SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 2004

GOLD RESERVE INC.

Commission file number 001-31819

Address of Principal Executive Offices: 926 West Sprague Avenue Suite 200 Spokane, Washington 99201

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 X Form 40-

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 X

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

GOLD RESERVE INC.

March 31, 2004 Interim Financial Report U.S. Dollars

Forward Looking Statements

The information presented or incorporated by reference in this interim report, including managements discussion and analysis of financial condition and results of operations, contains both historical information and forward-looking statements (within the meaning of Section 27A of the United States Securities Act of 1933, as amended (the Securities Act), and Section 21E of the United States Securities Exchange Act of 1934, as amended (the Exchange Act)). These forward-looking statements involve risks and uncertainties, as well as assumptions that, if they never materialize, prove incorrect or materialize other than as currently contemplated, could cause the results of the Company and its consolidated subsidiaries to differ materially from those expressed or implied by such forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation the risk that actual reserves may vary considerably from estimates presently made, the impact of currency, metal prices and metal production volatility, the concentration of operations and assets in Venezuela, the regulatory, political and economic risks associated with Venezuelan operations, our ability to obtain additional funding for future advancement of the Brisas property, our dependence upon the abilities and continued participation of certain key employees, and the risks normally incident to the operation and development of mining properties.

The words "believe," "anticipate," ""expect," "intend," "estimate," "plan," "assume," "positioned," "may," "will," "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 give any assurances as to future results.

Investors are cautioned not to put undue reliance on forward-looking statements, and should not infer that there has been no change in the affairs of the Company since the date of this report that would warrant any modification of any forward-looking statement made in this document, other documents filed periodically with securities regulators or documents presented on our Company website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on

its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

Investors are urged to read the Company's filings with U.S. and Canadian regulatory agencies, which can be viewed on-line at www.sec.gov, www.sedar.com or at the Company's website, www.goldreserveinc.com. Additionally, you can request a copy directly from the Company.

Operations Overview

Brisas Project

Our primary mining asset, the Brisas project, is a gold/copper deposit located in the KM 88 mining district of the State of Bolivar in southeastern Venezuela. Over \$70 million has been expended on the Brisas project since its acquisition in 1992. During 2004, the Company expects to expend approximately \$7 million to complete the bankable feasibility study.

The preliminary feasibility study was originally completed in 1998 with the assistance of JE MinCorp, a Division of Jacobs Engineering Group Inc., and a number of other independent consultants and updated in early 2000. The results of the preliminary feasibility study indicated a large-scale open pit mining operation with a plant to process an estimated 50,000 tonnes per day, yielding an estimated average annual production of 362,000 ounces of gold and 46 million pounds of copper, over a mine life of at least 14 years. The Brisas project will utilize economies of scale production methods with expected higher production rates resulting in lower unit costs. Pre-feasibility estimates of capital requirements for initial construction of the mill and on-site copper production were approximately \$353 million, including working capital of approximately \$19.5 million. Ongoing life-of-mine requirements were estimated at \$59 million.

The preliminary feasibility study evaluated two processing flowsheets including conventional milling with a gyratory crusher and grinding with SAG and ball mills followed by gravity separation to recover coarse gold, flotation and cyanidation of cleaner flotation tailings. The second alternative contemplated the implementation of on-site copper processing using the Cominco Engineering Services Limited (CESL) technology. The CESL process utilizes an autoclave for pressure oxidation of the concentrates followed by a series of leaching sequences to recover the copper and gold. The CESL process eliminates significant transportation costs for the copper/gold concentrates to an out-of-country smelter, possibly resulting in improved project economics.

