as follows: 1/3 upon grant and 1/3 on January 25, 2015, with the remaining 1/3 to vest on July 25, 2015.

(3) Represents cash fees of Cdn. \$100,000 earned as Chairman during the year converted to US dollars.

(4) Mr. Mikkelsen resigned his position in March 2015.

Directors of the Company received no additional compensation for serving on Board committees or for attendance at the Board or committee meetings.

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares granted to the Directors as at December 31, 2014. No Share-based awards were outstanding as at December 31, 2014.

| Name | Grant Date | Option-based Awards | | | | Share-based Awards | | |
|----------------------|------------|---|--------------------------|------------------------|--|--|--|---|
| | | Number Of securities underlying unexercised options # | Option exercise price \$ | Option expiration date | Value of Unexercised in-the-money options (1) \$ | Number of shares or units of shares that have not vested # | Market or payout value of share-based awards that have not vested \$ | Market or payout value of share-based awards not paid out or distributed \$ |
| James H. Coleman | 1/3/2011 | 120,000 | 1.82 | 1/3/2016 | 164,400 | - | - | - |
| | 1/30/2012 | 90,000 | 2.89 | 1/30/2017 | 27,000 | - | - | - |
| | 6/11/2013 | 50,000 | 3.00 | 6/11/2018 | 9,500 | - | - | - |
| | 7/25/2014 | 25,000 | 4.02 | 7/25/2024 | - | - | - | - |
| Total | | 285,000 | | | 200,900 | - | - | - |
| James P. Geyer | 1/3/2011 | 120,000 | 1.82 | 1/3/2016 | 164,400 | - | - | - |
| | 1/30/2012 | 90,000 | 2.89 | 1/30/2017 | 27,000 | - | - | - |
| | 6/11/2013 | 50,000 | 3.00 | 6/11/2018 | 9,500 | - | - | - |
| | 7/25/2014 | 25,000 | 4.02 | 7/25/2024 | - | - | - | - |
| Total | | 285,000 | | | 200,900 | - | - | - |
| Patrick D. McChesney | 1/3/2011 | 120,000 | 1.82 | 1/3/2016 | 164,400 | - | - | - |
| | 1/30/2012 | 90,000 | 2.89 | 1/30/2017 | 27,000 | - | - | - |
| | 6/11/2013 | 50,000 | 3.00 | 6/11/2018 | 9,500 | - | - | - |
| | 7/25/2014 | 25,000 | 4.02 | 7/25/2024 | - | - | - | - |
| Total | | 285,000 | | | 200,900 | - | - | - |
| Chris D. Mikkelsen | 1/3/2011 | 120,000 | 1.82 | 1/3/2016 | 164,400 | - | - | - |
| | 1/30/2012 | 90,000 | 2.89 | 1/30/2017 | 27,000 | - | - | - |
| | 6/11/2013 | 50,000 | 3.00 | 6/11/2018 | 9,500 | - | - | - |
| | 7/25/2014 | 25,000 | 4.02 | 7/25/2024 | - | - | - | - |
| Total | | 285,000 | | | 200,900 | - | - | - |
| J.C. Potvin | 1/3/2011 | 120,000 | 1.82 | 1/3/2016 | 164,400 | - | - | - |
| | 1/30/2012 | 90,000 | 2.89 | 1/30/2017 | 27,000 | - | - | - |
| | 6/11/2013 | 50,000 | 3.00 | 6/11/2018 | 9,500 | - | - | - |
| | 7/25/2014 | 25,000 | 4.02 | 7/25/2024 | - | - | - | - |
| Total | | 285,000 | | | 200,900 | - | - | - |

(1) The "Value of Unexercised in-the-money options" was calculated by determining the difference between the market value of the securities underlying the option at the end of the financial year and the exercise price of such options. At December 31, 2014 the closing price of the Class A Shares on the OTCQB was \$3.19.

The following table sets forth information for the directors other than the NEOs regarding the value of stock options vesting during 2014. No share-based awards vested, and no non-equity incentive plan compensation was earned, during 2014.

| Name | Option-based awards – Value vested during the year (1) \$ | Share-based awards – Value vested during the year \$ | Non-equity incentive plan compensation – Value earned during the year \$ |
|----------------------|--|---|--|
| James H. Coleman | - | - | - |
| James P. Geyer | - | - | - |
| Patrick D. McChesney | - | - | - |
| Chris D. Mikkelsen | - | - | - |
| Jean Charles Potvin | - | - | - |

- (1) On July 24, 2014, each of the non-employee directors was granted stock options with an exercise price of \$4.02 per share. On the date of the grant, 8,333 stock options vested for each of the non-employee directors with a market price and exercise price of \$4.02 per share.

Directors and Officers Insurance

The Company carries directors' and officers' liability insurance which is subject to a total aggregate limit of \$20,000,000 and deductibles from \$100,000 to \$1,000,000 depending on the nature of the claim. The annual premium for the latest policy period was \$291,850.

2012 BONUS POOL PLAN

The Board of Directors approved the 2012 Bonus Pool Plan ("Bonus Plan"), which is intended to reward the participants in the Bonus Plan, including NEOs, employees, directors and consultants, for their past and future contribution related to among other things: (i) the development of the Brisas Project to the construction stage and subsequent issuance of the environmental permit to commence construction of the Brisas Project; (ii) the manner in which the Brisas Project development effort was carried out allowing the Company to present a compelling and vigorous defense of its arbitration claim; (iii) the support of the Company's execution of the arbitration proceedings through the filing of numerous memorandum and exhibits as well as the oral hearings; and (iv) the on-going efforts to assist with positioning the Company to collect, in the most optimum manner, any proceeds or other consideration related to the arbitration claim and/or sale of Brisas Project mining data assets that the Company may be entitled to as management considers in the best interest of all stakeholders. All awards payable under the Bonus Plan are payable in cash.

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 certain deductions and applicable taxes (except in the case of an Enterprise Sale as described below where gross proceeds will be considered before any applicable taxes and after any Change of Control payments) times 1% of the first \$200 million and 5% thereafter of any consideration received.

The bonus pool, will be established and separate bonus amounts will be determined, if and when the Company (i) recovers 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 transfer or other disposition, directly or indirectly, of the Company's rights with respect to the Arbitration Proceedings; (ii) sells, pledges, transfers or disposes, directly or indirectly, of all or any portion of the Brisas Project mining data, or (iii) in the event the Company or its shareholders, directly or indirectly, engage in any (a) merger, plan of arrangement or other business combination transaction involving the Company or any of its subsidiaries, (b) a sale, pledge, transfer or other disposition of 85% or more of the Company's then outstanding shares or (c) sale, pledge, transfer or other disposition, directly or indirectly, of all or substantially all of the assets of the Company ("Enterprise Sale").

The Bonus Plan is managed by a Committee of independent directors who have the authority to select each individual for participation in the Bonus Plan and fix the relative percentage of the total pool to be distributed to each participant. Participation in the Bonus Plan vests upon the participant's selection by the Committee, subject to voluntary termination of employment or termination for cause.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OTHER THAN SECURITIES PURCHASE PROGRAMS

No director, executive officer or senior officer, or associate or affiliate of any such director, executive officer or senior officer, is, or at any time since the beginning of the most recently completed financial year of the Company was, indebted to the Company.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee of the Board operates within a written mandate, as approved by the Board, which describes the Committee's objectives and responsibilities. The full text of the Audit Committee Charter, as amended as of August 2014, is attached as "Appendix B" to this Circular.

Membership and Role of the Audit Committee

The Audit Committee consists of Patrick D. McChesney, (Chairman), Jean Charles Potvin, and James P. Geyer. The Board has determined each member of the Audit Committee to be "independent" and "financially literate" as such terms are defined under Canadian securities laws. Further, each member of the Audit Committee satisfies the definition of "independent" director as established under the SEC rules. In addition, each member of the Audit Committee is financially literate and the Board has determined that Patrick D. McChesney qualifies as an audit committee "financial expert" as defined by SEC rules. The Board has made these determinations based on the education and experience of each member of the Committee.

Mr. McChesney is the Chief Financial Officer of Foothills Auto Group, an operator of franchised auto dealerships, where he is responsible for the financial statements. He was also President of LMO Test Systems, Inc., a manufacturer of automated test equipment for the semiconductor industry, where he was also responsible for the company's financial statements. Mr. McChesney graduated from the University of Portland, with a Bachelor degree in Accounting. During his 30 plus year working career, he has prepared and analyzed financial statements in the mining, public accounting, retail, electronics and construction industries.

Mr. Potvin is also a director and a member of the audit committee of Azimut Exploration Ltd., a publicly listed mineral exploration company. Mr. Potvin holds a Bachelor of Science degree in Geology from Carleton University and an MBA from the University of Ottawa. He spent nearly 14 years as a mining investment analyst for a large Canadian investment brokerage firm (Burns Fry Ltd., now BMO Nesbitt Burns Inc.).

Mr. Geyer has a Bachelor of Science in Mining Engineering from the Colorado School of Mines, has 41 years of experience in underground and open pit mining and has held engineering and operations positions with a number of companies including AMAX and ASARCO. Mr. Geyer is a Director of Thompson Creek Metals Inc.

The Audit Committee met four times during 2014 at which attendance, in person or by phone, averaged 100%. The Audit Committee's principal functions are to assist the Board in fulfilling its oversight responsibilities, and to specifically review: (i) the integrity of our financial statements; (ii) the independent auditor's qualifications and independence; (iii) the performance of our system of internal audit function and the independent auditor; and (iv) our compliance with laws and regulations, including disclosure controls and procedures. During 2014, the Audit Committee worked with management, our internal auditor and our independent auditor to address Sarbanes-Oxley Section 404 internal control requirements.

The Audit Committee reviews our financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements, the reporting process and maintaining an effective system of internal control over financial reporting. Our independent auditors are engaged to audit and express opinions on the conformity of our financial statements to accounting principles generally accepted in the United States, and the effectiveness of our internal control over financial reporting.

External Auditor Service Fees

Fees paid to the Company's independent external auditor, PricewaterhouseCoopers LLP, for the fiscal years ended December 31, 2014 and 2013 are detailed in the following table:

| Fee Category | Year Ended 2014 | Year Ended 2013 |
|-----------------------------------|-----------------|-----------------|
| Audit Fees ⁽¹⁾ | \$124,511 | \$60,152 |
| Audit Related Fees ⁽²⁾ | 51,579 | 60,181 |
| Tax Fees ⁽³⁾ | 8,311 | 5,855 |
| All Other Fees | - | - |
| Total | \$184,401 | \$126,188 |

All fees for services performed by the Company's external auditors during 2014 were pre-approved by the Audit Committee.

- (1) Audit fees were for professional services rendered by PricewaterhouseCoopers LLP for the audit of the Company's annual financial statements.
- (2) Audit-related fees were for the review of the Company's quarterly financial statements and services provided in respect of other regulatory-required auditor attest functions associated with government audit reports, registration statements, prospectuses, periodic reports and other documents filed with securities regulatory authorities or other documents issued in connection with securities offerings.
- (3) Tax fees were for services outside of the audit scope and represented consultations for tax compliance and advisory services relating to common forms of domestic and international taxation.

Pre-approval Policies and Procedures

The Company's Audit Committee has adopted policies and procedures for the pre-approval of services performed by the Company's external auditors, with the objective of maintaining the independence of the external auditors. The Company's policy requires that the Audit Committee pre-approve all audit, audit-related, tax and other permissible non-audit services to be performed by the external auditors, including all engagements of the external auditors with respect to the Company's subsidiaries. Prior approval of engagements for services other than the annual audit may, as required, be approved by the Chair of the Committee with the provision that such approvals be brought before the full Committee at its next regular meeting. The Company's policy sets out the details of the permissible non-audit services consistent with the applicable Canadian independence standards for auditors. The Chief Financial Officer presents the details of any proposed assignments of the external auditor for consideration by the Audit Committee. The procedures do not include delegation of the Audit Committee's responsibilities to management of the Company.

NOMINATING COMMITTEE INFORMATION

Nominating Committee Charter

The Nominating Committee of the Board operates within a written mandate, as approved by the Board, which describes the Committee's objectives and responsibilities. The full text of the Nominating Committee Charter is available on the Company's website, www.goldreserveinc.com, under the Investor Relations – Governance section and is available in print to any Shareholder who requests it from the Company by writing to us at Gold Reserve Inc., 926 W. Sprague Ave. Suite 200, Spokane, WA 99201, Attn: Investor Relations.

Membership and Role of the Nominating Committee

The Nominating Committee is composed of the following three (3) directors:

James H. Coleman

Patrick D. McChesney

Jean Charles Potvin

The Board had determined each member of the Nominating Committee satisfies the definition of “independent” director as established under National Instrument 58-101 of the Canadian Securities Administrators.

The Nominating Committee assists the Board in fulfilling its responsibilities with respect to the composition of the Board, including recommending candidates for election or appointment as director of the Company.

In considering and identifying new candidates for Board nomination, the Board, where relevant, addresses succession and planning issues; identifies the mix of expertise and qualities required for the Board; assesses the attributes new directors should have for the appropriate mix to be maintained; arranges for each candidate to meet with the Board Chair and the CEO; recommends to the Board as a whole proposed nominee(s) and arranges for their introduction to as many Board members as practicable; and encourages diversity in the composition of the Board.

CORPORATE GOVERNANCE

Applicable Canadian securities laws require listed corporations to disclose their approach to corporate governance. The Company's disclosure in this regard is set out in "Appendix C" to this Circular.

Board Leadership Structure

Currently, the positions of Chairman of the Board and Chief Executive Officer are separate. Our Board does not have a policy on whether these roles should be separate or combined, but believes that the most effective leadership model for the Company at this time is to have these roles separated. Our current Chairman is independent and is responsible for providing leadership to the Board. In addition, having a separate Chairman and Chief Executive Officer allows Board members to raise issues without involving senior management, allows the Chairman to serve as a liaison between the Board and senior management, and allows the Chief Executive Officer to devote his time and focus to the management of the Company. The Board retains flexibility to determine whether these roles should be separate or combined in one individual in the future.

Risk Oversight

The various committees of the Board assist the Board in its responsibility for oversight of risk management. In particular, the Audit Committee focuses on major financial risk exposures, the steps management has taken to monitor and control such risks, and, if appropriate, discusses with the independent auditor the guidelines and policies governing the process by which senior management and the relevant departments of the Company assess and manage the Company's financial risk exposure and operational/strategic risk. We believe this arrangement maximizes the risk oversight benefit while providing for an appropriate leadership structure.

Communication with Board Members

Any Shareholder or other interested party that desires to communicate with the Board of Directors or any of its specific members, including the chairman or the non-management directors as a group, should send their communication to the Secretary, Gold Reserve Inc., 926 W. Sprague Avenue, Suite 200, Spokane, Washington 99201. All such communications will be forwarded to the appropriate members of the Board.

Code of Conduct and Ethics

The Board has adopted the Gold Reserve Inc. Code of Conduct and Ethics which can be found at www.goldreserveinc.com under Investor Relations – Corporate Governance and is available in print to any Shareholder who requests it from the Company by writing to us at Gold Reserve Inc., 926 W. Sprague Ave. Suite 200, Spokane, WA 99201, Attn: Investor Relations.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, no proposed nominee for election as a director of the Company and no person who has been a director or senior officer of the Company at any time since the beginning of the last financial year, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or any proposed director of the Company, or any of the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has, in either case, materially affected or would materially affect the Company or any of its subsidiaries.

For the purposes of the above, "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

ANY OTHER MATTERS

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Annual and Special Meeting of Shareholders accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information about the Company may be found on the SEDAR website at www.sedar.com, on the U.S. Securities and Exchange Commission's website at www.sec.gov and on the Company's website at www.goldreserveinc.com. Additional financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its year ended December 31, 2014, as contained in the 2014 Annual Report on Form 40-F filed with the SEC on or before April 24, 2015. A copy of this document and other public documents of the Company are available upon request to:

Gold Reserve Inc.
Attention: Robert A. McGuinness
926 W. Sprague Avenue, Suite 200
Spokane, Washington 99201
Phone: (509) 623-1500
Fax: (509) 623-1634

APPROVAL AND CERTIFICATION

The contents and the sending of this Circular have been approved by the Board.

Dated at Spokane, Washington, this 24th day of April 2015.

Rockne J. Timm
Chief Executive Officer

Robert A. McGuinness
Vice President Finance and Chief Financial Officer

APPENDIX A

BY-LAW NO. 1

A By-Law relating generally to the transaction of the business and affairs of **Gold Reserve Inc.**

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IT IS HEREBY ENACTED as By-law No. 1 of **Gold Reserve Inc.** (hereinafter called the "Corporation") as follows:

SECTION ONE
INTERPRETATION

1.01 **Definitions**

In the by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Business Corporations Act* of Alberta, and any statute that may be substituted therefor, including the regulations thereunder, as from time to time amended;

"appoint" includes "elect" and vice versa;

"articles" means the articles of the Corporation, as defined in the Act, and includes any amendments thereto;

"board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"meeting of shareholders" means any meeting of shareholders, including any meeting of one or more classes or series of shareholders;

"recorded address" means, in the case of a shareholder, the address of such shareholder as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and, in the case of a director, officer, auditor or member of a committee of the board, the latest address of such person as recorded in the records of the Corporation; and

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.03 or by a resolution passed pursuant thereto.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts, unincorporated organizations and personal representatives.

1.02 Conflict with the Act, the Articles or any Unanimous Shareholder Agreement

To the extent of any conflict between the provisions of the by-laws and the provisions of the Act, the articles or any unanimous shareholder agreement relating to the Corporation, the provisions of the Act, the articles or the unanimous shareholder agreement shall govern.

1.03 Headings and Sections

The headings used throughout the by-laws are inserted for convenience of reference only and are not to be used as an aid in the interpretation of the by-laws. "Section" followed by a number means or refers to the specified section of this by-law.

1.04 Invalidity of any Provision of By-laws

The invalidity or unenforceability of any provision of the by-laws shall not affect the validity or enforceability of the remaining provisions of the by-laws.

SECTION TWO **BUSINESS OF THE CORPORATION**

2.01 Corporate Seal

The corporate seal of the Corporation, if any, shall be in such form as the board may from time to time by resolution approve.

2.02 Financial Year

The financial year of the Corporation shall end on such date in each year as the board may from time to time by resolution determine.

2.03 Execution of Instruments

Deeds, transfers, assignments, contracts, mortgages, charges, obligations, certificates and other instruments of any nature whatsoever (collectively "instruments") shall be signed on behalf of the Corporation by at least one person who holds the office of chair of the board, president, vice president, director, secretary, treasurer, assistant secretary or assistant treasurer or any other office created by resolution of the board. In addition, the board is authorized from time to time by resolution to appoint any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.04 Execution in Counterpart, By Facsimile, and by Electronic Signature

(a) Subject to the Act, any instrument or document required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by electronic means or by facsimile; and

(b) Any instrument or document required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such instrument or document.

2.05 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be authorized by the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.06 Voting Rights in Other Bodies Corporate

The signing officers may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the persons executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board or, failing the board, the signing officers may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.07 Divisions

The board may from time to time cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the board may consider appropriate in each case. From time to time the board may authorize upon such basis as may be considered appropriate in each case:

- (a) the designation of any such division by, and the carrying on of the business and operations of any such division under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and

- (b) the appointment of officers for any such division and the determination of their powers and duties, provided that any such officers shall not, as such, be officers of the Corporation.

SECTION THREE **DIRECTORS**

3.01 Number of Directors

The board shall consist of the number of directors provided in the articles, or, if a minimum number and a maximum number of directors is so provided, the number of directors of the Corporation shall be determined from time to time by ordinary resolution of the shareholders, or in the absence of such resolution, by resolution of the directors.

3.02 Calling and Notice of Meetings

Meetings of the board shall be called and held at such time and at such place as the board, the chair of the board, the president or any two directors may determine, and the secretary or any other officer shall give notice of meetings when directed or authorized by such persons. Notice of each meeting of the board shall be given in the manner provided in Section Nine to each director not less than forty-eight hours before the time when the meeting is to be held unless waived in accordance with the Act. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting, except where required by the Act. Notwithstanding the foregoing, the board may from time to time fix a day or days in any month or months for regular meetings of the board at a place and hour to be named, in which case no other notice shall be required for any such regular meeting except where the Act requires specification of the purpose or the business to be transacted thereat. Provided that a quorum of directors is present, each newly elected board may, without notice, hold its first meeting following the meeting of shareholders at which such board was elected.

3.03 Place of Meetings

Meetings of the board may be held at any place in or outside Alberta.

3.04 Meetings by Telephonic, Electronic or Other Communication Facility

A director may participate in a meeting of the board or of a committee of the board by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear each other. A director participating in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

3.05 Quorum

Subject to the requirements under the Act requiring resident Canadians to be present at any meeting of the board, the quorum for the transaction of business at any meeting of the board shall consist of two directors or such greater number of directors as the board may from time to time determine, provided that, if the board consists of only one director, the quorum for the transaction of business at any meeting of the board shall consist of one director.

3.06 Chair

The chair of any meeting of the board shall be the director present at the meeting who is the first mentioned of the following officers as have been appointed: chair of the board, president or a vice-president (in order of seniority). If no such officer is present, the directors present shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair of the meeting shall appoint some person, who need not be a director, to act as secretary of the meeting.

3.07 Action by the Board

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. A director participating in a meeting by electronic means, telephone or other communication facilities may vote by means of such facility. In case of an equality of votes the chair of the meeting shall not be entitled to a second or casting vote. The powers of the board may also be exercised by resolution in writing signed by all the directors who would be entitled to vote on that resolution at a meeting of the board.

3.08 Adjourned Meeting

Any meeting of directors may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

3.09 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

3.10 Officers

The board from time to time may appoint one or more officers of the Corporation and, without prejudice to rights under any employment contract, may remove any officer of the Corporation. The powers and duties of each officer of the Corporation shall be those determined from time to time by the board and, in the absence of such determination, shall be those usually incidental to the office held.

3.11 Agents and Attorneys

The board shall have the power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION FOUR **COMMITTEES**

4.01 Committees of the Board

Subject to the Act, the board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board.

4.02 Transaction of Business

The powers of any committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of any committee may be held at any place in or outside Alberta.

4.03 Procedure

Unless otherwise determined by the board, a quorum for meetings of any committee shall be a majority of its members, each committee shall have the power to appoint its chair and the rules for calling, holding, conducting and adjourning meetings of the committee which, unless otherwise determined, shall be the same as those governing the board. Each member of a committee shall serve during the pleasure of the board of directors and, in any event, only so long as such person shall be a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

SECTION FIVE PROTECTION OF DIRECTORS AND OFFICERS

5.01 Limitation of Liability

No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or with which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets of or belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly, in good faith and with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.02 Indemnity

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, indemnify a director or officer of the Corporation, a former director or officer of the Corporation, and a person who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other action or proceeding to which he or she is made a party to or involved by reason of that association with the Corporation or such other entity.

5.03 Advance Of Costs

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, advance moneys to an individual referred to in Section 5.02 to defray the costs, charges and expenses of a proceeding referred to in Section 5.02 provided such individual shall repay the moneys advanced if the individual does not fulfil the conditions set forth in the Act.

5.03 Advance Of Costs

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, advance moneys to an individual referred to in Section 5.02 to defray the costs, charges and expenses of a proceeding referred to in Section 5.02 provided such individual shall repay the moneys advanced if the individual does not fulfil the conditions set forth in the Act.

5.04 Court Approval

The Corporation shall use reasonable commercial efforts to obtain any court or other approvals necessary for any indemnification pursuant to Sections 5.02.

5.05 Indemnities Not Exclusive

The rights of any person to indemnification granted by the Act or this by-law are not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors, at law or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and will enure to the benefit of the heirs and legal representatives of that person.

5.06 Insurance

The Corporation may purchase, maintain or participate in insurance for the benefit of the persons referred to in Section 5.02 as the board may from time to time determine.

SECTION SIX SHARES

6.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat as the absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

6.02 Joint Shareholders

If two or more persons are registered as joint holders of any share:

- (a) the Corporation shall record only one address on its books for such joint holders;
- (b) the address of such joint holders for all purposes with respect to the Corporation shall be their recorded address; and
- (c) any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

SECTION SEVEN DIVIDENDS

7.01 Dividend Cheques

A dividend payable in cash shall be paid by cheque of the Corporation or of any dividend paying agent appointed by the board, to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the shareholder's recorded address, unless such holder otherwise directs and the Corporation agrees to follow such direction. In the case of joint holders the cheque shall, unless such joint holders otherwise direct and the Corporation agrees to follow such direction, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. Alternatively, dividends payable in money may be paid to shareholders by such form of electronic funds transfer as the board considers appropriate.

7.02 Non-receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case. No dividend shall bear interest against the Corporation.

7.03 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION EIGHT MEETINGS OF SHAREHOLDERS

8.01 Place of Meetings

Meetings of the shareholders shall be held at such place within Alberta as the board shall determine. Subject to the Act, meetings may be held outside of Alberta.

8.02 Participation in Meeting By Electronic Means

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by electronic means, telephone or other communication facility that permits all participants to hear each other or otherwise communicate with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means shall be deemed to be present at the meeting.

8.03 Electronic Meetings

If the directors or the shareholders of the Corporation call a meeting of shareholders, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Chair, Secretary and Scrutineers

The chair of any meeting of shareholders, who need not be a shareholder of the Corporation, shall be the first mentioned of the following officers as has been appointed and is present at the meeting: chair of the board, president or a vice-president (in order of seniority). If no such officer is present and willing to act as chair within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. The chair shall conduct the proceedings at the meeting in all respects and his or her decision in any matter or thing, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy and any question as to the admission or rejection of a vote, shall be conclusive and binding upon the shareholders. The secretary of any meeting of shareholders shall be the secretary of the Corporation, provided that, if the Corporation does not have a secretary or if the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. The board may from time to time appoint in advance of any meeting of shareholders one or more persons to act as scrutineers at such meeting and, in the absence of such appointment, the chair may appoint one or more persons to act as scrutineers at any meeting of shareholders. Scrutineers so appointed may, but need not be, shareholders, directors, officers or employees of the Corporation.

8.05 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be; (a) those entitled to vote at such meeting; (b) the directors and auditors of the Corporation; (c) others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting; (d) legal counsel to the Corporation when invited by the Corporation to attend the meeting; and (e) any other person on the invitation of the chair or with the consent of the meeting.

8.06 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled, and representing in the aggregate not less than five percent (5%) of the outstanding shares of the Corporation carrying voting rights at the meeting, provided that, if there should be only one shareholder of the Corporation entitled to vote at any meeting of shareholders, the quorum for the transaction of business at the meeting of shareholders shall consist of the one shareholder.

8.07 Representatives

The authority of an individual to represent a body corporate or association at a meeting of shareholders of the Corporation shall be established by depositing with the Corporation a certified copy of the resolution of the directors or governing body of the body corporate or association, as the case may be, granting such authority, or in such other manner as may be satisfactory to the chair of the meeting.

8.08 Action by Shareholders

The shareholders shall act by ordinary resolution unless otherwise required by the Act, articles, by-laws or any unanimous shareholder agreement. In case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote.

8.09 Show of Hands

Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

8.10 Ballots

A ballot required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he or she is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

8.11 Electronic Voting

Notwithstanding Section 8.09, any vote referred to in Section 8.08 may be held, in accordance with the Act, partially or entirely by electronic means, telephone or other communication facility, if the Corporation has made available such a facility.

Any person participating in a meeting of shareholders under Section 8.02 or 8.03 and entitled to vote at the meeting may vote, in accordance with the Act by electronic means, telephone or other communication facility that the Corporation has made available such purpose.

8.12 Resolution in Lieu of Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of shareholders. A resolution in writing may be signed in one or more counterparts.

SECTION NINE NOTICES

9.01 Method of Giving Notices

Any notice (which term includes any communication or contract document or instrument in writing, or electronic document) to be given (which term includes sent, delivered or served) pursuant to the Act, the articles or the by-laws or otherwise to a shareholder, director, officer, or auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's record address or if mailed to such person at such record address by prepaid mail or if sent to such person by electronic means as permitted by, and in accordance with, the Act. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by the secretary to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law.

9.02 Notice to Joint Holders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

9.03 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

9.04 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

9.05 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of such person's entitlement prescribed by the Act.

SECTION TEN
EFFECTIVE DATE

10.01 **Effective Date**

This by-law shall come into force when made by the board in accordance with the Act.

MADE by the board the 9th day of September, 2014.

“Rockne J. Timm”

Chief Executive Officer

CONFIRMED by the Shareholders in accordance with the Act the ____ day of _____, 201●.

Chief Executive Officer

APPENDIX B

GOLD RESERVE INC.
(the “Company”)
CHARTER OF THE AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS (the “Board”)
As Amended and Restated August 2014

Purpose

The primary purposes of the Audit Committee (the “Committee”) are to assist the Board in fulfilling its oversight responsibilities and to oversee, on behalf of the Board, the Company’s accounting and financial reporting and internal control processes, financial statements and information, and compliance with regulatory requirements associated with such financial statements and information. More specifically, the purpose of the Committee is to satisfy itself that:

- the Company’s annual financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to the Board whether the annual financial statements should be approved;
- the information contained in the Company’s quarterly financial statements, annual report to shareholders and other financial publications, such as management’s discussion and analysis (“MD&A”), is complete and accurate in all material respects and to approve these materials;
- the Company has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements; and
- the internal and external audit functions have been effectively carried out and that any matter that the internal or the independent auditors wish to bring to the attention of the Board has been addressed. The Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration.

The Committee’s function is one of oversight only and does not relieve management of its responsibilities for preparing financial statements that accurately and fairly present the Company’s financial results and condition, nor the independent auditors of their responsibilities relating to the audit or review of financial statements.

Organization

The Committee shall consist of at least three directors. The Board shall designate a Committee member as the chairperson of the Committee, or if the Board does not do so, the Committee members shall appoint a Committee member as chairperson by a majority vote of the authorized number of Committee members. The Chair shall be an "audit committee financial expert" as defined by securities laws applicable to the Company.

All Committee members shall be “independent,” as that term is defined under securities laws applicable to the Company. Furthermore, each Committee member shall be able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

The Board may replace, remove and appoint Committee members at any time and any Committee member who ceases to be a director of the Company shall immediately cease to be a member of the Committee. Committee members shall serve for such terms as may be fixed by the Board, and in any case, at the will of the Board whether or not a specific term is fixed.

Independent Auditors and Their Services

The Committee shall recommend to the Board the nomination, compensation, retention, termination and evaluation, and shall be directly responsible for overseeing the work, of the independent auditors engaged by the Company for the purposes of preparing or issuing an auditor's report or related work or performing other audit, review or attest services for the Company. The independent auditors shall report directly to the Committee. The Committee's authority includes the resolution of disagreements between management and the auditors regarding financial reporting.

The Committee shall pre-approve all audit, review, attest and permissible non-audit services to be provided to the Company or its subsidiaries by the independent auditors. The Chair may independently approve normal course services provided by the independent auditor with ratification and approval by the full committee at the next quarterly committee meeting. The Committee shall obtain and review, at least annually, a report by the independent auditors describing:

- the firm's internal quality-control procedures; and
- any material issue raised by the most recent internal quality-control review, or peer review, of the auditing firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

In addition, the Committee's annual review of the independent auditors' qualifications shall also include the review and evaluation of the lead partner of the independent auditors for the Company's account, and evaluation of such other matters as the Committee may consider relevant to the engagement of the auditors, including views of company management and internal finance employees, and whether the lead partner or auditing firm itself should be rotated.

Annual Financial Reporting

As often and to the extent the Committee deems necessary or appropriate, but at least annually in connection with the audit of each fiscal year's financial statements, the Committee shall:

1. Review and discuss with appropriate members of management the annual audited financial statements, related accounting and auditing principles and practices, and (when required of management under securities laws applicable to the Company and stock exchange requirements on which the Company's common shares are listed, as applicable) management's assessment of internal control over financial reporting and recommend to the Board whether such annual financial statements should be approved.
2. Timely request and receive from the independent auditors, the report (along with any required update thereto), to the extent such report is required by securities laws applicable to the Company and stock exchange requirements on which the Company's common shares are listed, as applicable, prior to the filing of an audit report, concerning:
 - all critical accounting policies and practices to be used;
 - all alternative treatments of financial information within generally accepted accounting principles for policies and practices relating to material items that have been discussed with company management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and

- other material written communications between the independent auditors and company management, such as any management letter or schedule of unadjusted differences.
3. Discuss with the independent auditors the matters required to be discussed by AICPA Statement on Auditing Standards No. 61, including such matters as:
 - the quality and acceptability of the accounting principles applied in the financial statements;
 - new or changed accounting policies, and significant estimates, judgments, uncertainties or unusual transactions;
 - the selection, application and effects of critical accounting policies and estimates applied by the Company;
 - issues raised by any “management” or “internal control” letter from the auditors, problems or difficulties encountered in the audit (including any restrictions on the scope of the work or on access to requested information) and management’s response to such problems or difficulties, significant disagreements with management, or other significant aspects of the audit; and
 - any off-balance sheet transactions, and relationships with any unconsolidated entities or any other persons, which may have a material current or future effect on the financial condition or results of the Company and as may be required to be reported under securities laws applicable to the Company and stock exchange requirements on which the Company’s common shares are listed, as applicable.
 4. Review and discuss with appropriate members of management the Company’s annual MD&A (or equivalent disclosures) and annual profit or loss press releases prior to their public disclosure and recommend to the Board whether such annual MD&A should be approved.
 5. Receive from the independent auditors a formal written statement of all relationships between the auditors and the Company consistent with Independence Standards Board Standard No. 1.
 6. Actively discuss with the independent auditors any disclosed relationships or services that may impact their objectivity and independence, and take any other appropriate action to oversee their independence.

Quarterly Financial Reporting

The Committee shall:

1. Review and discuss with appropriate members of management the quarterly financial statements of the Company, the results of the independent auditors’ review of these financial statements and interim profit and loss press releases prior to their public disclosure.
2. Review and discuss with Company management and, if appropriate, the independent auditors, significant matters relating to:
 - the quality and acceptability of the accounting principles applied in the financial statements;
 - new or changed accounting policies, and significant estimates, judgments, uncertainties or unusual transactions;
 - the selection, application and effects of critical accounting policies and estimates applied by the Company; and
 - any off-balance sheet transactions and relationships with any unconsolidated entities or any other persons which may have a material current or future effect on the financial condition or results of the Company and are required to be reported under securities laws applicable to the Company or stock exchange requirements on which the Company’s common shares are listed, as applicable.