Using reserve estimates completed in 2000 and the assumptions included in the preliminary feasibility study, cash operating costs (based on Gold Institute guidelines) were estimated at \$153 per ounce of gold (using \$0.90 per pound copper and CESL on-site copper processing) and total after-tax costs were estimated at \$243 per ounce of gold (including operating costs, working capital, initial capital and life of mine capital less sunk costs). Likewise, with traditional smelting of concentrate and using the 2000 reserve estimates, the assumptions included in the preliminary feasibility study and current expected long term smelting and refining charges, cash operating costs (based on Gold Institute guidelines) were estimated at \$189 per ounce of gold (using \$0.90 per pound copper) and total after-tax costs were estimated at \$275 per ounce of gold (including operating costs, working capital, initial capital and life of mine capital less sunk costs). Preliminary feasibility estimates of capital requirements for construction of the mill with traditional smelter copper production was approximately \$304 million, including working capital of approximately \$19.5 million. Ongoing life-of-mine requirements were estimated at \$37 million for the conventional smelting scenario.

Estimated cost per ounce of gold is determined net of copper revenues. The economics of the Brisas project are sensitive to the price of copper and as a result, a \$0.10 increase or decrease in copper price results in an estimated \$12 corresponding change to the cash operating cost per gold ounce for both CESL and smelter cases.

Construction of a mining facility is expected to take approximately 18 to 24 months, with commissioning and achievement of commercial production expected shortly thereafter. The ultimate design and future cost of construction of a plant is subject to the results of a bankable feasibility study which will be required to be completed before a production decision can be made in the future. Actual production rates and cost of production may vary from the preliminary feasibility study estimates based on the results of the bankable feasibility study, as well as factors encountered if and when production commences.

Behre Dolbear audited our data collection procedures and modeling and mineral reserve methodology for the preliminary feasibility study. Behre Dolbear concluded in their reports that: technical data collection procedures met or exceeded accepted industry standards; assay laboratories provided reliable and acceptable results; and the compiled database was of a quality appropriate for utilization in a mineral reserve study suitable for obtaining financing. Further, Behre Dolbear concluded that the estimating techniques used were an accurate representation for the mineral reserves; drill hole spacing was sufficient to generate future estimates of proven and probable mineral reserves; and the database was correct and reliable. The Behre Dolbear audits also concluded that the mineral reserve risk for the project is low and there is upside potential for additional mineral reserves at the Brisas project because the mineralization can be extrapolated with quite high confidence beyond the current drilling in the down dip direction and to the north.

Behre Dolbear calculated the mineral resource and reserve estimates contained herein, most recently in August 2003. The qualified person involved in the property evaluation and the resource and reserve estimates is Dr. Qingping Deng, C.P.Geol. AIPG of Behre Dolbear. In addition, Brad Yonaka, Exploration Manager for Gold Reserve was involved in the geologic analysis. Behre Dolbear has advised Gold Reserve that it believes that it has an adequate basis for supporting the estimated mineral reserves at the Brisas project in accordance with Canadian National Instrument 43-101, Standards of Disclosure for Mineral Projects as well as the standards contained in the U.S. Securities and Exchange Commission Industry Guide 7.

Mineral Resource Estimates

CESL Process. The Brisas project, using the CESL process for treating copper concentrates, is estimated to contain a measured and indicated mineral resource of 9.9 million ounces of gold and approximately 1.4 billion pounds of copper (based on 0.4 gram per tonne gold equivalent cut-off). The August 2003, measured and indicated mineral resource utilizing the CESL process, which includes the mineral reserve, is summarized in the following table:

(kt= 1,000 tonne	es) Measu	red (pro	ven)	Indicat	ed (p	robable)	ŀ	leasured and	Indicate	d
Au Eq Cutoff		Au	Cu			— Au	Cu		Au	Cu
Grade	-kt	(gpt)	(%)	kt	(gr)t)	(%)	kt	(gpt)	(%)
0.40	273,013	0.730	0.119	194,	573	0.557	0.160	467,586	0.658	0.136

(In Millions)	Measured (proven)	Indicated (probable)	Measured and Indicated
Au Eq Cutoff			_
Cutoff	Au Cu	Au Cu	Au Cu
Grade	oz. 1b.	oz. lb.	oz. lb
0.40	6.405 717	- 3.484 687	

The estimated inferred mineral resource, based on the CESL process (0.4 gram per tonne cutoff), is estimated at 93.1 million tonnes containing 0.56 grams gold per tonne and 0.14 percent copper, or 1.67 million ounces of gold and 282 million pounds of copper.