3. Review and discuss with appropriate members of management the Company's interim MD&A (or equivalent disclosures) and interim profit or loss press releases prior to their public disclosure and recommend to the Board whether such interim MD&A should be approved.

Other Functions

The Committee shall review and assess the adequacy of this charter annually, recommend any proposed changes to the full Board and, to the extent required, certify to any applicable securities regulator and stock exchange on which the Company's common shares are listed, if applicable, that the Committee reviewed and assessed the adequacy of the charter.

The Committee shall discuss with management "financial results" press releases (including the type and presentation of information to be included, paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), and financial information and guidance or other forward-looking financial information provided to analysts and rating agencies or otherwise publicly disclosed. This may be conducted generally as to types of information and presentations, and need not include advance review of each release or other information or guidance.

The Committee, to the extent it deems necessary or appropriate, shall periodically review with management the Company's disclosure controls and procedures, internal control over financial reporting and systems and procedures to promote compliance with applicable laws and regulatory requirements, as applicable, and the Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to above with respect to annual and quarterly financial statements; and periodically assess the adequacy of such procedures.

The Committee shall periodically:

- inquire of management and the independent auditors about the Company's major financial risks or exposures;
- discuss the risks and exposures and assess the steps management has taken to monitor and control the risks and exposures; and
- discuss guidelines and policies with respect to risk assessment and risk management.

The Committee shall conduct any activities relating to the Company's code(s) of conduct and ethics as may be delegated, from time to time, to the Committee by the Board.

The Committee shall establish and maintain procedures for:

- the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

If the Committee so determines, the confidential, anonymous submission procedures may also include a method for interested parties to communicate directly with non-management directors.

The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company in compliance with the requirements set out in section 2.4 of Canadian National Instrument 52-110.

The Committee shall review and take appropriate action with respect to any reports to the Committee from internal or external legal counsel engaged by the Company concerning any material violation of securities law or breach of fiduciary duty or similar violation by the Company, its subsidiaries or any person acting on their behalf.

The Committee shall, from time to time as necessary, review the effect of regulatory and accounting initiatives on the financial statements of the Company. In addition, the Committee, as it considers appropriate, may consider and review with the full Board, company management, internal or external legal counsel, the independent auditors or any other appropriate person any other topics relating to the purposes of the Committee which may come to the Committee's attention.

The Committee may perform any other activities consistent with this charter, the Company's corporate governance documents and securities laws applicable to the Company and stock exchange requirements on which the Company's common shares are listed as the Committee or the Board considers appropriate.

Meetings, Reports and Resources

The Committee shall meet as often as it determines is necessary, but not less than quarterly. The Committee shall meet separately with management and the independent auditors, as the Committee deems necessary. In addition, the Committee may meet with any other persons, as it deems necessary.

The Committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this charter, the Company's constating documents or applicable corporate and securities laws and stock exchange requirements on which the Company's common shares are listed, as applicable. The chairperson or a majority of the Committee members may call meetings of the Committee. A majority of the authorized number of Committee members shall constitute a quorum for the transaction of Committee business, and the vote of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee, unless in either case a greater number is required by this charter, the Company's constating documents or securities laws applicable to the Company or stock exchange requirements on which the Company's common shares are listed, as applicable. The Committee shall keep written minutes of its meetings and deliver copies of the minutes to the corporate secretary for inclusion in the Company's corporate records.

If required by securities laws applicable to the Company or stock exchange requirements on which the Company's common shares are listed, the Committee shall prepare any audit committee report to be included in the Company's annual management information circular, and report to the Board on the other matters relating to the Committee or its purposes. The Committee shall also report to the Board annually the overall results of its annual review of the independent auditors' qualifications, performance and independence. The Committee shall also report to the Board on the major items covered by the Committee at each Committee meeting, and provide additional reports to the Board as the Committee may determine to be appropriate, including review with the full Board of any issues that arise from time to time with respect to the quality or integrity of the Company's annual and quarterly financial statements and other publicly disclosed financial information, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors.

The Committee is at all times authorized to have direct, independent and confidential access to the independent auditors and to the Company's other directors, management and personnel to carry out the Committee's purposes. The Committee is authorized to conduct or authorize investigations into any matters relating to the purposes, duties or responsibilities of the Committee.

As the Committee deems necessary to carry out its duties, it is authorized to select, engage (including approval of the fees and terms of engagement), oversee, terminate, and obtain advice and assistance from outside legal, accounting, or other advisers or consultants. The Company shall provide for appropriate funding, as determined by the Committee and recommended to the Board, for payment of:

- compensation to the independent auditors for their audit and audit-related, review and attest services;
- compensation to any advisers engaged by the Committee; and
- ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Nothing in this charter is intended to preclude or impair the protection that may be provided under applicable law for good faith reliance by members of the Committee on reports or other information provided by others.

APPENDIX C

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

This Appendix describes the Company's corporate governance practices as required by Canadian National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") having regard to Canadian National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") which provides guidance on corporate governance practices. The Company's Board has reviewed this disclosure of the Company's corporate governance practices.

| Disclosure Requirement under Form 58-101F2 | Company's Governance Practices |
|---|---|
| 1. (i) Disclose the identity of directors who are independent. | The Board of Directors (the "Board") of the Company believes that Messrs. Coleman, McChesney, Juster, Geyer and Potvin are "independent" within the meaning of section 1.4 of Canadian National instrument 52-110 – <i>Audit Committees</i> ("NI 52-110") and section 1.2 of NI 58-101, as none of them is, or has been within the last three years, an executive officer or employee of the Company or party to any material contract with the Company and none of them receive remuneration from the Company in excess of directors' fees and grants of stock options. The Board believes that the five Directors are free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with their ability to act independently from management or to act as a director with a view to the best interests of the Company, other than interests and relationships arising from shareholdings. Mr. Mikkelsen, an independent Board member, resigned in March 2015. Mr. Juster was appointed to the Board of Directors and Compensation Committee in March 2015. |
| (ii) Disclose the identity of directors who are not independent, and describe the basis for that determination. | Two Directors, Mr. Timm, and Belanger, are employees of the Company and therefore not considered independent. |
| 2. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer. | Such other directorships have been disclosed in "Business of the Meeting - Item 1 - Election of Directors" section of this Circular. |

3. Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.
- Due to its current size, the Board does not currently provide an orientation and education program for specifically training new recruits to the Board.
- The Board does not provide a continuing education program for its Directors. All Directors are given direct access to management, which is encouraged to provide information on the Company and its business and affairs to Directors. The Board believes that each of its Directors maintain the skills and knowledge necessary to meet their obligations as Directors.
4. Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.
- The Board has adopted the Gold Reserve Inc. Code of Conduct and Ethics (the "Code"), which can be found at www.goldreserveinc.com and is available in print to any Shareholder who requests it.
- All Company employees, including officers, and Directors are expected to use sound judgment to help maintain appropriate compliance procedures and to carry out the Company's business with honesty and in compliance with laws and high ethical standards. Each employee and Director is expected to read the Code and demonstrate personal commitment to the standards set forth in the Code.
5. (i) Disclose what steps, if any, are taken to identify new candidates for board nomination, including who identifies new candidates.
- The Nominating Committee assists the Board in fulfilling its responsibilities with respect to the composition of the Board, including recommending candidates for election or appointment as director of the Company.
- (ii) Disclose the process of identifying new candidates.
- In considering and identifying new candidates for Board nomination, the Board, where relevant:
- (a) addresses succession and planning issues;
 - (b) identifies the mix of expertise and qualities required for the Board;
 - (c) assesses the attributes new directors should have for the appropriate mix to be maintained;
 - (d) arranges for each candidate to meet with the Board Chair and the CEO;
 - (e) recommends to the Board as a whole proposed nominee(s) and arranges for their introduction to as many Board members as practicable; and
 - (f) encourages diversity in the composition of the Board.

6. (i) Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including who determines compensation.
- The Board reviews from time to time the compensation paid to directors and CEO in order to ensure that they are being adequately compensated for the duties performed and the obligations they assume. The Board as a whole is responsible for determining the compensation paid to the directors.
- (ii) Disclose the process of determining compensation.
- The Board considers evaluations submitted by the Compensation Committee evaluating the Company's performance and the performance of its executive officers, and ratifies the cash and equity-based compensation of such executive officers approved by the Compensation Committee.
7. If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.
- The Executive Committee, which is comprised of Messrs. Coleman, Timm and Belanger, meets in person or by phone on a regular basis. Mr. Coleman is considered an independent director. Messrs. Timm and Belanger are not considered independent directors within the definition in NI 52-110.
- The Executive Committee facilitates the Company's activities from an administrative perspective, but does not supplant the full Board in the consideration of significant issues facing the Company. The Audit Committee, the Compensation Committee, the Nominating Committee and the Executive Committee are the only committees of the Board.
8. Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.
- Due to its current size, the Board does not currently have a separate committee for assessing the effectiveness of the Board as a whole, the committees of the Board, or the contribution of individual directors. The Board as a whole bears these responsibilities.
- The Board chair meets annually with each director individually to discuss personal contributions and overall Board effectiveness.

GOLD RESERVE INC.

IMPORTANT ANNUAL AND SPECIAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 9:30 am, Pacific Time, June 2, 2015.

Vote by Internet

- Go to www.investorvote.com/GDRZF
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

Annual and Special Meeting Proxy Card



IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals — The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2 and 3.

1. Election of the following nominees as directors, as set forth in the Management Information Circular:

| Withhold | For | For Withhold | For | Withhold | + |
|--------------------------|---------------------------|--------------|------------------------|----------|---|
| | 02 - A. Douglas | | | | |
| 01 - Rockne J. Timm | Belanger | | 03 - James P. Geyer | | |
| 04 - James H. Coleman | 05 - Patrick D. McChesney | | 06 - Kenneth I. Juster | | |
| 07 - Jean Charles Potvin | | | | | |

| For | Withhold | For Against |
|---|----------|--|
| 2. Appointment of PricewaterhouseCoopers LLP as auditors for the year ending December 31, 2015 and authorization of the Board of Directors to fix the auditor's remuneration. | | 3. On the ratification of By-law No. 1, the Company's current by-law, previously made by the Board of Directors of the Company on September 9, 2014 in connection with the continuance of the Company from the Yukon Territory to the Province of Alberta. |

B Non-Voting Items

Change of Address — Please print your new address below.

Comments — Please print your comments below.

Meeting Attendance

Mark the box to the right if you plan to attend the Annual and Special Meeting.

C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) — Please print date below.

Signature 1 — Please keep signature within the box.

Signature 2 — Please keep signature within the box.

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1UPX

+

0220JD

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q



PROXY — GOLD RESERVE INC.

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
JUNE 4, 2015**

PROXY IS SOLICITED BY THE MANAGEMENT OF GOLD RESERVE INC.

The undersigned shareholder of Gold Reserve Inc. (the "Company") hereby appoints Rockne J. Timm, Chief Executive Officer of the Company, or failing him, Robert A. McGuinness, Vice President Finance and Chief Financial Officer of the Company, or instead of either of them, _____, as proxyholder for the undersigned, with power of substitution, to attend, act and vote for and on behalf of the undersigned at the Annual and Special Meeting of Shareholders of the Company to be held on June 4, 2015 (the "Meeting") at 9:30 a.m. (Pacific daylight time) and at any adjournment or postponement thereof, in the same manner, to the same extent and with the same powers as if the undersigned were present at the Meeting or any adjournment or postponements thereof and, without limiting the general authorization given, the persons above named are specifically directed to vote on behalf of the undersigned in the following manner:

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side.)



SUPPLEMENTAL MAILING LIST RETURN CARD

(National Instrument 54-101)

NOTICE TO SHAREHOLDERS OF GOLD RESERVE INC.

National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 *Continuous Disclosure Obligations* (the "Rule") together establish a framework for communication between issuers and their registered and nonregistered shareholders.

The Rule exempts companies from having to deliver interim financial statements and management's discussion and analysis ("MD&A") to their registered shareholders if the companies send interim financial statements and MD&A to those shareholders, whether registered or not, who request in writing to receive them.

If you are a registered or non-registered shareholder, and wish to be placed on a supplemental mailing list for the receipt of these financial statements and MD&A, you must complete and return the Supplemental Return Card below.

The supplemental mailing list will be updated each year and, therefore, a Supplemental Return Card will be required from you annually in order for you to receive interim financial statements and MD&A. All other shareholder mailings will continue to be mailed to registered shareholders in the normal manner without the completion of a Return Card.

TO: Gold Reserve Inc. (the "Company")
Cusip # 38068 N 10 8

The undersigned certifies that he/she/it is the owner of securities of the Company, and requests that he/she/it be placed on the Company's Supplemental Mailing List in respect of its interim financial statements and MD&A.

Name (please print)

Address

City/Province (or State)/Postal Code

Signature of shareholder, or if shareholder is a
Company, signature of authorized signatory

Dated

If you are interested in receiving the abovementioned information, please complete and return this document to:
Computershare Trust Company, N.A.
P.O. Box 43101
Providence, RI 02940-5068



2 0 1 4

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 years ended December 31, 2014 and 2013, the related notes contained therein as well as the 2013 MD&A. This MD&A has been approved by the Board of Directors of the Company (the "Board") and is dated April 24, 2015.

Gold Reserve, an exploration stage mining company, is engaged in the business of acquiring, exploring and developing mining projects. Management's recent activities have focused on:

- concluding its arbitration claim (the "Brisas Arbitration") against Venezuela in connection with the seizure of the Company's Brisas Project through the issuance by the tribunal (the "ICSID Tribunal" or "Tribunal") of the International Center for Investment Disputes (the "ICSID") of an arbitral award (the "Arbitral Award" or "Award") on September 22, 2014 and reconfirmation on December 15, 2014;
- pursuing any and all means to ensure timely payment of the Arbitral Award by the government of Venezuela and identifying appropriate assets that might be seized or attached in satisfaction of the Arbitral Award;
- negotiating and closing an agreement to extend the maturity date of \$25.3 million aggregate

principal amount of convertible notes (the "Modified Notes") from June 29, 2014 to December 31, 2015, issue \$12 million of new notes (the "New Notes") also maturing December 31, 2015 and agreeing to pay future interest on the Modified and New Notes at 11% interest in the form of a note (the "Interest Notes") payable in cash at maturity on December 31, 2015;

- pursuing all efforts to sell the remaining Brisas Project related assets; and
- evaluating other exploration mining prospects.

EXPLORATION PROSPECTS

La Tortuga Property

In April 2012, Soltoro Ltd. granted the Company the right to earn an undivided 51% interest in the 11,562 hectare La Tortuga property, a copper and gold prospect located in Jalisco State, Mexico, by making an aggregate \$3.65 million in option payments and

property expenditures over three years. Over approximately a two year period the Company compiled data, completed a number of studies on the property and made option payments totaling \$0.4 million (including a \$0.15 million property payment made in 2014). During this period, the Mexican authorities changed its focus on environmental reviews and approvals which caused the Environment Ministry (SEMARNAT – Secretaria del Medio Ambiente y Recursos Naturales) to require the Company to resubmit its drilling permit application, expand its environmental baseline study and add additional other items. Management's perceived change related to the Mexican government's posture towards mining led management and the Board to conclude that continued investment in the property was no longer warranted and as a consequence the Company expensed all previously capitalized costs as of June 30, 2014 and formally terminated its option on the property in August 2014.

The Company continues to evaluate alternative prospects with a focus on, among other things, location, the mineralized potential, economic factors and the level and quality of previous work completed on the prospect. The Company is focused on prospects that are located in politically friendly jurisdictions, which have a clear and well-established mining, tax and environmental laws and an experienced mining authority.

BRISAS ARBITRAL AWARD

In October 2009, Gold Reserve initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the ICSID of the World Bank to seek compensation for the losses caused by the wrongful actions of Venezuela that terminated the Brisas Project in violation of the terms of the Treaty between the Government of Canada and the Government of Venezuela for the Promotion and Protection of Investments (the "Canada-Venezuela BIT"). (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1)).

The September 22, 2014 ICSID Arbitral Award

On September 22, 2014, the ICSID Tribunal unanimously awarded to the Company the Arbitral Award totaling (i) \$713 million in damages, plus (ii) pre-award interest from April 2008 through the date of the Award based on the U.S. Government Treasury Bill Rate, compounded annually totaling, as of the date of the Award, approximately \$22.3 million and (iii) \$5 million for legal costs and expenses, for a total, as of September 22, 2014, of \$740.3 million. The Award (less legal costs and expenses) accrues post-award interest at a rate of LIBOR plus 2%, compounded annually, which currently approximates \$52,000 per day.

An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards. There exists an international instrument created for the purpose of facilitating such recognition and enforcement, the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards (June 10, 1958), 21 U.S.T. 2517, 330 U.N.T.S. 38 (the "New York Convention") to which over 150 countries, including the United States, are a party. Under the New York Convention, arbitral awards may be recognized as a judgment of the court and execution may be done by attaching assets belonging to the award debtor.