Smelter Process. The Brisas project, using an off-site smelter process for treating copper concentrates, is estimated to contain a measured and indicated mineral resource of 9.5 million ounces of gold and approximately 1.2 billion pounds of copper (based on 0.4 gram per tonne gold equivalent cut off). The August 2003, estimated measured and indicated mineral resource utilizing an off site smelter process, which includes the mineral reserve, is summarized in the following table:

(kt= 1,000	-tonnes) Mea: 	sured (proven) 	Indicated 	(probable	e) Mea 	asured and 	-Indicated 	
								
Cutoff		Au Cu		Au	Cu		Au	Cu
Grade	kt	(gpt) (%)	kt	(gpt)	(%)	kt	(gpt)	(%)
0.40	252, 227	0.769 0.117	162, 264	0.625	0.155	414,491	0.712 0.	132

(In Millions)	Measured (prov	en) Ind	licated (probal)1e) Mea	.sured and In 	dicated 	
A F					<u>—</u>		_
Au Eq Cutoff	Au	Cu	Διι	Cu		Δ.,	Сн
Grade	OZ.	lb.	OZ.	lb.		0Z.	
0.40	6.233 6	49	3.258	3 554	9	.491	1,203

The estimated inferred mineral resource, based on an off site smelter process (0.4 gram per tone cutoff), is estimated at 77.2 million tonnes containing 0.64 grams gold per tonne and 0.12 percent copper, or 1.58 million ounces of gold and 205 million pounds of copper.

Mineral Reserve Estimate

CESL Process. The Brisas project in pit mineral reserve estimate utilizing the CESL process for treating copper concentrate is estimated to contain approximately 328.5 million tonnes of ore with an average grade of 0.71 grams per tonne gold, 0.15 percent copper and a waste to ore ratio of 1.80:1. The August 2003 mineral reserve estimate presented below was calculated using an average gold and copper price of \$325 per ounce and \$0.85 per pound, respectively and the Company believes it has been prepared in accordance with reporting requirements of applicable Canadian and U.S. securities commissions:

	Reserve			Au	Cu	Waste	Total	
	tonnes	Au grade	- Cu grade	ounces	pounds 	tonnes	tonnes	- Strip
Class	(thousand	s) (gpt)	(%)	(thousand	ds) (millions) (thousands	s) (thousan	ds) Ratio
Proven	224, 174	0.770	0.132	5,547	650			
Probable	104, 288	0.575	0.188	1,928	433			
Total	328, 462	0.708	0.150	7,475	1,083	591,722	920, 184	1.80

Smelter Process. The Brisas project in pit mineral reserve estimate utilizing a smelter process for treating copper concentrate is estimated to contain approximately 256.6 million tonnes of ore with an average grade of 0.81 grams per tonne gold, 0.135 percent copper and a waste to ore ratio of 2.19:1. The August 2003 mineral reserve estimate presented below was calculated using an average gold and copper price of \$325 per ounce and \$0.85 per pound, respectively and the Company believes it has been prepared in accordance with reporting requirements of applicable Canadian and U.S. securities commissions:

Class	Reserve tonnes (thousand	Au grade ds) (gpt)	Cu grade (%)	Au ounces (thousar	Cu pounds nds) (thousar	— Waste — tonnes _{Ids)(thousan}	Total tonnes ds) (thousa	Strip nds) Ratio
Proven Probable	193,685 62,930	0.841 0.694	0.124 0.170	5, 237 1, 404	528,000 236,000			

Brisas Project Work To Date.

Over \$70 million has been expended on the Brisas project since inception. These costs include property and mineral rights, acquisition costs, equipment expenditures, litigation settlement costs and exploration costs. Considerable work has taken place to establish the mineral resource, proven and probable reserves.

Previous activities on the property include: extensive geology, geophysics and geochemistry, 802 exploration drill holes totaling approximately 180,000 meters of drilling (including approximately 40 holes totaling 15,000 meters completed in the first quarter of 2003), audits by Behre Dolbear of exploration drilling, sampling, assaying procedures and ore reserves methodology, environmental baseline work/socioeconomic studies, hydrology studies, geotechnical studies, mine planning, advanced stage grinding and metallurgical testwork, tailings dam designs, milling process flow sheet designs, pre-feasibility study with JE MinCorp, supplement to the pre-feasibility study with JE MinCorp, and bench scale testing of CESL on-site copper process.

In late 2003, the Company selected Aker Kvaerner Metals, Inc., a subsidiary of the international engineering and construction services group, Aker Kvaerner, to complete the bankable feasibility study for the construction and operation of the Brisas project. Vector Colorado LLC and Pincock, Allen & Holt were also selected to participate in the completion of the Brisas feasibility study.

During the first quarter of 2004, a bulk sample from the Brisas project was processed into a gold copper concentrate at SGS Lakefield Research Limited in Canada, to be tested for the possible deployment of an on-site pressure oxidation and leaching process. The results of this test are expected to be incorporated as one alternative in the bankable feasibility study.

Drill core analysis and assays related to the drilling program that was commenced late 2003 is expected to be completed in late May 2004. The drilling program results have been delayed by various factors including weather, rig scheduling, assaying backlogs. The focus of the drilling was to test the down-dip extension and southern extension of the ore body, and the high-grade zone southeast of the existing pit design. The results of the drill program will be incorporated in the bankable feasibility study mineral reserve.

Most bench-scale metallurgical test work is nearing completion and is expected to be completed by the end of the second quarter of 2004. Additional work has also been initiated related to environmental analysis, permitting and environmental impact studies. Management has also initiated contact with a number of smelter companies regarding the possible future sale of copper concentrates and has engaged a consulting firm to advise the Company on negotiations related to future electrical power contacts.

2004 Brisas Work Plan.

During 2004 we will to continue the activities on the Brisas project that are required to complete a bankable feasibility study. The bankable feasibility study is to be used for securing finance, initiating procurement of long delivery items and commencing construction activities. The purpose of the study is to determine an optimum case for technical and economic viability of the project to a level of confidence required to make a decision to proceed with development.

The bankable feasibility study will consider a conventional milling facility with a range of possible plant throughput tonnages from 20,000 to 70,000 tonnes per day and the possible use of contract mining. Contract mining would significantly lower initial capital costs for the project, however operating costs would increase as a result.

The optimum processing plant will be determined from an evaluation of three alternatives. All of the flowsheets will commence with crushing, grinding and flotation of sulfide concentrate. One of the base flowsheets will assume direct shipment of the concentrate to an off-site smelter while the second flowsheet will assume processing the concentrate through a high temperature pressure oxidation (HTPOX) process to produce copper cathodes on site. Similar to the HTPOX alternative, the third alternative flowsheet will assume processing the concentrate through the CESL process to produce copper cathodes on site.

The Company anticipates results for HTPOX and CESL may be quite similar, however HTPOX is a commercially proven process. Likewise, and as a result of significantly lower long term concentrate treatment and refining charges, the bankable feasibility study may ultimately conclude that processing concentrates at an off-site smelter is the best economic alternative for the development of the Brisas project.

Management currently plans to complete the required feasibility study in late 2004 to make a production decision thereafter. The timing of these activities is subject to, among other things, typical environmental and regulatory permits as well as the scheduling of third party consultants and contractors.

Choco 5 Property

The Company is presently focused primarily on its Brisas project, which is the Company's primary mining asset. To a lesser extent, the Company is conducting exploration of its Choco 5 property. The Choco 5 property, a grass-roots gold exploration target, is located in the El Callao mining district in the State of Bolivar, southeastern Venezuela. Since acquiring the property in 2000, the Company has invested approximately \$200,000 on acquisition and exploration costs and expects during 2004, to expend up to \$500,000 on further exploration. Exploration activities will include the following: environmental permitting, additional geologic, mapping and reconnaissance, comprehensive grid of soil geochemical sampling, exploration drilling, geophysical testing of established gold anomalies in the eastern sector of the property, trenching and selective diamond drilling of gold anomalies, and construction of access roads to facilitate the above activities.