Payment Demand Letter

Subsequent to the issuance of the Arbitral Award, Gold Reserve sent a demand letter to Venezuela and commenced efforts to ensure the enforcement and collection of the Award. Shortly thereafter, representatives from Venezuela and the Company met in the first of several meetings to discuss the satisfaction of the Award. No agreement has been reached to-date. Although the Company currently believes that Venezuela will ultimately honor its international obligations, there can be no assurances in this regard and management anticipates that Venezuela will make every effort to challenge the validity and/or amount

of the Arbitral Award in the near term and vigorously oppose any action the Company may take in the various jurisdictions around the world to effect full enforcement and payment of the Award. Management is pursuing any and all means to ensure timely payment by the government of Venezuela and is fully engaged in executing its strategy to ensure the recognition and collection of the Arbitral Award.

The Company remains firmly committed to the enforcement and collection of the Arbitral Award including accrued interest in full and will continue to vigorously pursue all available remedies accordingly in every jurisdiction where it perceives that it can draw a benefit that will bring it closer to the collection of the Arbitral Award.

The December 15, 2014 Reconfirmation of Arbitral Award

The ICSID Additional Facility Arbitration Rules allow only three types of post-award remedies – interpretation (Article 55), correction (Article 56), and supplementary decisions (Article 57). Each of these procedures must be initiated within 45 days of the issuance of an award for any further remedy before the ICSID Tribunal.

Within the 45 day time period, both Venezuela and the Company filed requests for the ICSID Tribunal to correct what each party identified as “clerical, arithmetical or similar errors” in the Award as is permitted by Article 56 of the arbitration rules of ICSID’s Additional Facility (“Article 56”). Article 56 does not permit reconsideration by the Tribunal of any aspect of its award and does not permit correction to an error of judgment. Rather, it permits the Tribunal to correct inadvertent arithmetic or typographical errors. While the Company identified what it considered an inadvertent arithmetic error that warranted an increase in the Award of approximately \$50 million, Venezuela identified what it contended were significant inadvertent arithmetic errors that it argued supported a reduction of the Award by approximately \$361 million (more

than 50% of the original Award). On November 13, 2014, the Company and Venezuela submitted replies to each party’s request for corrections of the Award.

After considering both parties’ submissions the Tribunal, on December 15, 2014, denied both parties’ requests for correction and reaffirmed, in a written decision, the Award originally rendered in favor of Gold Reserve on September 22, 2014 (the “December 15th Decision”). The conclusion of this proceeding marked the end of the Tribunal’s jurisdiction with respect to the Award.

Legal Activities in France

The Award was issued by a Tribunal constituted pursuant to the arbitration rules of ICSID’s Additional Facility and, by agreement of the parties, the seat of the Tribunal was in Paris. As a consequence, the Award is subject to review by the French courts.

Requests for Annulment

Application for Annulment of the September 22, 2014 ICSID Arbitral Award

Accordingly, in late October 2014, Venezuela filed an application before the Paris Court of Appeal declaring its intent to have the September 2014 Award annulled or set aside. Under French law, the annulment of an award is only available in very limited circumstances, intended primarily for cases in which the petitioner can demonstrate that the Tribunal exceeded its powers, denied the parties due process in the arbitration, or issued an award that somehow offends against international public order (the term used in American legal terminology is “public policy”). This procedure does not permit a review on the merits of the Award, or to re-try the case heard by the Tribunal.

Under the applicable rules of procedure, Venezuela had 5 months, or until March 20, 2015, to state its case relating to the annulment or setting aside of the Award, which it did on March 20, 2015. Amongst other

things, Venezuela argued that the Tribunal lacked jurisdiction, violated its fundamental procedural rights, exceeded its mandate (or mission) and violated international public order (or policy).

According to the schedule established by the Paris Court of Appeal, written pleadings are to be closed by October 15, 2015 and the hearing of Venezuela's application to annul is to take place on November 3, 2015. The application will be heard by a panel of three judges from Division 1 of the Court's *Pôle I*, which is the division whose judges specialize in international and arbitration disputes. At this stage, the Company expects that a judgment on Venezuela's application will be rendered before the end of the year, although this is a matter over which the Company has no control.

Application for Annulment of the December 15, 2014 Reconfirmation of Arbitral Award

Venezuela has filed before the Paris Court of Appeal another application to annul an arbitral award, the December 15th Decision of the Tribunal dismissing Venezuela's motion to correct the Award pursuant to which Venezuela was alleging that through various "clerical, arithmetical or similar errors", the Tribunal had incorrectly awarded the Company an excess of \$361 million in damages (see December 15, 2014 Reconfirmation of Arbitral Award above). The process will be the same as in the annulment proceedings related to the September 22, 2014 Award with the Court establishing a pleading and hearing schedule after Venezuela files its case on or before June 5, 2015.

The existence of the annulment proceedings of the September 22, 2014 Award, and/or the December 15, 2014 reconfirmation of the Award, does not affect the finality of the Award or its enforceability in the interim.

Petition for Exequatur

In early November 2014, the Company filed a petition before the Paris Court of Appeal, the same court handling Venezuela's application for annulment, to obtain an order of exequatur for the recognition of the Company's Award as a judgment of the Court. An exequatur renders an award enforceable as a judgment of the Court of Appeal. Venezuela filed a submission opposing the Company's request for exequatur and, in the alternative, requested a stay of execution pending the determination of its application for annulment of the Award. On January 8, 2015, the Paris Court of Appeal heard oral submissions by the parties regarding the Company's petition for exequatur and Venezuela's request to stay execution.

On January 29, 2015, the Paris Court of Appeal granted the Company's petition for exequatur. Moreover, the Court dismissed Venezuela's request to stay the execution of the Award pending the outcome of its application to annul the Award, holding that none of the grounds alleged by Venezuela (including the lack of jurisdiction of the Tribunal, the violation of international public order, or alleged errors in the calculation of the damages awarded) constituted a sufficient reason to stay the execution of the Award pending the annulment proceedings.

The Paris Court of Appeal's decision to recognize the Company's Award as a judgment of the Court is of particular significance as it was rendered following a full hearing of the parties, by a court of appeal which is recognized internationally for its expertise on arbitration matters. The Company's management believes the decision will be useful to assist management in the enforcement proceedings it has instituted in other jurisdictions including, in particular, the United States, and should limit the ability of Venezuela to delay unduly the enforcement of the Arbitral Award.

The exequatur or recognition of the Company's ICSID Award as a judgement of the Court, granted on January 29, 2015, is not appealable and remains in full force and effect since Venezuela was denied its motion to stay the execution of the Award.

Legal Activities in US District Court for the District of Columbia

On November 26, 2014 the Company filed, in the US District Court for the District of Columbia ("DDC"), a petition to confirm the Award dated September 22, 2014. The petition for confirmation is a summary proceeding brought under the New York Convention and Chapter 2 of the Federal Arbitration Act ("FAA"), 9 U.S.C. §§ 201 et seq. Once the Award is confirmed it will be enforceable in the United States as a judgment of the court.

Under the New York Convention and FAA, the confirming court is not entitled to review the merits of the decision but simply to verify that the arbitral award meets the requirements of the Convention, and that no exception to the Convention's rule of recognition and enforcement is present. Accordingly, an arbitral award, such as the present Award, must be confirmed, unless the award debtor, who opposes the confirmation, satisfies the confirming court by adducing sufficient proof that:

- (a) the parties to the arbitration agreement were, under the law applicable to them, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made;
- (b) the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case;
- (c) the award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration;
- (d) the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or
- (e) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

Confirmation of an arbitral award such as the Award may also be refused under the New York Convention if the confirming court finds that: (a) the subject matter of the difference is not capable of settlement by arbitration under the law of the United States; or (b) the confirmation of the Award would be contrary to the public policy of the United States.

The initial step for the proceeding was to serve Venezuela with the petition and other related documents. Once served, Venezuela had 60 days to respond with any arguments it believed it had against the petition to confirm. Since the inception of these proceedings, Venezuela willfully avoided service, refused, among other things, to authorize its U.S. counsel to accept service and otherwise contested the validity of service, raising non-meritorious and irrelevant objections to service.

As a result of that refusal to accept service, on December 31, 2014, the Company initiated service in accordance with the statutory provision of the United States Code, and the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters.

Receipt of the documents on January 8, 2015, was acknowledged by letter from the Venezuelan Foreign Ministry dated January 26, 2015, but only received by the Company's process server on March 2, 2015. In this letter, however, Venezuela contested the validity of the service, raising non-meritorious and irrelevant objections to service. Therefore, the Company believed Venezuela was properly served on January 8, 2015.

As a result, and at the expiry of the 60-day period following the service of the documents, the Company, on March 26, 2015, requested the Clerk of the DDC to enter default against Venezuela, on the basis that the documents had been duly received by the proper

recipient of the service process. The Clerk agreed with the position of the Company and entered default on March 27, 2015.

The consequence of the default being entered against Venezuela in respect of appearance was that Venezuela had to contend with the potential threat of a default judgment being entered against it upon motion by the Company. To avoid this, U.S. counsel appointed by Venezuela (the same counsel in the ICSID arbitration) entered an appearance, after close of business on March 27, 2015, the same day that the default was entered, for the purpose of opposing the entry of default and requesting that it be set aside.

Filing by the Company of a response to Venezuela's opposition and subsequent discussions between the parties led Venezuela to agree, on April 15, 2015, to accept service of Gold Reserve's Petition to confirm the Award and further agree to respond to the Petition within sixty (60) days of the agreed service date, i.e., on or before June 12, 2015. As part of the agreement Gold Reserve agreed to vacate the clerk's entry of default entered on March 27, 2015 against Venezuela. The agreement has been recorded in an Order of the DDC dated April 15, 2015.

The Company's intention is to move expeditiously towards obtaining confirmation of the Award in the U.S. and consider enforcement options in due course.

Legal Activities in Luxembourg

On October 28, 2014, the Company filed for and was granted an exequatur (recognition and execution) of the Award by Tribunal d'arrondissement de et à Luxembourg. As a result, in Luxembourg the Award is declared enforceable in the same manner as if it were a judgment handed down by a court of the Grand Duchy of Luxembourg and allows the Company to proceed with conservatory actions against Venezuela's assets in the Grand Duchy of Luxembourg.

On January 12, 2015, Venezuela filed a notice of appeal of this decision in the Cour d'appel de Luxembourg (the "Luxembourg Court of Appeal"), reiterating, for the most part, the arguments made before, and dismissed by, the Paris Court of Appeal, to oppose the Company's petition for exequatur. In addition, Venezuela raised some other argument of form specific to Luxembourg law, alleging non-compliance with language requirements of certain exhibits and of the exequatur order itself, which, the Company believes, are dilatory, meritless and contradicted by the Court record. In addition, Venezuela asked for a stay of execution pending the determination of its application to annul the Award before the Paris Court of Appeal.

The Luxembourg Court of Appeal recently issued a scheduling direction, dividing Venezuela's arguments in two and ordering that the arguments on form and the request for stay of execution be heard together, on May 21, 2015. In accordance with the scheduling direction, the Company filed its response to Venezuela's first set of arguments, on March 16, 2015.

Following the granting of the exequatur, the Company, on several occasions, served on various Luxembourg banks the equivalent of writs of garnishment relating to over US \$700 million interest payments on Venezuela sovereign bonds and any other funds owned by Venezuela. These banks were chosen because they are designated as paying agents or transfer agents in listing memoranda relating to various bonds issued by Venezuela and listed on the Luxembourg Stock Exchange. So far, the banks have denied holding funds for the account of Venezuela, which appears to contradict the information contained in the listing memoranda. As a result, the Company intends to have the issue determined by the appropriate court or judge having jurisdiction in Luxembourg over such matters.

Venezuela's Intent to Develop the Brisas/Las Cristinas Mine

Historically Venezuela has publicly stated its intent to develop the Brisas Project and contiguous areas and

has reportedly had discussions with one or more major corporations for initial studies related to the development and eventual construction of the Brisas or Brisas-Cristinas mine as a large gold-copper complex. In December 2013, the Venezuelan government granted the gold exploration and mining rights in three areas located in Bolivar State (including the area of the Brisas gold and copper deposit) valued at \$30 billion to Empresa Nacional Aurifera, S.A. ("ENA"), a subsidiary of the Venezuelan State-owned oil company Petróleos de Venezuela, S.A. ("PDVSA") and concurrently ENA sold a 40% interest to Venezuela's central bank, Banco Central de Venezuela ("BCV") for an estimated \$12 billion allowing PDVSA to offset promissory notes payable to BCV totaling \$21.5 billion and record a gain on the transaction of approximately \$9.5 billion. Gold Reserve is prepared to assist Venezuela to find a joint solution that would include the transfer of the extensive technical data related to the development of the Brisas Project that was compiled by the Company. This would allow PDVSA, ENA, BCV and their contractor/consultants to develop Brisas on an accelerated basis for the benefit of Venezuela, with appropriate compensation for the Company apart from the collection of any payments associated with the Award.

The Company's Intent to Distribute Collection of the Arbitral Award to Shareholders

Subject to applicable regulatory requirements regarding capital and reserves for operating expenses, accounts payable and income taxes, and any obligations arising as a result of the collection of the ICSID Award including payments pursuant to the terms of the convertible notes (if not otherwise converted), Interest Notes, CVR's, Bonus Plan and Retention Plan (all as defined herein) or undertakings made to a court of law, the Company's current plans are to distribute to its shareholders, in the most cost efficient manner, a substantial majority of any net proceeds.

Obligations Due Upon Collection of Arbitral Award and Sale of Brisas Technical Mining Data

The Board of Directors (the "Board") approved a Bonus Pool Plan ("Bonus Plan") in May 2012, which is intended to reward the participants, including 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 Brisas Arbitration and the collection of an award, if any. The bonus pool under the Bonus Plan will generally be comprised of the gross proceeds collected or the fair value of any consideration realized 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 also maintains the Gold Reserve Director and Employee Retention Plan (see Note 9 to the audited consolidated financial statements). Units ("Retention Units") granted under the plan become fully vested and payable upon: (1) collection of proceeds from the Arbitral Award and/or sale of mining data and the Company agrees to distribute a substantial majority of the proceeds to its shareholders or, (2) the event of a change of control. The Company currently does not accrue a liability for the Bonus or Retention Plan as events required for payment under the Plans have not yet occurred.

The Company has outstanding contingent value rights ("CVR's") which entitles each note holder that participated in the 2012 Restructuring (as defined herein) to receive, net of certain deductions (including income tax calculation and the payment of current obligations of the Company), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by the Company with respect to the Brisas Arbitration proceedings or disposition of the technical data related to the development of the Brisas Project that was compiled by the Company (the "Brisas Project Technical Mining Data"). The proceeds, if any,

could be cash, commodities, bonds, shares and/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's and will become an obligation of the Company only as the Arbitral Award is collected.

Included in accounts payable is approximately \$2.9 million which represents legal fees deferred during the arbitration but now payable as a result of the Arbitral Award. In addition, the Company is obligated to pay contingent legal fees of approximately \$1.7 million due upon the collection of the Award.

FINANCIAL OVERVIEW

The Company's overall financial position continues to be influenced by a number of significant historical events: the seizure of the Brisas Project by the Venezuelan government, legal costs related to obtaining the Arbitral Award and efforts to enforce and collect it, interest expense related to notes payable, the subsequent write-off of the accumulated Brisas Project development costs, impairment of the value of the equipment originally acquired for the Brisas Project and our restructuring of outstanding debt in 2012 and 2014.

Recent operating results continue to be influenced by expenses associated with the enforcement and collection of the Arbitral Award in various international jurisdictions, interest expense related to our debt, further write-down of Brisas Project equipment, maintaining the Company's legal and regulatory obligations in good standing and expenses associated with exploration projects including past activities on the La Tortuga project.

The Company has no commercial production and, as a result, continues to experience losses from operations, a trend the Company expects to continue unless the Company collects, in part or whole, the Arbitral Award and/or acquires and develops a mineral 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 debt. The timing of any future investments or transactions 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 the Award, sale of remaining Brisas Project related equipment, the timing of the conversion or maturity of the outstanding convertible notes and/or future financings, if any. The Company has only one operating segment, the exploration and development of mineral properties.

The Company's efforts to address its longer-term funding requirements may be adversely impacted by financial market conditions, industry conditions, regulatory approvals or other unknown or unpredictable conditions and, as a result, there can be no assurance that additional funding will be available or, if available, offered on acceptable terms. In view of these uncertainties there is substantial doubt about the Company's ability to continue as a going concern.

During the second quarter of 2014, the Company extended the maturity date of its \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015 and issued \$12 million of New Notes also maturing December 31, 2015, net of costs of approximately \$1.3 million. The terms of the Agreement were finalized on May 7, 2014. The Modified Notes were amended to be consistent with the terms of the New Notes (as more fully described herein and in Note 11 to the audited consolidated financial statements).

During the third quarter of 2013, the Company closed a previously agreed to private placement for gross proceeds totaling \$5.2 million (\$5.0 million net of expenses). The private placement consisted of 1,750,000 units comprised of one Class A common share and one-half of one Class A common share purchase warrant, with each whole warrant exercisable by the holder for a period of two years after its issuance to acquire one Class A common share at a price of \$4.00 per share.

Future financings may be adversely impacted by financial market conditions, industry conditions, regulatory approvals or other unknown or unpredictable conditions and, as a result, there can be no assurance that additional funding will be available or, if available, offered on acceptable terms.