Financial Overview

Overview. The following discussion of financial position as of March 31, 2004 and results of operations for the three months ended March 31, 2004 and 2003 are to be read in conjunction with the Company's unaudited consolidated financial statements and related notes, included herein.

We prepare our consolidated financial statements in U.S. Dollars in accordance with accounting principles generally accepted in Canada. These financial statements together with the following management's discussion and analysis, dated May 14, 2004, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward looking statements relating to the Company's potential future performance. Additional information on the Company can be found in the Company's Annual Information Form filed with Canadian Securities Regulators at www.sedar.com and its Form 20F filed at www.sec.gov.

The Company is engaged in the business of exploration and development of mining projects and is presently focusing its financial resources on its most significant asset, the Brisas project, and to a lesser extent the exploration of its Choco 5 property, both located in Bolivar State, Venezuela. The Company has no commercial production at this time. As a result, the Company has not recorded revenue or cashflow from its mining operations and has experienced losses from operations for each of the last five years, a trend we expect to continue until the Brisas project is fully developed and put into production. The Company has historically financed its operations through the sale of common stock and other equity securities. Management expects the Brisas project to be similarly financed along with project debt financing.

Venezuela has experienced high levels of inflation during the last several years as well as ongoing political instability and civil unrest, including national work stoppages and a number of civil disturbances. In addition, Venezuela has experienced fuel shortages, currency and exchange controls, and a decline in industrial output and foreign investment. Despite this political and economic turmoil, we have not experienced any significant adverse impact to date on our operations in Venezuela nor have we curtailed our investment activities in the country. However, our operations and investments in Venezuela could be adversely affected in the future.

In late 2003, the Company engaged a number of engineering and construction services consultants to complete the bankable feasibility study for the construction and operation of the Brisas project. Completion of the feasibility study will be the Company's primary focus in 2004. Management plans to complete the feasibility study in late 2004 in order to make a production decision thereafter.

The total financial resources of the Company, cash plus current and non-current marketable securities, decreased \$2.1 million from December 31, 2003 to approximately \$17.6 million as of March 31, 2004 (unaudited):

	March 31, 2004	December 31, ——— 2003
Cash and equivalents	\$ 8,454,130	\$ 11,331,503
Marketable securities - current	8,379,937	8,450,478
Marketable securities - non-current	815,887	
	\$ 17,649,954	\$ 19,781,981

As of May 14, 2004, the Company had the following shares, equity units, warrants and share options issued:

Class A common	27,816,258
	, ,
Equity units*	1,237,880
Warrants to purchase Class A common shares	2,021,000
Options to purchase Class A common shares	3,276,624

*An equity unit consists of one class B common share of Gold Reserve Inc. and one class B common share of Gold Reserve Corporation. Equity units are convertible into Class A common shares of Gold Reserve Inc. on a one to one basis.

Results of Operations. The Company's results of operation are a product of operating expenses, primarily related to the development of the Brisas project, net of investment income. Consolidated net loss for the three months ended March 31, 2004 amounted to \$2,340,864 or \$0.08 per share compared to consolidated net loss of \$549,688 or \$0.02 per share for the same period in 2003.

Other income for the three months ended March 31, 2004 amounted to \$128,825, which is a decrease of approximately \$64,000 from the comparable three month period in 2003. Other income decreased primarily as a result of lower interest yields on invested cash. Operating expenses for the three months ended March 31, 2004 amounted to \$2,469,689, which is an increase from the comparable three month period in 2003 of approximately \$1,727,000. The increase in operating expenses is due to an increase in expenditures related to the completion of bankable feasibility study as well as the impact of adopting the Canadian Institute of Chartered Accountants Standard 3870 under which the fair value method of accounting for stock options granted to employees and directors is recorded as compensation expense. See footnote 3 to the consolidated financial statements.

Liquidity and Capital Resources. The Company had no significant investing activities during the three months ended March 31, 2004, other than the purchase and sale of marketable securities, which, on a net basis, totaled approximately \$800,000 in purchases of marketable securities. Planned corporate expenditures for 2004, including amounts to be expended for the completion of the bankable feasibility study on the Brisas property, exploration activities on the Choco 5 property and general corporate activities, are estimated at \$10 million. Interest and investment income for 2004 is projected to be approximately \$750,000.

Activities related to the completion of the Brisas project bankable feasibility study are expected to cost approximately \$7 million. These activities will include further analysis of the applicability of producing copper cathode on-site, further metallurgical testing, drilling, geotechnical studies and environmental studies, final feasibility and engineering, as well as permitting and on-going maintenance. The timing of these activities is subject to, among other things, typical environmental and regulatory permits as well as the scheduling of third party consultants and contractors.

As of May 14, 2004, the Company held approximately \$16 million in cash and investments. In the near term management believes that current cash and investment balances are sufficient to allow the Company to fund its activities through 2004. The Brisas property mining facility, as presently proposed in the Brisas preliminary feasibility study, is estimated to cost \$353 million over an 18 to 24 month construction period. The ultimate design and cost of the plant and associated expenditures are subject to the results of a final feasibility study and would be expected to vary to some degree from original estimates.

Future production of gold and copper on the Brisas property is dependent upon, among other things, the price of gold and copper, obtaining adequate financing, and obtaining the appropriate environmental and operating permits. Management can provide no assurances that it will be able to acquire the required significant additional financing that will be needed, if and when, construction on the Brisas project commences. Failure to raise

the required funds will impede the Company's ability to construct and operate the Brisas project and would, in the long-term, have a material adverse effect on the Company.

CONSOLIDATED BALANCE SHEETS

March 31, 2004 (unaudited) and December 31, 2003

Survent Assets	U.S. Dollars	March 31, 2004	December 31,
Survent Assets			
Cash and eash equivalents	ASSETS		
Name			
Deposits, advances and other			
Accorded interest 56,914 68,66 Total current assets 17,305,417 20,161,45 Property, Plant and equipment, net 46,160,182 46,126,31 Marketable securities 315,887 Other 633,418 742,73 Total assets \$64,914,904 \$67,030,48 LIABILITIES Current Liabilities: Accounts payable and accrued expenses \$626,600 \$765,86 Minority interest in consolidated subsidiaries 1,121,084 1,126,15 Total current liabilities 1,747,684 1,892,61 SCHAREHOLDERS' EQUITY Serial preferred stock, without par value Common shares and equity units, without par value (374,508) Schare options 722,035 Accountabled deficit (40,813,960) (47,064,00 (47,064,00 (47,064,00 (47,064,00 (47,064,00 (47,064)0 (47,064,00 (47,064)0 (47,064,00 (47,064)0 (47,064,00 (47,064)0 (47,064,00 (47,064)0 (47,064,00 (47,064)0 (47,064,00 (47,064)0 (47,064,00 (47,064)0 (47,064)0 (47,064,00 (47,064)0 (47,064)0 (47,064,00 (47,064)0 (47,			
Total current assets 17,305,417 20,161,48 Property, plant and equipment, net Marketable securities 316,887 326,418 742,71 Total assets \$64,914,904 \$67,030,48 **TABLITTIES Current Liabilities: Accounts payable and accrued expenses \$626,600 \$765,86 Minority interest in consolidated subsidiaries 1,121,084 1,126,15 Total liabilities **Common shares and equity units, without par value Common shares and equity units, without par value LOSS common shares held by affiliates \$626,600 \$765,86 **Common shares held by affiliates \$722,035 **Accountable of the shareholders' equity \$63,167,220 \$65,138,47 Total liabilities and shareholders' equity \$64,914,904 \$67,030,48 **Total liabilities and shareholders' equity \$64,914,904 \$67,170 \$7,030,48 **Total liabilities and shareholders' equity \$64,914,904 \$67,170		•	
Property, plant and equipment, net	Accrued interest	56,914	68, 65
Native table Securities S	Total current assets	17,305,417	20, 161, 452
Native table Securities S	Property, plant and equipment, net	46, 160, 182	46, 126, 31
Total assets		, ,	10/120/01