SELECTED ANNUAL INFORMATION

| | 2014 | | 2013 | | 2012 |
|--|------|--------------|------|--------------|-----------------|
| Other income (loss) | \$ | (7,271,670) | \$ | (176,598) | \$ 9,562,287 |
| Loss from continuing operations | \$ | (24,880,770) | \$ | (15,436,410) | \$ (10,025,101) |
| Per share | \$ | (0.33) | \$ | (0.21) | \$ (0.16) |
| Total Assets | \$ | 19,409,084 | \$ | 22,756,769 | \$ 28,437,052 |
| Total non-current financial liabilities | \$ | 2,054,491 | \$ | 25,011,149 | \$ 21,037,945 |
| 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, 2014, the Company had cash and cash equivalents of approximately \$6.4 million which represents an increase from December 31, 2013 of approximately \$3.5 million. The net increase was primarily due to proceeds from the issuance of convertible notes offset by cash used by operations. The activities that resulted in the net change in cash are more fully described in the "Operating," "Investing" and "Financing" Activities sections below.

| | 2014 | Change | 2013 |
|---------------------------|--------------|--------------|--------------|
| Cash and cash equivalents | \$ 6,439,147 | \$ 3,463,310 | \$ 2,975,837 |

As of December 31, 2014, the Company had financial resources including cash, cash equivalents and marketable securities totaling approximately \$6.6 million, Brisas Project related equipment which is subject to disposal with an estimated fair value of approximately \$12.4 million (See Note 7 to the audited consolidated financial statements) and short-term financial obligations including convertible notes and interest notes of \$39.5 million face value and accounts payable and accrued expenses of approximately \$3.9 million. Included in accounts payable is approximately \$2.9 million which represents legal fees deferred during the arbitration but now payable as a result of the Award. In addition, the Company is obligated to pay contingent legal fees of approximately \$1.7 million due upon the collection of the Award. As of the date of this report, the Company had approximately \$4.8 million in cash and investments, which are held primarily in U.S. dollar denominated accounts.

The Company has no revenue producing operations at this time and its working capital position, cash burn rate and debt maturity schedule will require the Company to seek additional sources of funding to ensure the Company's ability to continue its activities in the normal course. To address its longer-term funding requirements, primarily the convertible notes due in December 2015, the Company is continuing its efforts to dispose of the remaining Brisas Project related assets and pursue a timely and successful collection of the Arbitral Award and sale of the Brisas Project Technical Mining Data. The Company may also initiate other debt and equity funding alternatives that may be available.

Operating Activities

Cash flow used by operating activities for the years ended December 31, 2014, 2013 and 2012 was approximately \$7.2 million, \$11.0 million and \$13.2 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 accretion of convertible notes, write-down of property, plant and equipment, settlement of debt, stock options and common shares issued in lieu of cash and certain non-cash changes in working capital.

Cash flow used by operating activities during the year ended December 31, 2014 decreased from the prior comparable period generally due to interest payments made in the form of notes partially offset by an increase in corporate general and administrative expense as a result of costs associated with the restructuring of convertible notes.

Investing Activities

| | 2014 | Change | 2013 | Change | 2012 |
|---|--------------------|------------------|---------------------|---------------------|-------------------|
| Net proceeds from sale of marketable securities | \$ — | \$ (8,461) | \$ 8,461 | \$ (5,184) | \$ 13,645 |
| Purchase of property, plant and equipment | (150,000) | (21,715) | (128,285) | 30,853 | (159,138) |
| Proceeds from sale of equipment | 69,433 | 69,433 | — | (277,965) | 277,965 |
| | <u>\$ (80,567)</u> | <u>\$ 39,257</u> | <u>\$ (119,824)</u> | <u>\$ (252,296)</u> | <u>\$ 132,472</u> |

the years ended December 31, 2014 and 2013, the Company paid \$150,000 and \$125,000, respectively with the terms of its option agreement related to the La Tortuga property. In August 2014, the Company its option agreement and wrote-off \$0.4 million in option payments previously capitalized, which included payments noted above (See Note 7 to the audited consolidated financial statements). In the fourth quarter the Company sold some minor Brisas Project related equipment for approximately \$69,000. As of December the Company held approximately \$12.4 million of Brisas equipment intended for future sale.

Financing Activities

| | 2014 | Change | 2013 | Change | 2012 |
|---|----------------------|---------------------|---------------------|----------------------|------------------------|
| Net proceeds from the issuance of notes | \$ 11,700,000 | \$ 11,700,000 | \$ — | \$ — | \$ — |
| Settlement of convertible notes | (4,000) | (4,000) | — | 33,787,500 | (33,787,500) |
| Restructuring fees | (1,016,488) | (1,016,488) | — | 2,585,119 | (2,585,119) |
| Issuance of common shares | 100,100 | (5,600,099) | 5,700,199 | 5,618,274 | 81,925 |
| | <u>\$ 10,779,612</u> | <u>\$ 5,079,413</u> | <u>\$ 5,700,199</u> | <u>\$ 41,990,893</u> | <u>\$ (36,290,694)</u> |

During the second quarter of 2014, the Company extended the maturity date of its \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015 and issued \$12 million face value of New Notes also maturing December 31, 2015. The Modified Notes were amended to be consistent with the terms of the New Notes.

The New Notes and the Modified Notes (as amended from the date of closing) (the "Notes") bear interest at 11% per year, which will be paid quarterly by issuance of a note (Interest Notes) and be payable in cash upon maturity on December 31, 2015. Subject to certain conditions, the outstanding principal may be converted into Class A common shares of the Company, redeemed or repurchased prior to maturity. The Notes mature on December 31, 2015 and are convertible, at the option of the holder, into 285.71 shares of Class A common shares per \$1,000 (equivalent to a conversion price of \$3.50 per common share) at any time upon prior written notice to the Company. The Company paid, in the case of the New Notes, a fee of approximately \$0.3 million or 2.5% of the principal in the form of an original issue discount and in the case of the Modified Notes, a cash extension fee of approximately \$0.6 million or 2.5% of the principal. (See Note 11 to the audited consolidated financial statements).

Net proceeds from the issuance of common shares during the year ended December 31, 2014 relate to the exercise of employee stock options. In 2013, the Company completed a \$5.0 million private placement financing and also received \$0.6 million from the exercise of employee stock options. Funds provided or used by financing activities in 2012 primarily resulted from the redemption and restructuring of convertible notes inclusive of restructuring fees.

Contractual Obligations

The following table sets forth information on the Company's material contractual obligation payments for the periods indicated as of December 31, 2014 (For further details see "Financing Activities" above and Note 11 to the audited consolidated financial statements):

| | Payments due by Period | | | | |
|-------------------------------------|-------------------------------|-------------------------|-------------------|-------------------|--------------------------|
| | Total | Less than 1 Year | 1-3 Years | 4-5 Years | More Than 5 Years |
| Convertible Notes ⁽¹⁾⁽²⁾ | \$ 38,350,000 | \$ 37,308,000 | \$ - | \$ - | \$ 1,042,000 |
| Interest Notes ⁽²⁾ | 6,754,086 | 6,754,086 | - | - | - |
| Interest | 429,825 | 57,310 | 114,620 | 114,620 | 143,275 |
| | \$ 45,533,911 | \$ 44,119,396 | \$ 114,620 | \$ 114,620 | \$ 1,185,275 |

¹ Includes \$37,308,000 principal amount of 11% convertible notes due December 31, 2015 and \$1,042,000 principal amount of 5.50% convertible notes due June 15, 2022. Subject to certain conditions, the notes 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 (See Note 11 to the audited consolidated financial statements).

The convertible notes consist of \$25,308,000 of notes issued in 2012 pursuant to the 2012 Restructuring and subsequently extended and amended pursuant to the 2014 Restructuring (the "Modified Notes"); \$12,000,000 of notes issued in 2014 pursuant to the 2014 Restructuring (the "New Notes") and \$1,042,000 of notes originally issued in May 2007 and still outstanding (the "Old Notes"). Interest Notes consist of interest at 11% per year due on the Modified Notes and the New Notes which is accrued and paid quarterly in the form of a note which is payable in cash at maturity.

The 2012 Restructuring refers to the exchange by the Company and the holders of \$102.3 million of Old Notes for \$33.8 million cash, 12,412,501 Class A common shares, modified notes with a face value of \$25.3 million ("Modified Notes") and contingent value rights ("CVR's") totaling 5.468% of any future proceeds, net of certain deductions.

The 2014 Restructuring refers to the extension of the maturity date of the \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015, the issuance of \$12 million of New Notes also maturing December 31, 2015. The interest paid on the Modified Notes was increased to 11% from 5.5% to be consistent with the interest paid on the New Notes.

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The amount recorded as convertible notes and interest notes in the consolidated balance sheet as of December 31, 2014 is comprised of \$34.4 million carrying value of Modified Notes, New Notes and Interest Notes (all due on December 31, 2015) issued pursuant to the 2014 Restructuring and \$1.0 million of Old Notes (due June 15, 2022) held by other note holders who declined to participate in the 2012 Restructuring. The carrying value of notes will be 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.

RESULTS OF OPERATIONS

Summary

Consolidated other income (loss), total expenses and net loss for the three years ended December 31, 2014 were as follows:

| | 2014 | Change | 2013 | Change | 2012 |
|---------------------|-----------------|----------------|-----------------|----------------|-----------------|
| Other Income (Loss) | \$ (7,271,670) | \$ (7,095,072) | \$ (176,598) | \$ (9,738,885) | \$ 9,562,287 |
| Total Expenses | (17,609,100) | (2,349,288) | (15,259,812) | 4,327,576 | (19,587,388) |
| Net Loss | \$ (24,880,770) | \$ (9,444,360) | \$ (15,436,410) | \$ (5,411,309) | \$ (10,025,101) |
| Net loss per share | \$ (0.33) | | \$ (0.21) | | \$ (0.16) |

Other Income (Loss)

The Company has no commercial production and, as a result, other income (loss) from period to period is due to one-time or otherwise variable sources of income.

| | 2014 | Change | 2013 | Change | 2012 |
|--|----------------|----------------|--------------|----------------|--------------|
| Interest | \$ 737 | \$ (409) | \$ 1,146 | \$ (14,581) | \$ 15,727 |
| Litigation settlement | – | – | – | (1,891,035) | 1,891,035 |
| Gain (loss) on sale of marketable securities | – | 4,039 | (4,039) | (11,412) | 7,373 |
| Loss on impairment of marketable securities | (162,479) | 15,771 | (178,250) | 255,723 | (433,973) |
| Gain (loss) on sale of equipment | (11,350) | (11,350) | – | (97,965) | 97,965 |
| Write-down of property & equipment | (6,921,531) | (6,921,531) | – | 71,166 | (71,166) |
| Gain (loss) on settlement of debt | (161,292) | (161,632) | 340 | (8,088,755) | 8,089,095 |
| Foreign currency gain (loss) | (15,755) | (19,960) | 4,205 | 37,974 | (33,769) |
| | \$ (7,271,670) | \$ (7,095,072) | \$ (176,598) | \$ (9,738,885) | \$ 9,562,287 |

In 2014, the write-down of property and equipment is a result of management's estimate of a decrease in the net realizable value of certain equipment originally purchased for the Brisas Project as well as management's decision to terminate the agreement with Soltoro in which the Company had made a \$0.425 million investment in the La Tortuga property. Additionally in 2014, the loss increased over the prior period due to the loss on settlement of debt which was related to the remaining unamortized discount on convertible notes prior to the restructuring (See Note 11 to the audited consolidated financial statements). The gain in 2012 primarily consists of the effects of the gain on settlement of debt (net of expenses) and litigation settlement offset by the loss on impairment of marketable securities.

Expenses

Corporate general and administrative, exploration and legal and accounting expenses increased approximately \$0.4 million during the year ended December 31, 2014 compared to the same period in 2013 and decreased approximately \$4.5 million during the year ended December 31, 2013 compared to the same period in 2012.

The net increase in 2014 compared to 2013, as it relates to corporate general and administrative, was primarily due to costs associated with the restructuring of convertible notes in the second quarter of 2014. The decrease in exploration expense in 2014 is attributable to a decrease in activities on the La Tortuga property and the increase in legal and accounting expense is primarily attributable to fees incurred for corporate and tax planning activities as well as regulatory obligations arising from the extension of the debt and issuance of additional equity. The net decrease in 2013 compared to 2012 in corporate general and administrative expense was primarily a result of decreases in non-cash charges associated with the previous issuance of stock-based compensation and cash-based reductions related to both the number

of personnel and compensation related items, fees associated with consultants and other discretionary costs and, in the case of exploration and legal and accounting, primarily attributable to an increase in activities associated with the Tortuga Project and a decrease in fees associated with corporate and tax planning activities, respectively.

Venezuelan operations, arbitration, equipment holding and interest expense on a net basis increased approximately \$2 million during the year ended December 31, 2014 compared to the same period in 2013 and increased approximately \$0.1 million during the year ended December 31, 2013 compared to the same period in 2012.

Arbitration expense in 2014 increased by \$0.3 million from 2013 due to \$3.4 million of legal fees previously deferred and now due as a result of the issuance of the September 22, 2014 Arbitral Award. These costs were partially offset in the same period as a result of a decrease in financial and technical expert fees associated with the arbitration proceedings.

The increase in interest expense is related to an increase in accretion of convertible notes as well as additional interest on the new convertible notes issued in the second quarter of 2014. The net increase in 2013 compared to 2012, as it relates to arbitration, was primarily a result of an order by the Tribunal for an additional oral hearing and the preparation of a post hearing brief associated with the oral hearing and, in the case of Venezuelan operations and equipment holding costs, the decrease is attributable to a winding down of activities to nominal levels and reduced maintenance related costs, respectively.

| | 2014 | Change | 2013 | Change | 2012 |
|--------------------------------------|---------------|--------------|---------------|----------------|---------------|
| Corporate general and administrative | \$ 3,555,937 | \$ 442,617 | \$ 3,113,320 | \$ (3,670,903) | \$ 6,784,223 |
| Exploration | 883,739 | (232,600) | 1,116,339 | 176,217 | 940,122 |
| Legal and accounting | 666,241 | 153,897 | 512,344 | (978,372) | 1,490,716 |
| | 5,105,917 | 363,914 | 4,742,003 | (4,473,058) | 9,215,061 |
| Venezuelan operations | 185,543 | (10,653) | 196,196 | (390,760) | 586,956 |
| Arbitration | 4,267,230 | 284,794 | 3,982,436 | 565,707 | 3,416,729 |
| Equipment holding costs | 864,173 | (49,740) | 913,913 | (123,687) | 1,037,600 |
| Interest expense | 7,186,237 | 1,760,973 | 5,425,264 | 94,222 | 5,331,042 |
| | 12,503,183 | 1,985,374 | 10,517,809 | 145,482 | 10,372,327 |
| Total expenses for the period | \$ 17,609,100 | \$ 2,349,288 | \$ 15,259,812 | \$ (4,327,576) | \$ 19,587,388 |

SUMMARY OF QUARTERLY RESULTS

| Quarter ended | 12/31/14 | 9/30/14 | 6/30/14 | 3/31/14 | 12/31/13 | 9/30/13 | 6/30/13 | 3/31/13 |
|------------------------|--------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Other Income (loss) \$ | | | | | | | | |
| (7,099,515) | \$ (3,967) | \$ (162,556) | \$ (5,632) | \$ (104,405) | \$ (78,304) | \$ (23,123) | \$ 29,234 | |
| Net loss | | | | | | | | |
| before tax | (10,616,891) | (7,102,929) | (4,347,337) | (2,813,613) | (4,273,836) | (3,835,911) | (4,119,566) | (3,207,097) |
| Per share | (0.14) | (0.09) | (0.06) | (0.04) | (0.06) | (0.05) | (0.06) | (0.04) |
| Fully diluted | (0.14) | (0.09) | (0.06) | (0.04) | (0.06) | (0.05) | (0.06) | (0.04) |
| Net loss | (10,616,891) | (7,102,929) | (4,347,337) | (2,813,613) | (4,273,836) | (3,835,911) | (4,119,566) | (3,207,097) |
| Per share | (0.14) | (0.09) | (0.06) | (0.04) | (0.06) | (0.05) | (0.06) | (0.04) |
| Fully diluted | (0.14) | (0.09) | (0.06) | (0.04) | (0.06) | (0.05) | (0.06) | (0.04) |

Other income (loss) in the fourth quarter of 2014 was primarily due to write-down of property and equipment and loss on impairment of marketable securities. In the second quarter of 2014 the loss was related to loss on debt restructuring due to the remaining unamortized discount on convertible notes prior to the restructuring. Other income (loss) during 2013 and the first and third quarters of 2014 consisted of foreign currency gains (losses), losses on marketable securities and interest income.

Net loss increased in the fourth quarter of 2014 due to a write-down of property and equipment. In the third quarter of 2014 the loss increase was related to \$3.4 million in legal fees payable as a result of the Award. The increase in net loss during the second quarter of 2014 was primarily due to the restructuring of convertible notes and the write-off of mineral property. The decrease in net loss during the first quarter of 2014 was primarily due to decreases in arbitration expense and non-cash compensation expense. The increase in net loss in the fourth quarter of 2013 was related to costs associated with the arbitration oral hearing. Net loss in the third quarter of 2013 decreased mainly as a result of a decrease in non-cash compensation. The increase in net loss during the second quarter of 2013 was primarily due to an increase in arbitration costs.