LIABILITIES Courrent Liabilities: Accounts payable and accrued expenses \$ 626,600 \$ 765,86 Total current liabilities \$ 626,600 765,86 Minority interest in consolidated subsidiaries 1,121,084 1,126,16 Total liabilities 1,747,684 1,802,01 SHAREHOLDERS' EQUITY Serial preferred stock, without par value Common shares and equity units, without par value 113,038,104 112,071,42 Less common shares held by affiliates (674,508) (674,508 Stock options 722,035 Accumulated deficit (49,813,069) (47,054,068 Accumulated deficit (49,813,069) (47,054,068 Accumulated deficit (40,913,069) (47,054,068 Accumulated deficit (50,076) (55,138,47 Total liabilities and sharcholders' equity (54,914,904 (567,030,468) Total liabilities and sharcholders' equity (54,914,904 (57,904) Total liabilities and sharcholders' equity (54,914,9		,	742,71
LIABILITIES Courrent Liabilities: Accounts payable and accrued expenses \$ 626,600 \$ 765,86 Total current liabilities \$ 626,600 765,86 Minority interest in consolidated subsidiaries 1,121,084 1,126,16 Total liabilities 1,747,684 1,802,01 SHAREHOLDERS' EQUITY Serial preferred stock, without par value Common shares and equity units, without par value 113,038,104 112,071,42 Less common shares held by affiliates (674,508) (674,508 Stock options 722,035 Accumulated deficit (49,813,069) (47,054,068 Accumulated deficit (49,813,069) (47,054,068 Accumulated deficit (40,913,069) (47,054,068 Accumulated deficit (50,076) (55,138,47 Total liabilities and sharcholders' equity (54,914,904 (567,030,468) Total liabilities and sharcholders' equity (54,914,904 (57,904) Total liabilities and sharcholders' equity (54,914,9			
Current Liabilities	 	\$ 64,914,904 ========	\$ 67,030,482
Current Liabilities	I TARTI TITES		
Accounts payable and accrued expenses \$ 626,600 \$ 765,86 Total current liabilities 626,600 765,86 Minority interest in consolidated subsidiaries 1,121,084 1,126,15 Total liabilities 1,747,684 1,892,01 SHAREHOLDERS' EQUITY SCHIAL PREFERENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars 2004 OTHER INCOME INCOME EXPENSES General and administrative 675,170 237,626 General and accounting 24,677 27,180 Foreign currency loss 40,230 41,061 Consolidated Subsidiaries (5,067) 9,258 Minority interest in net income (1005) of consolidated subsidiaries (5,067) 9,258 Minority interest in net income (1005) of consolidated subsidiaries (5,067) 9,258 Minority interest in net income (1005) of consolidated subsidiaries (5,067) 9,258			
Total current liabilities 626,600 765,86 Minority interest in consolidated subsidiaries 1,121,084 1,126,15 Total liabilities 1,747,684 1,892,01 SHAREHOLDERS' EQUITY Scrial preferred stock, without par value Common shares and equity units, without par value 113,038,104 112,971,42 Less common shares held by affiliates (674,508) (674,508) Stock options 722,035 Accumulated deficit (49,813,969) (47,054,064,064,064) KSOP debt (104,362) (104,362) (104,363) Total shareholders' equity 63,167,220 65,138,47 Total liabilities and shareholders' equity \$ 64,914,904 \$ 67,030,48 The accompanying notes are an integral part of the consolidated financial statements. Approved by the Board of Directors: Sr/ Chris D. Mikkelsen Sr/ Patrick D. McChesney CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars 2004 2003 OTHER INCOME Interest \$ 128,825 \$ 180,800 Gain on sale of marketable securities 11,800 EXPENSES General and administrative 675,170 237,626 Technical services 1,512,890 320,955 General and accounting 24,677 27,180 ECOPPORTAC communications 222,000 101,061 Legal and accounting 24,677 27,180 Ecopporate communications 222,000 101,061 Legal and accounting 24,677 27,180 Ecopporate communications (5,067) 9,258		# 606 600	ф 705 00