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

During the second quarter of 2014, the Company extended the maturity date of its \$25.3 million aggregate principal amount of Modified Notes from June 29, 2014 to December 31, 2015 and issued \$12 million aggregate principal amount of New Notes also maturing December 31, 2015, net of costs of approximately \$1.3 million. \$19.2 million of the Modified Notes and \$8 million of the New Notes were issued to affiliated funds which exercised control or direction over more than 10% of the Company's common shares prior to the transactions and as a result, those portions of the transactions were considered to be related party transactions. (See Note 11 to the audited consolidated financial statements).

During the third quarter of 2013, the Company closed a previously agreed to private placement for gross proceeds totaling \$5.25 million (\$5.0 million net of expenses). The private placement consisted of 1,750,000 units comprised of one Class A common share and one-half of one Class A common share purchase warrant, with each whole warrant exercisable by the holder for a period of two years after its issuance to acquire one Class A common share at a price of \$4.00 per share. An aggregate 1.5 million units were issued to affiliated funds which exercised control or direction over more than 10% of the Company's common shares prior to the private placement and as a result, this portion of the private placement was considered to be a related party transaction.

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 June 2014, the FASB issued Accounting Standards Update 2014-10 which removes all incremental financial reporting obligations which were previously required for development stage enterprises under ASC 915. The Company adopted the amendments in this update effective with the reporting period ended June 30, 2014 and as a result no longer reports inception-to-date information and certain other disclosures.

In April 2014, the FASB issued Accounting Standards update 2014-08 which changes the criteria for reporting discontinued operations and adds new disclosure requirements for discontinued operations and individually significant components of an entity that are disposed of or classified as held for sale but do not meet the definition of a discontinued operation. This update is effective for reporting periods beginning after December 15, 2014 and is not expected to have a significant impact on the Company's financial statements.

In August 2014, the FASB issued Accounting Standards update 2014-15 which provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This update is effective for the Company commencing with the annual period ending after December 15, 2016. The Company is still in the process of evaluating the impact of this standard.

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 76,077,547 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. 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 are not listed for trading on any stock exchange, but subject to compliance with applicable federal, provincial and state securities laws, may be transferred. As of December 31, 2014, 100 equity units remained outstanding.

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.

Share Purchase Warrants

The Company has issued and outstanding 1,750,000 shares purchase warrants to purchase one-half of one Class A common share (875,000 whole warrants) at a price of \$4.00 per share. Each whole warrant, exercisable by the holder for a period of two years after issuance, expires on September 20, 2015.

Equity Incentive Plan

On June 27, 2012, the shareholders approved the 2012 Equity Incentive Plan (the "2012 Plan") to replace the Company's previous equity incentive plans. In 2014, the Board amended and restated the 2012 Plan changing the maximum number of Class A Shares issuable under options granted under the 2012 Plan from a "rolling" 10% of the outstanding Class A Shares to a fixed number of 7,550,000 Class A Shares. As of December 31, 2014 there were 1,834,500 options available for grant. 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 Board.

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

| Expiry Date | Exercise Price | Number of Shares |
|--|----------------|------------------|
| January 3, 2016 | \$ 1.82 | 2,567,500 |
| January 30, 2017 | \$ 2.89 | 1,620,500 |
| June 11, 2018 | \$ 3.00 | 250,000 |
| June 9, 2021 | \$ 1.92 | 950,000 |
| July 25, 2024 | \$ 4.02 | 310,000 |
| March 17, 2020 | \$ 3.89 | 100,000 |
| Total Class A common shares issuable pursuant to stock options | | 5,798,000 |

Convertible Notes

The Company has Convertible Notes outstanding as of the date hereof totaling \$38,350,000, which is comprised of face value \$37,308,000 of notes convertible to Class A common shares under certain circumstances at \$3.50 per share and face value \$1,042,000 of notes convertible to Class A common shares under certain circumstances at \$7.54 per share.

Capital Structure

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

| | |
|--|-------------------|
| Class A Common Shares outstanding | 76,077,547 |
| Equity Units outstanding | <u>100</u> |
| Total shares outstanding | 76,077,647 |
| Shares issuable pursuant to the 2012 Equity Incentive Plan | 5,798,000 |
| Shares issuable pursuant to share purchase warrants | 875,000 |
| Shares issuable pursuant to the Convertible Notes | <u>10,797,625</u> |
| Total shares outstanding, fully diluted | <u>93,548,272</u> |

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference herein contains both historical information and “forward-looking statements” within the meaning of the relevant sections of Section 27A and Section 21E of 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, legal and competitive uncertainties and contingencies that may cause the Company’s actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are outside its control.

Some of the material factors or assumptions used to develop forward-looking statements include, without limitation; the uncertainties associated with: the timing of the enforcement and collection of the amounts awarded (including pre and post award interest and legal costs) (the “Arbitral Award”) by the International Center for Settlement of Investment Disputes (the “ICSID”) for the losses caused by Venezuela violating the terms of the treaty between the Government of Canada and the Government of Venezuela for the Promotion and Protection of Investments (the “Canada-Venezuela BIT”) related to the Brisas Project (the “Brisas Arbitration”), actions and/or responses by the Venezuelan government to the Company’s collection efforts related to the Brisas Arbitration, economic and industry conditions influencing the

sale of the Brisas Project related equipment, and conditions or events impacting the Company’s ability to fund its operations and/or service its debt.

Forward-looking statements involve risks and uncertainties, as well as assumptions, including those set out herein, that may never materialize or may 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 described in the forward-looking statements, including without limitation:

- the timing of the enforcement and collection of the Arbitral Award (as defined herein), if at all;
- the costs associated with the enforcement and collection of the Arbitral Award and the complexity and uncertainty of varied legal processes in various international jurisdictions;
- the Company’s current liquidity and capital resources and access to additional funding in the future when required;
- continued servicing or restructuring of the Company’s outstanding notes or other obligations as they come due;
- shareholder dilution resulting from restructuring or refinancing the Company’s outstanding notes and current accounts payable relating to the Company’s legal fees;

- shareholder dilution resulting from the conversion of our outstanding notes in part or in whole to equity;
- shareholder dilution resulting from the sale of additional equity;
- value realized from the disposition of the remaining Brisas Project related assets, if any;
- value realized from the disposition of the Brisas Project Technical Mining Data (as defined herein), if any;
- prospects for exploration and development of other mining projects by the Company;
- ability to maintain continued listing on the TSX Venture Exchange or continued trading on the OTCQB;
- corruption, uncertain legal enforcement and political and social instability;
- currency, metal prices and metal production volatility;
- adverse U.S. and/or Canadian tax consequences;
- abilities and continued participation of certain key employees; 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" for additional risk 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 periodically filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC") or other securities regulators or documents presented on the Company's website. Forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable U.S. and Canadian securities regulations. Investors are urged to read the Company's filings with U.S. and Canadian securities regulatory agencies, which can be viewed online at www.sec.gov and www.sedar.com, respectively.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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 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, 2014 based on the framework established in Internal Control – Integrated Framework (1992) 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, 2014.

The effectiveness of internal control over financial reporting as of December 31, 2014 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 April 24, 2015 and included below.

/s/ Rockne J. Timm
Chief Executive Officer
April 24, 2015

/s/ Robert A. McGuinness
Vice President-Finance and CFO
April 24, 2015

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gold Reserve Inc.

We have completed integrated audits of Gold Reserve Inc.'s (the Company) December 31, 2014, 2013 and 2012 consolidated financial statements and its internal control over financial reporting as at December 31, 2014. 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 Inc., which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013 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, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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 Inc. as at December 31, 2014 and December 31, 2013 and results of its operations and its cash flows for each of the three years in the period ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes the existence of a material uncertainty that raises substantial doubt about the company's ability to continue as a going concern.

Report on internal control over financial reporting

We have also audited Gold Reserve Inc.'s internal control over financial reporting as at December 31, 2014, based on criteria established in Internal Control

- Integrated Framework (1992), 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 Management's Report on Internal Controls over Financial Reporting.

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 Inc. maintained, in all material respects, effective internal control over financial reporting as at December 31, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by COSO.

s/PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia
April 24, 2015

GOLD RESERVE INC.**CONSOLIDATED BALANCE SHEETS**

December 31, 2014 and 2013

(Expressed in U.S. dollars)

| | 2014 | 2013 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents (Note 4) | \$ 6,439,147 | \$ 2,975,837 |
| Marketable securities (Notes 5 and 6) | 175,541 | 318,442 |
| Deposits, advances and other | 353,742 | 159,194 |
| Total current assets | 6,968,430 | 3,453,473 |
| Property, plant and equipment, net (Note 7) | 12,440,654 | 19,303,296 |
| Total assets | \$ 19,409,084 | \$ 22,756,769 |

LIABILITIES

Current Liabilities:

| | | |
|--|-------------------|-------------------|
| Accounts payable and accrued expenses (Note 3) | \$ 3,928,608 | \$ 615,273 |
| Accrued interest | 2,388 | 64,262 |
| Convertible notes and interest notes (Note 11) | 34,400,030 | - |
| Total current liabilities | 38,331,026 | 679,535 |
| Convertible notes (Note 11) | 1,042,000 | 23,998,658 |
| Other (Note 11) | 1,012,491 | 1,012,491 |
| Total liabilities | 40,385,517 | 25,690,684 |

SHAREHOLDERS' EQUITY

Serial preferred stock, without par value

Authorized: Unlimited

Issued: None

Common shares and equity units 289,326,172 289,149,413

Class A common shares, without par value

Authorized: Unlimited

Issued and outstanding: 2014 76,077,547 2013 75,522,411

Equity Units

Issued and outstanding: 2014 100 2013 500,236

Contributed Surplus (Note 11) 11,682,644 5,171,603

Warrants 543,915 543,915

Stock options (Note 9) 19,980,099 19,849,225

Accumulated deficit (342,526,267) (317,645,497)

Accumulated other comprehensive income (loss) 17,004 (2,574)

Total shareholders' deficit (20,976,433) (2,933,915)**Total liabilities and shareholders' equity \$ 19,409,084 \$ 22,756,769****Going Concern (Note 1)**

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

Approved by the Board of Directors:

/s/ Patrick D. McChesney

/s/ James P. Geyer

GOLD RESERVE INC.**CONSOLIDATED STATEMENTS OF OPERATIONS***(Expressed in U.S. dollars)*

For the Years Ended December 31,

| | 2014 | 2013 | 2012 |
|--|-----------------|-----------------|-----------------|
| OTHER INCOME (LOSS) | | | |
| Interest income | \$ 737 | \$ 1,146 | \$ 15,727 |
| Litigation settlement | - | - | 1,891,035 |
| Gain (loss) on sale of marketable securities | - | (4,039) | 7,373 |
| Loss on impairment of marketable securities | (162,479) | (178,250) | (433,973) |
| Gain (loss) on sale of equipment | (11,350) | - | 97,965 |
| Write-down of property, plant and equipment (Note 7) | (6,921,531) | - | (71,166) |
| Gain (loss) on settlement of debt | (161,292) | 340 | 8,089,095 |
| Foreign currency gain (loss) | (15,755) | 4,205 | (33,769) |
| | (7,271,670) | (176,598) | 9,562,287 |
| EXPENSES | | | |
| Corporate general and administrative | 3,555,937 | 3,113,320 | 6,784,223 |
| Exploration | 883,739 | 1,116,339 | 940,122 |
| Legal and accounting | 666,241 | 512,344 | 1,490,716 |
| Venezuelan operations | 185,543 | 196,196 | 586,956 |
| Arbitration (Note 3) | 4,267,230 | 3,982,436 | 3,416,729 |
| Equipment holding costs | 864,173 | 913,913 | 1,037,600 |
| Interest expense | 7,186,237 | 5,425,264 | 5,331,042 |
| | 17,609,100 | 15,259,812 | 19,587,388 |
| Net loss for the period | \$ (24,880,770) | \$ (15,436,410) | \$ (10,025,101) |
| Net loss per share, basic and diluted | \$ (0.33) | \$ (0.21) | \$ (0.16) |
| Weighted average common shares outstanding | 76,061,770 | 74,255,484 | 61,377,173 |

GOLD RESERVE INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS***(Expressed in U.S. dollars)*

| | 2014 | 2013 | 2012 |
|--|-----------------|-----------------|-----------------|
| Net loss for the period | \$ (24,880,770) | \$ (15,436,410) | \$ (10,025,101) |
| Other comprehensive income (loss), net of tax: | | | |
| Items that may be reclassified subsequently to the consolidated statement of operations: | | | |
| Unrealized loss on marketable securities | (142,901) | (396,546) | (256,659) |
| Realized (gain) loss included in net loss | - | 4,039 | (7,373) |
| Impairment of marketable securities | 162,479 | 178,250 | 433,973 |
| Other comprehensive income (loss) | 19,578 | (214,257) | 169,941 |
| Comprehensive loss for the period | \$ (24,861,192) | \$ (15,650,667) | \$ (9,855,160) |

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

GOLD RESERVE INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2014, 2013 and 2012

(Expressed in U.S. dollars)

| | Common Shares and Equity Units | | Contributed Surplus | Warrants | Stock Options | Accumulated Deficit | Accumulated Other Comprehensive income (loss) | |
|---|--------------------------------|------------------|------------------------|---------------|------------------|------------------------|--|-----------|
| | Common Shares Units | Equity Amount | | | | | | |
| 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 income | | | | | | | | 169,941 |
| Stock option compensation | | | | | 2,682,742 | | | |
| Fair value of options exercised | | | 63,137 | | (63,137) | | | |
| Common shares issued for: | | | | | | | | |
| Convertible notes restructure | 12,412,501 | | 37,185,877 | | | | | |
| Option exercises | 52,500 | | 81,925 | | | | | |
| Services | 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 |
| Net loss | | | | | | | (15,436,410) | |
| Other comprehensive loss | | | | | | | | (214,257) |
| Stock option compensation | | | | | 594,517 | | | |
| Fair value of options exercised | | | 508,175 | | (508,175) | | | |
| Fair value of warrants issued | | | | 543,915 | | | | |
| Common shares issued for: | | | | | | | | |
| Private placement | 1,750,000 | | 4,478,566 | | | | | |
| Option exercises | 1,560,188 | | 677,718 | | | | | |
| Debt settlement | 750 | | 2,175 | | | | | |
| Balance, December 31, 2013 | 75,522,411 | 500,236 | 289,149,413 | 5,171,603 | 543,915 | 19,849,225 | (317,645,497) | (2,574) |
| Net loss | | | | | | | (24,880,770) | |
| Other comprehensive income | | | | | | | | 19,578 |
| Stock option compensation | | | | | 207,533 | | | |
| Fair value of options exercised | | | 76,659 | | (76,659) | | | |
| Equity Units converted to shares Equity component – convertible notes | 500,136 | (500,136) | | 6,511,041 | | | | |
| Common shares issued for: | | | | | | | | |
| Option exercises | 55,000 | | 100,100 | | | | | |
| Balance, December 31, 2014 | 76,077,547 | 100 | \$ 289,326,172 | \$ 11,682,644 | \$ 543,915 | \$ 19,980,099 | \$ (342,526,267) | \$ 17,004 |

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

GOLD RESERVE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. dollars)

| | For the Years Ended December 31, | | |
|---|----------------------------------|-----------------|-----------------|
| | 2014 | 2013 | 2012 |
| Cash Flows from Operating Activities: | | | |
| Net loss for the period | \$ (24,880,770) | \$ (15,436,410) | \$ (10,025,101) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Stock option compensation | 207,533 | 594,517 | 2,682,742 |
| Depreciation | 10,328 | 15,781 | 22,806 |
| Loss (gain) on settlement of debt | 161,292 | (340) | (8,089,095) |
| Loss (gain) on sale of equipment | 11,350 | - | (97,965) |
| Write-down of property, plant and equipment | 6,921,531 | - | 71,166 |
| Accretion of convertible notes | 6,481,609 | 3,975,719 | 852,045 |
| Restructure fees included in financing activities | 632,000 | - | - |
| Securities received in settlement of litigation | - | - | (101,482) |
| Net (gain) loss on sale of marketable securities | - | 4,039 | (7,373) |
| Impairment of marketable securities | 162,479 | 178,250 | 433,973 |
| Shares issued for compensation | - | 5,827 | 2,125,815 |
| Changes in non-cash working capital: | | | |
| Net (increase) decrease in deposits and advances | (194,548) | 10,272 | 22,269 |
| Net increase (decrease) in accounts payable and accrued expenses | 3,251,461 | (299,711) | (1,061,430) |
| Net cash used in operating activities | (7,235,735) | (10,952,056) | (13,171,630) |
| Cash Flows from Investing Activities: | | | |
| Proceeds from disposition of marketable securities | - | 8,461 | 13,645 |
| Purchase of property, plant and equipment | (150,000) | (128,285) | (159,138) |
| Proceeds from sales of equipment | 69,433 | - | 277,965 |
| Net cash provided by (used in) investing activities | (80,567) | (119,824) | 132,472 |
| Cash Flows from Financing Activities: | | | |
| Net proceeds from the issuance of convertible notes | 11,700,000 | - | - |
| Net proceeds from the issuance of common shares and warrants | 100,100 | 5,700,199 | 81,925 |
| Restructure fees | (1,016,488) | - | (2,585,119) |
| Settlement of convertible notes | (4,000) | - | (33,787,500) |
| Net cash provided by (used in) financing activities | 10,779,612 | 5,700,199 | (36,290,694) |
| Change in Cash and Cash Equivalents: | | | |
| Net increase (decrease) in cash and cash equivalents | 3,463,310 | (5,371,681) | (49,329,852) |
| Cash and cash equivalents - beginning of period | 2,975,837 | 8,347,518 | 57,677,370 |
| Cash and cash equivalents - end of period | \$ 6,439,147 | \$ 2,975,837 | \$ 8,347,518 |
| Supplemental Cash Flow Information: | | | |
| Cash paid for interest | \$ 766,502 | \$ 1,449,553 | \$ 4,680,513 |

The accompanying notes are an integral part of the audited 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 continued to Alberta, Canada in September 2014. The Company is the successor issuer to Gold Reserve Corporation which was incorporated in 1956. All amounts shown herein are expressed in U.S. dollars unless otherwise noted.

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. As of December 31, 2014, 100 equity units remained outstanding.

Going Concern. As of December 31, 2014, the Company had financial resources comprised of cash, cash equivalents and marketable securities totaling approximately \$6.6 million and Brisas Project related equipment, which is being marketed for sale, with an estimated fair value of approximately \$12.4 million (See Note 7, Property, Plant and Equipment). The Company's current financial liabilities included notes of \$39.5 million (face value) which mature December 31, 2015 and accounts payable and accrued expenses due in the normal course of approximately \$3.9 million.

The Company has no revenue producing operations at this time and its working capital position, cash burn rate and debt maturity schedule may require that the

Company seek additional sources of funding to ensure the Company's ability to continue its activities in the normal course. To address its longer-term funding requirements, primarily the convertible notes due in December 2015, the Company expects to raise additional funds through its continuing efforts to dispose of the remaining Brisas Project related assets, timely collection of the Arbitral Award (as defined herein) or through debt and equity funding alternatives.

The Company's efforts to address its longer-term funding requirements may be adversely impacted by financial market conditions, industry conditions, regulatory approvals or other unknown or unpredictable conditions and, as a result, there can be no assurance that additional funding will be available or, if available, offered on acceptable terms. In view of these uncertainties there is substantial doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect potentially material adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

Basis of Presentation and 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.

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. Included in property, plant and equipment is certain equipment which was originally purchased for the Brisas Project at a cost of approximately \$29 million. The carrying

value of this equipment has been adjusted to its estimated fair value of \$12.4 million and it is not being depreciated. The recoverable value of this equipment may be different than management's current estimate.

The Company has additional property, plant and equipment which are recorded at the lower of cost less accumulated depreciation or estimated net realizable value. 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.

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 maintains the 2012 Equity Incentive Plan (the "2012 Plan") which provides for the grant of stock options to purchase Class A common shares of the Company. 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. The Company also maintains the Gold Reserve Director and Employee Retention Plan. Each Unit granted under the Retention Plan 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 the respective plans become fully vested and exercisable and/or payable upon a change of control.

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.

Net Loss Per Share. Net loss per share is computed by dividing net loss by the combined weighted average number of Class A common shares and equity units 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 initially recorded at fair value and subsequently measured at amortized cost. The fair value is allocated between the equity and debt component parts based on their respective fair values at the time of issuance and recorded net of transaction costs. The equity portion of the notes is estimated using the residual value method. The fair value of the debt component is accreted to the face value of the notes 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. The Company presents comprehensive loss and its components in the 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, convertible notes and interest notes are recorded at amortized cost. Amortized cost of accounts payable approximates fair value.

Contingent Value Rights. Contingent value rights ("CVR") are obligations arising from the disposition of a portion of the rights to future proceeds of the Arbitral Award against Venezuela and/or the sale of the Brisas Project Technical Mining Data that was compiled by the Company.

Warrants. Common share purchase warrants ("Warrants") issued by the Company entitle the holder to acquire common shares of the company at a specific price within a certain time period. The fair value of warrants issued is calculated using the Black-Scholes method.

Note 2. New Accounting Policies:

Adopted in the year

In June 2014, the FASB issued Accounting Standards Update 2014-10 which eliminates the concept of a development stage entity from US GAAP and consequently removes all incremental financial reporting obligations which were previously required for development stage enterprises under ASC 915. The Company early adopted the amendments in this update effective with the reporting period ended June 30, 2014 and as a result no longer reports inception-to-date information and certain other disclosures.

In April 2014, the FASB issued Accounting Standards update 2014-08 which changes the criteria for reporting discontinued operations and adds new disclosure requirements for discontinued operations and individually significant components of an entity that are disposed of or classified as held for sale but do not meet the definition of a discontinued operation. The updated guidance requires an entity to only classify dispositions as discontinued operations due to a major strategic shift or a major effect on an entity's operations in the financial statements. This update is effective for the Company commencing with the reporting period beginning January 1, 2015. Adoption of these requirements is not expected to have a significant impact on the Company's financial statements.

Recently issued accounting pronouncements

In August 2014, the FASB issued Accounting Standards update 2014-15 which provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's

ability to continue as a going concern and to provide related footnote disclosures. This update is effective for the Company commencing with the annual period ending after December 15, 2016. The Company is still in the process of evaluating the impact of this standard.

Note 3. Arbitral Award Against Venezuela Related to the Brisas Project:

In October 2009, Gold Reserve initiated a claim (the “Brisas Arbitration”) under the Additional Facility Rules of the ICSID of the World Bank to seek compensation for the losses caused by the wrongful actions of Venezuela that terminated the Brisas Project in violation of the terms of the Treaty between the Government of Canada and the Government of Venezuela for the Promotion and Protection of Investments (the “Canada-Venezuela BIT”). (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1)).

The September 22, 2014 ICSID Arbitral Award

On September 22, 2014, the ICSID Tribunal unanimously awarded to the Company the Arbitral Award totaling (i) \$713 million in damages, plus (ii) pre-award interest from April 2008 through the date of the Award based on the U.S. Government Treasury Bill Rate, compounded annually totaling, as of the date of the Award, approximately \$22.3 million and (iii) \$5 million for legal costs and expenses, for a total, as of September 22, 2014, of \$740.3 million. The Award (less legal costs and expenses) accrues post-award interest at a rate of LIBOR plus 2%, compounded annually, which currently approximates \$52,000 per day.

An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards. There exists an international instrument created for the purpose of facilitating such recognition and enforcement, the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards (June 10, 1958), 21 U.S.T. 2517, 330 U.N.T.S. 38 (the “New York Convention”) to which over 150 countries, including the United States, are a party. Under the New York Convention, arbitral awards may be recognized as a judgment of the court and execution may be done by attaching assets belonging to the award debtor.

Payment Demand Letter

Subsequent to the issuance of the Arbitral Award, Gold Reserve sent a demand letter to Venezuela and commenced efforts to ensure the enforcement and collection of the Award. Shortly thereafter, representatives from Venezuela and the Company met in the first of several meetings to discuss the satisfaction of the Award. No agreement has been reached to-date. Although the Company currently believes that Venezuela will ultimately honor its international obligations, there can be no assurances in this regard and management anticipates that Venezuela will make every effort to challenge the validity and/or amount of the Arbitral Award in the near term and vigorously oppose any action the Company may take in the various jurisdictions around the world to effect full enforcement and payment of the Award. Management is pursuing any and all means to ensure timely payment by the government of Venezuela and is fully engaged in executing its strategy to ensure the recognition and collection of the Arbitral Award.

The Company remains firmly committed to the enforcement and collection of the Arbitral Award including accrued interest in full and will continue to vigorously pursue all available remedies accordingly in every jurisdiction where it perceives that it can draw a benefit that will bring it closer to the collection of the Arbitral Award.

The December 15, 2014 Reconfirmation of Arbitral Award

The ICSID Additional Facility Arbitration Rules allow only three types of post-award remedies – interpretation (Article 55), correction (Article 56), and supplementary decisions (Article 57). Each of these procedures must be initiated within 45 days of the issuance of an award for any further remedy before the ICSID Tribunal.

Within the 45 day time period, both Venezuela and the Company filed requests for the ICSID Tribunal to correct what each party identified as “clerical, arithmetical or similar errors” in the Award as is permitted by Article 56 of the arbitration rules of ICSID’s Additional Facility (“Article 56”). While the Company identified what it considered an inadvertent arithmetic error that warranted an increase in the Award of approximately \$50 million, Venezuela identified what it contended were significant inadvertent arithmetic errors that it argued supported a reduction of the Award by approximately \$361 million (more than 50% of the original Award). On November 13, 2014, the Company and Venezuela submitted replies to each party’s request for corrections of the Award.

After considering both parties’ submissions the Tribunal, on December 15, 2014, denied both parties’

requests for correction and reaffirmed, in a written decision, the Award originally rendered in favor of Gold Reserve on September 22, 2014 (the “December 15th Decision”). The conclusion of this proceeding marked the end of the Tribunal’s jurisdiction with respect to the Award.

Legal Activities in France

The Award was issued by a Tribunal constituted pursuant to the arbitration rules of ICSID’s Additional Facility and, by agreement of the parties, the seat of the Tribunal was in Paris. As a consequence, the Award is subject to review by the French courts.

Requests for Annulment

Application for Annulment of the September 22, 2014 ICSID Arbitral Award

In late October 2014, Venezuela filed an application before the Paris Court of Appeal, declaring its intent to have the September 2014 Award annulled or set aside. This procedure does not permit a review on the merits of the Award, or to re-try the case heard by the Tribunal. Under the applicable rules of procedure, Venezuela had 5 months, or until March 20, 2015, to state its case relating to the annulment or setting aside of the Award, which it did on March 20, 2015.

According to the schedule established by the Paris Court of Appeal, written pleadings are to be closed by October 15, 2015 and the hearing of Venezuela’s application to annul is to take place on November 3, 2015. At this stage, the Company expects that a judgment on Venezuela’s application will be rendered before the end of the year, although this is a matter over which the Company has no control.

Application for Annulment of the December 15, 2014 Reconfirmation of Arbitral Award

Venezuela has filed before the Paris Court of Appeal another application to annul an arbitral award, the December 15th Decision of the Tribunal dismissing Venezuela's motion to correct the Award pursuant to which Venezuela was alleging that through various "clerical, arithmetical or similar errors", the Tribunal had incorrectly awarded the Company an excess of \$361 million in damages (see December 15, 2014 Reconfirmation of Arbitral Award above). The process will be the same as in the annulment proceedings related to the September 22, 2014 Award with the Court establishing a pleading and hearing schedule after Venezuela files its case on or before June 5, 2015.

The existence of the annulment proceedings of the September 22, 2014 Award, and/or the December 15, 2014 reconfirmation of the Award, does not affect the finality of the Award or its enforceability in the interim.

Petition for Exequatur

In early November 2014, the Company filed a petition before the Paris Court of Appeal, the same court handling Venezuela's application for annulment, to obtain an order of exequatur for the recognition of the Company's Award as a judgment of the Court. Venezuela filed a submission opposing the Company's request for exequatur and, in the alternative, requested a stay of execution pending the determination of its application for annulment of the Award. On January 8, 2015, the Paris Court of Appeal heard oral submissions by the parties regarding the Company's petition for exequatur and Venezuela's request to stay execution.

On January 29, 2015, the Paris Court of Appeal granted the Company's petition for exequatur. Moreover, the Court dismissed Venezuela's request to stay the execution of the Award pending the outcome of its application to annul the Award, holding that none of the grounds alleged by Venezuela (including the lack of jurisdiction of the Tribunal, the violation of international public order, or alleged errors in the calculation of the damages awarded) constituted a sufficient reason to stay the execution of the Award pending the annulment proceedings.

The exequatur or recognition of the Company's ICSID Award as a judgement of the Court, granted on January 29, 2015, is not appealable and remains in full force and effect since Venezuela was denied its motion to stay the execution of the Award.

Legal Activities in US District Court for the District of Columbia

On November 26, 2014 the Company filed, in the US District Court for the District of Columbia ("DDC"), a petition to confirm the Award dated September 22, 2014. Once the Award is confirmed it will be enforceable in the United States as a judgment of the court.

The initial step for the proceeding was to serve Venezuela with the petition and other related documents. Venezuela avoided service, refused, among other things, to authorize its U.S. counsel to accept service and otherwise contested the validity of service, raising non-meritorious and irrelevant objections to service. As a result of that refusal to accept service, on December 31, 2014, the Company initiated service in accordance with the statutory provision of the

United States Code, and the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters.

Receipt of the documents on January 8, 2015, was acknowledged by letter from the Venezuelan Foreign Ministry dated January 26, 2015, but Venezuela contested the validity of the service, raising non-meritorious and irrelevant objections to service. Therefore, the Company believed Venezuela was properly served on January 8, 2015 and at the expiry of the 60-day period following the service of the documents, the Company, on March 26, 2015 requested the Clerk of the DDC to enter default against Venezuela, on the basis that the documents had been duly received by the proper recipient of the service process. The Clerk agreed with the position of the Company and entered default on March 27, 2015. To avoid default, Venezuela after close of business on March 27, 2015, the same day that the default was entered, made a filing opposing the entry of default and requesting that it be set aside.

Filing by the Company of a response to Venezuela's opposition and subsequent discussions between the parties led Venezuela to agree, on April 15, 2015, to accept service of Gold Reserve's Petition to confirm the Award and further agree to respond to the Petition within sixty (60) days of the agreed service date, i.e., on or before June 12, 2015. As part of the agreement Gold Reserve agreed to vacate the clerk's entry of default entered on March 27, 2015 against Venezuela. The agreement has been recorded in an Order of the DDC dated April 15, 2015.

The Company's intention is to move expeditiously towards obtaining confirmation of the Award in the

U. S. and consider enforcement options in due course.

Legal Activities in Luxembourg

On October 28, 2014, the Company filed for and was granted an exequatur (recognition and execution) of the Award by Tribunal d'arrondissement de et à Luxembourg. As a result, the Company is free to proceed with conservatory actions against Venezuela's assets in the Grand Duchy of Luxembourg. On January 12, 2015, Venezuela filed a notice of appeal of this decision in the Cour d'appel de Luxembourg (the "Luxembourg Court of Appeal") asking for a stay of execution pending the determination of its application to annul the Award before the Paris Court of Appeal.

The Luxembourg Court of Appeal recently issued a scheduling direction, dividing Venezuela's arguments in two and ordering that the arguments on form and the request for stay of execution be heard together, on May 21, 2015. In accordance with the scheduling direction, the Company filed its response to Venezuela's first set of arguments, on March 16, 2015.

Following the granting of the exequatur, the Company, on several occasions, served on various Luxembourg banks the equivalent of writs of garnishment relating to over US \$700 million interest payments on Venezuela sovereign bonds and any other funds owned by Venezuela. These banks were chosen because they are designated as paying agents or transfer agents in listing memoranda relating to various bonds issued by Venezuela and listed on the Luxembourg Stock Exchange. So far, the banks have denied holding funds for the account of Venezuela, which appears to contradict the information contained in the listing memoranda. As a result, the Company intends to have the issue determined by the appropriate court or judge having jurisdiction in Luxembourg over such matters.

The Company's Intent to Distribute Collection of the Arbitral Award to Shareholders

Subject to applicable regulatory requirements regarding capital and reserves for operating expenses, accounts payable and income taxes, and any obligations arising as a result of the collection of the ICSID Award including payments pursuant to the terms of the convertible notes (if not otherwise converted), Interest Notes, CVR's, Bonus Plan and Retention Plan (all as defined herein) or undertakings made to a court of law, the Company's current plans are to distribute to its shareholders, in the most cost efficient manner, a substantial majority of any net proceeds.

Obligations Due Upon Collection of Arbitral Award and Sale of Brisas Technical Mining Data

The Board of Directors (the "Board") approved a Bonus Pool Plan ("Bonus Plan") in May 2012, which is intended to reward the participants, including 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 Brisas Arbitration and the collection of an award, if any. The bonus pool under the Bonus Plan will generally be comprised of the gross proceeds collected or the fair value of any consideration realized 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 also maintains the Gold Reserve Director and Employee Retention Plan (see Note 9 Stock Based Compensation Plans).

Units ("Retention Units") granted under the plan become fully vested and payable upon: (1) collection of proceeds from the Arbitral Award and/or sale of mining data and the Company agrees to distribute a substantial majority of the proceeds to its shareholders or, (2) the event of a change of control. The Company currently does not accrue a liability for the Bonus or Retention Plan as events required for payment under the Plans have not yet occurred.

The Company has outstanding contingent value rights ("CVR's") which entitles each note holder that participated in the 2012 Restructuring (as defined herein) to receive, net of certain deductions (including income tax calculation and the payment of current obligations of the Company), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by the Company with respect to the Brisas Arbitration proceedings or disposition of the technical data related to the development of the Brisas Project that was compiled by the Company (the "Brisas Project Technical Mining Data"). The proceeds, if any, could be cash, commodities, bonds, shares and/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's and will become an obligation of the Company only as the Arbitral Award is collected.

Included in accounts payable is approximately \$2.9 million which represents legal fees deferred during the arbitration but now payable as a result of the Arbitral Award. In addition, the Company is obligated to pay contingent legal fees of approximately \$1.7 million due upon the collection of the Award.

Note 4. Cash and Cash Equivalents:

| | December 31, 2014 | | December 31, 2013 | |
|--------------------|-------------------|-----------|-------------------|-----------|
| Bank deposits | \$ | 6,367,049 | \$ | 1,578,903 |
| Money market funds | | 72,098 | | 1,396,934 |
| Total | \$ | 6,439,147 | \$ | 2,975,837 |

Note 5. Marketable Securities:

| | December 31, 2014 | | December 31, 2013 | |
|-------------------------------------|-------------------|-----------|-------------------|-----------|
| Fair value at beginning of year | \$ | 318,442 | \$ | 723,449 |
| Dispositions, at cost | | – | | (12,500) |
| Realized (gain) loss | | – | | 4,039 |
| Impairment loss | | (162,479) | | (178,250) |
| Increase (decrease) in market value | | 19,578 | | (218,296) |
| Fair value at balance sheet date | \$ | 175,541 | \$ | 318,442 |

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 or impaired. Realized gains and losses are based on the average cost of the shares held at the date of disposition. As of December 31, 2014 and 2013, marketable securities had a cost basis of \$158,537 and \$321,016, respectively.

Note 6. Fair Value Measurements:

Accounting Standards Codification ("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. In 2013, the Company had an equity investment in a privately held exploration-stage mining company which was classified as Level 3. The estimate of the fair value of this investment included observable inputs related to recently completed equity transactions of the investee.

| | Fair value | | | |
|--------------------------------------|-------------------|------------|------------|---------|
| | December 31, 2014 | Level 1 | Level 2 | Level 3 |
| Marketable securities | \$ 175,541 | \$ 175,541 | –\$ | – |
| Convertible notes and interest notes | \$ 37,408,241 | –\$ | 37,408,241 | – |

| | Fair value | | | |
|-----------------------|-------------------|------------|------------|---------|
| | December 31, 2013 | Level 1 | Level 2 | Level 3 |
| Marketable securities | \$ 318,442 | \$ 271,436 | –\$ | 47,006 |
| Convertible notes | \$ 21,773,229 | –\$ | 21,773,229 | – |

Note 7. Property, Plant and Equipment:

| | Accumulated | | |
|-----------------------------------|----------------------|---------------------|----------------------|
| | Cost | Depreciation | Net |
| December 31, 2014 | | | |
| Machinery and equipment | \$ 12,408,524 | \$ – | \$ 12,408,524 |
| Furniture and office equipment | 529,648 | (511,518) | 18,130 |
| Leasehold improvements | 41,190 | (41,190) | – |
| Venezuelan property and equipment | 171,445 | (157,445) | 14,000 |
| | <u>\$ 13,150,807</u> | <u>\$ (710,153)</u> | <u>\$ 12,440,654</u> |

| | Accumulated | | |
|-----------------------------------|----------------------|---------------------|----------------------|
| | Cost | Depreciation | Net |
| December 31, 2013 | | | |
| Machinery and equipment | \$ 18,985,828 | \$ – | \$ 18,985,828 |
| Furniture and office equipment | 529,648 | (501,190) | 28,458 |
| Leasehold improvements | 41,190 | (41,190) | – |
| Venezuelan property and equipment | 171,445 | (157,445) | 14,000 |
| Mineral property | 275,010 | – | 275,010 |
| | <u>\$ 20,003,121</u> | <u>\$ (699,825)</u> | <u>\$ 19,303,296</u> |

Machinery and equipment consists of infrastructure and milling equipment previously intended for use on the Brisas Project. In 2014, based on an updated market valuation for mining equipment which included the review of transactions involving comparable assets, the Company recorded a further \$6.5 million write-down of its equipment to an estimated net realizable value. In April 2012, the Company entered into an Option Agreement with Soltoro Ltd. (“Soltoro”) whereby Soltoro granted the Company the right to earn an undivided 51% interest in the La Tortuga Property located in Jalisco State, Mexico (the “Soltoro Agreement”). The Soltoro Agreement required the Company to make aggregate option payments to Soltoro of \$650,000 as well as expend \$3 million on the property over three years. In August 2014, the Company formally advised Soltoro of its decision to discontinue exploration and, as a result, the Company wrote off its \$425,010 (including a \$150,000 property payment made in 2014) investment in the La Tortuga property.

Note 8. KSOP Plan:

The KSOP Plan, adopted in 1990 for retirement benefits of employees, is comprised of two parts, (1) a salary reduction component, and a 401(k) which includes provisions for discretionary contributions by the Company, and (2) an employee share ownership component, or ESOP. Allocation of common shares or cash to participants’ accounts, subject to certain limitations, is at the discretion of the Board. There have been no common shares allocated to the Plan since 2011. Cash contributions for the Plan years 2014, 2013 and 2012 were approximately \$164,000, \$172,000 and \$169,000 respectively.

Note 9. Stock Based Compensation Plans:

Equity Incentive Plans. On June 27, 2012, the shareholders approved the 2012 Equity Incentive Plan (the “2012 Plan”) to replace the Company’s previous equity incentive plans. In 2014, the Board amended and restated the 2012 Plan changing the maximum number of Class A common shares issuable under options granted under the 2012 Plan from a “rolling” 10% of the outstanding Class A common shares to a fixed number of 7,550,000 Class A common shares. As of December 31, 2014, there were 1,834,500 options available for grant. 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 Board.

Share option transactions for the years ended December 31, 2014, 2013 and 2012 are as follows:

| | 2014 | | 2013 | | 2012 | |
|---|-----------|---------------------------------|-------------|---------------------------------|-----------|---------------------------------|
| | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Options outstanding - beginning of period | 5,443,000 | \$ 2.21 | 6,753,188 | \$ 1.77 | 5,185,188 | \$ 1.42 |
| Options exercised | (55,000) | 1.82 | (1,560,188) | 0.43 | (52,500) | 1.56 |
| Options granted | 310,000 | 4.02 | 250,000 | 3.00 | 1,620,500 | 2.89 |
| Options outstanding - end of period | 5,698,000 | \$ 2.31 | 5,443,000 | \$ 2.21 | 6,753,188 | \$ 1.77 |
| Options exercisable - end of period | 5,491,331 | \$ 2.25 | 4,493,000 | \$ 2.27 | 4,568,988 | \$ 1.59 |

The following table relates to stock options at December 31, 2014:

| Exercise Price Range | Outstanding Options | | | | Exercisable Options | | | |
|----------------------|---------------------|---------------------------------|---------------------------|---|---------------------|---------------------------------|---------------------------|---|
| | 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) |
| \$ 1.82 - \$1.82 | 2,567,500 | \$ 1.82 | \$ 3,517,475 | 1.01 | 2,567,500 | \$ 1.82 | \$ 3,517,475 | 1.01 |
| \$ 1.92 - \$1.92 | 950,000 | \$ 1.92 | 1,206,500 | 6.44 | 950,000 | \$ 1.92 | 1,206,500 | 6.44 |
| \$ 2.89 - \$2.89 | 1,620,500 | \$ 2.89 | 486,150 | 2.08 | 1,620,500 | \$ 2.89 | 486,150 | 2.08 |
| \$ 3.00 - \$3.00 | 250,000 | \$ 3.00 | 47,500 | 3.44 | 250,000 | \$ 3.00 | 47,500 | 3.44 |
| \$ 4.02 - \$4.02 | 310,000 | \$ 4.02 | - | 9.56 | 103,331 | \$ 4.02 | - | 9.56 |
| \$ 1.82 - \$4.02 | 5,698,000 | \$ 2.31 | \$ 5,257,625 | 2.79 | 5,491,331 | \$ 2.25 | \$ 5,257,625 | 2.54 |

During the years ended December 31, 2014, 2013 and 2012, the Company granted 0.31 million, 0.25 million and 1.6 million options, respectively. The Company recorded non-cash compensation expense during 2014, 2013 and 2012 of \$0.2 million, \$0.6 million and \$2.7 million, respectively, for stock options granted in 2014 and prior periods.

The weighted average fair value of the options granted in 2014, 2013 and 2012 was calculated at \$0.87, \$0.98 and \$1.22, respectively. The fair value of options granted was determined using the Black-Scholes model based on the following weighted average assumptions:

| | 2014 | 2013 | 2012 |
|-------------------------|-----------|-----------|-----------|
| Risk free interest rate | 0.53 % | 0.34 % | 0.29 % |
| Expected term | 2.0 years | 2.0 years | 2.9 years |
| Expected volatility | 38 % | 59 % | 65 % |
| Dividend yield | nil | nil | nil |

The risk free interest rate is based on the US 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 projected 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.

Retention Plan. The Company also maintains the Gold Reserve Director and Employee Retention Plan. Units granted under the plan become fully vested and payable upon: (1) collection of Arbitral Award proceeds from the ICSID arbitration process and/or sale of mining data and the Company agrees to distribute a substantial majority of the proceeds to its shareholders or, (2) the event of a change of control. 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, 2014 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 common shares, was approximately \$7.7 million.

Note 10. 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 Rights Plan until June 30, 2015 and providing a one-time exemption to a noteholder (who presently owns approximately 26% of the Class A common shares) from triggering the Rights Plan as a result of a restructuring of convertible notes in November 2012. The Rights Plan is designed to give the Board time to consider alternatives, allow shareholders time to properly assess the merits of a bid and ensure 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 11. Convertible Notes and Interest Notes:

In the fourth quarter of 2012, the Company restructured \$85.4 million aggregate principal amount of Old Notes (the "2012 Restructuring"). Holders of an aggregate principal amount of \$84.4 million of Old Notes elected to participate in the 2012 Restructuring and \$1.0 million of Old Notes declined to participate. Pursuant to the 2012 Restructuring, the Company paid \$16.9 million cash, issued 12,412,501 Class A common shares, issued notes with a face value of \$25.3 million (the "Modified Notes") and issued CVR's totaling 5.468% of any future proceeds, net of certain deductions (including income tax calculation and the payment of current obligations of the Company), actually received by the Company with respect to the Brisas Arbitration proceedings or disposition of the Brisas Project Technical Mining Data.

During the second quarter of 2014, the Company extended the maturity date of its \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015 and issued \$12 million of additional notes ("New Notes") also maturing December 31, 2015. \$19.2 million of the Modified Notes and \$8 million of the New Notes were issued to affiliated funds which exercised control or direction over more than 10% of the Company's common shares prior to the transactions and as a result, those portions of the transactions were considered to be related party transactions. The Modified Notes were amended to be consistent with the terms of the New Notes. The Company has an additional \$1.0 million notes issued in May 2007 (Old Notes) with a maturity date of June 15, 2022. The Old Notes bear interest at a rate of 5.50% per year, payable semiannually in arrears on June 15 and December 15 and, subject to certain conditions, may be redeemed, repurchased or converted into Class A common shares of the Company at a conversion price of \$7.54 per common share.

The New Notes and the Modified Notes (as amended from the date of closing) (the "Notes") bear interest at a rate of 11% per year, which will be accrued and capitalized quarterly, issued in the form of a note (Interest Notes) payable in cash at maturity. Subject to certain conditions, the outstanding principal of the Notes may be converted into Class A common shares of the Company, redeemed or repurchased prior to maturity. The Notes mature on December 31, 2015 and are convertible, at the option of the holder, into 285.71 Class A common shares per \$1,000 (equivalent to a conversion price of \$3.50 per common share) at any time upon prior written notice to the Company. The Company paid, in the case of the New Notes, a fee of 2.5% of the principal in the form of an original issue discount and in the case of the Modified Notes, a cash extension fee of 2.5% of the principal.

The Notes are senior unsecured, equal in rank and subject to certain terms including: (1) the technical data related to the development of the Brisas Project that was compiled by the Company and any award related to the Brisas Arbitration may not be pledged without consent of holders comprising at least 75% in principal amount of Notes; (2) the Company may not incur any additional indebtedness that ranks senior to or pari passu with the Notes in any respect without consent of holders comprising at least 75% in principal amount of Notes; (3) each Noteholder will have the right to participate, on a pro rata basis based on the amount of equity it holds, including equity issuable upon conversion of convertible securities, in any future equity or debt financing; (4) the Notes shall be redeemable on a pro rata basis, by the Company at the Noteholders' option, at a price equal to 120% of the outstanding principal balance upon the issuance of a final Arbitration Award, with respect to which enforcement has not been stayed and no annulment proceeding is pending; provided the Company shall only be obligated to make a redemption to the extent net cash proceeds received are in excess of

\$20,000,000, net of taxes and \$13,500,000 to fund accrued and unpaid prospective operating expenses; (5) capital expenditures (including exploration and related activities) shall not exceed \$500,000 in any 12-month period without the prior consent of holders of a majority of the Notes; and (6) the Company shall not agree with any of the Noteholders to any amendment or modification to any terms of the Notes, provide any fees or other compensation whether in cash or in kind to any holder of the Notes, or engage in the repurchase, redemption or other defeasance of any Notes without offering such terms, compensation or defeasance to all holders of the Notes on an equitable and pro-rata basis.

Accounting standards require the Company to allocate the convertible notes between their equity and liability component parts based on their respective fair values at the time of issuance. The liability component was computed by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability that does not have an associated equity component. The equity portion of the notes was estimated using the residual value method at approximately \$6.5 million net of issuance costs. The fair value of the liability component is accreted to the face value of the Notes using the effective interest rate method over the expected life of the Notes, with the resulting charge recorded as interest expense. Extinguishment accounting was used for the Modified Notes resulting in a loss of \$0.2 million due to the unamortized discount remaining on the notes prior to the restructuring. As of December 31, 2014, the Company had \$38.4 million face value convertible notes and \$2.2 million face value interest notes outstanding.

Note 12. Private Placement:

During the third quarter of 2013, the Company completed a private placement for general working capital purposes for gross proceeds totaling \$5.25 million (\$5.0 million net of expenses). The private placement consisted of 1,750,000 units comprised of one Class A common share and one-half of one Class A common share purchase warrant, with each whole warrant exercisable by the holder for a period of two years after its issuance to acquire one Class A common share at a price of \$4.00 per share. An aggregate 1.5 million units were issued to affiliated funds which exercised control or direction over more than 10% of the Company's common shares prior to the private placement and as a result, this portion of the private placement was considered to be a related party transaction. The proceeds were used for general working capital purposes.

The fair value of the warrants issued in the private placement was \$543,915 and was determined using the Black-Scholes model based on the following weighted average assumptions:

| | |
|-------------------------|---------|
| Risk free interest rate | 0.39 % |
| Expected term | 2 years |
| Expected volatility | 55 % |
| Dividend yield | nil |

The risk free interest rate is based on the US Treasury rate on the date of grant for a period equal to the expected term of the warrant. The expected term is based on the legal life of the warrant. The expected volatility is based on historical volatility of the Company's stock over a period equal to the expected term of the warrant. As of December 31, 2014, all of the 875,000 whole warrants issued in the private placement remained outstanding.

Note 13. 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:

| | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|
| Income tax benefit based on Canadian tax rates | \$ 6,220,193 | \$ 3,859,103 | \$ 2,506,275 |
| Increase (decrease) due to: | | | |
| Different tax rates on foreign subsidiaries | 251,888 | 284,904 | 623,387 |
| Non-deductible expenses | (1,491,285) | (1,419,266) | (2,617,969) |
| Change in valuation allowance and other | (4,980,796) | (2,724,741) | (511,693) |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No current income tax has been recorded by the Company for the three years ended December 31, 2014. 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, 2014 and 2013 were as follows:

| | Future Tax Asset | |
|---|------------------|--------------|
| | 2014 | 2013 |
| Accounts payable and accrued expenses | \$ 30,458 | \$ 28,507 |
| Property, plant and equipment | (2,558) | (3,714) |
| Total temporary differences | 27,900 | 24,793 |
| Net operating loss carry forward | 41,147,463 | 40,192,459 |
| Capital loss carry forward | 314,962 | - |
| Alternative minimum tax credit | 19,871 | 19,871 |
| Total temporary differences, operating losses and tax credit carry forwards | 41,510,196 | 40,237,123 |
| Valuation allowance | (41,510,196) | (40,237,123) |
| Net deferred tax asset | <u>\$ -</u> | <u>\$ -</u> |

At December 31, 2014, the Company had the following U.S. and Canadian tax loss carry forwards:

| | U.S. | Canadian | Expires |
|----|----------------------|-----------------------|---------|
| \$ | -\$ | 199,768 | 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 | 2,252,677 | 2026 |
| | 6,033,603 | 4,180,676 | 2027 |
| | 4,360,823 | 15,934,831 | 2028 |
| | 1,769,963 | 15,101,557 | 2029 |
| | 2,159,079 | 18,657,134 | 2030 |
| | 3,216,024 | 20,891,671 | 2031 |
| | 3,041,866 | 6,060,909 | 2032 |
| | 5,532,290 | 7,794,133 | 2033 |
| | 1,933,918 | 10,209,126 | 2034 |
| | <u>\$ 46,549,536</u> | <u>\$ 101,282,482</u> | |

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

Kenneth I. Juster

Director

Share Information

Number of Shareholders: Approximately 8,000

Common Shares Issued April 21, 2015 Class A common - 76,077,547 Equity Units - 100 Common Share Purchase Options - 5,798,000 Common Share Purchase Warrants - 875,000

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

Norton Rose Fulbright Canada LLC

Calgary, Alberta Canada

Office

Corporate

926 W. Sprague Avenue, Suite 200 Spokane, WA 99201 Ph: (509) 623-1500 Fx: (509) 623-1634

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 2015 Annual Meeting will be held at 9:30 a.m. on June 4, 2015 Gold Reserve 926 W. Sprague Avenue, Suite 200 Spokane, Washington

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



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