Minority interest in consolidated subsidiaries 1,121,084 1,126,15 Total liabilities 1,747,684 1,892,01 SHAREHOLDERS' EQUITY Scrial preferred stock, without par value Common shares and equity units, without par value 113,038,104 112,971,42 Less common shares held by affiliates (674,508) (674,508 Stock options 722,035 Accumulated deficit (449,813,069) (47,054,00 KSOP debt (104,352) (104,35 Total shareholders' equity 63,167,220 65,138,47 Total liabilities and shareholders' equity \$ 64,914,004 \$ 67,030,48 The accompanying notes are an integral part of the consolidated financial statements. Approved by the Board of Directors: s/ Chris D. Mikkelsen s/ Patrick D. McChesney CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars 2004 2003 OTHER INCOME Interest \$ 128,825 \$ 180,800 Gain on sale of marketable securities 11,800 EXPENSES General and administrative 675,170 237,626 Gain on sale of marketable securities 1,512,588 320,055 COPPORTE communications 222,000 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,230 46,208 Minority interest in net income (1005) of consolidated subsidiaries (5,067) 9,258	Accounts payable and accrued expenses	\$ 626,600	\$ 765,86
SHAREHOLDERS' EQUITY Serial preferred stock, without par value Common shares and equity units, without par value Less common shares held by affiliates Stock options Accumulated deficit (40,813,969) (47,054,06 KSOP debt (104,352) (104,35	Total current liabilities	626,600	765,86
SHAREHOLDERS' EQUITY Serial preferred stock, without par value Common shares and equity units, without par value Less common shares held by affiliates Stock options Accumulated deficit (49,813,969) (47,654,66 KSOP debt (104,352) (104,35	Minority interest in consolidated subsidiari	es 1,121,084	1,126,15
SHAREHOLDERS' EQUITY Serial preferred stock, without par value Common shares and equity units, without par value Less common shares held by affiliates Stock options Accumulated deficit (49,813,969) (47,654,66 KSOP debt (104,352) (104,35			· · · · · · · · · · · · · · · ·
Serial preferred stock, without par value		1,141,084	1,002,01
Serial preferred stock, without par value	SHADEHOLDEDS! EQUITTY		
Common shares and equity			
U.S. Dollars CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars COTHER INCOME Interest Gain on sale of marketable securities EXPENSES Corporate communications Ecgal and accounting Foreign currency loss Minority interest in net income (loss) of consolidated subsidiaries (407,4598) (674,698) (674,598) (674,598) (674,698) (674,598) (674,598) (674,598) (674,698) (674,598) (674,698) (674,598) (674,698) (674,598) (674,698) (674,598) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (674,698) (677, 27,180) (674,698) (677, 27,180) (674,698) (677, 27,180) (674,698) (677, 27,180) (674,698) (677, 27,180) (678,698) (678,697) (678,698)			
Less common shares held by affiliates (674,508) (674,508) Stock options 722,035 Accumulated deficit (49,813,969) (47,054,060) (850P debt (104,352)		112 020 104	110 071 40
Accumulated deficit	units, without par value		
Accumulated deficit (49,813,969) (47,054,06 (80P debt (104,352) (1			(674,59)
Total shareholders' equity 63,167,220 65,138,47 Total liabilities and shareholders' equity 564,914,904 567,030,48 The accompanying notes are an integral part of the consolidated financial statements. Approved by the Board of Directors: s/ Chris D. Mikkelsen S/ Patrick D. McChesney CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars OTHER INCOME Interest Gain on sale of marketable securities 128,825 192,600 EXPENSES General and administrative 675,170 237,626 Gerporate communications 128,825 101,061 1091 1091 1091 1091 1091 1091 1091 1	•	,	
Total shareholders' equity 63,167,220 65,138,47 Total liabilities and shareholders' equity \$ 64,914,904 \$ 67,030,48 The accompanying notes are an integral part of the consolidated financial statements. Approved by the Board of Directors: s/ Chris D. Mikkelsen s/ Patrick D. McChesney CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars 2004 2003 OTHER INCOME Interest \$ 128,825 \$ 180,800 Gain on sale of marketable securities 11,800 EXPENSES General and administrative 675,170 237,626 Technical services 1,512,580 320,955 Corporate communications 222,000 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,230 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258	Accumulated deficit	(49,813,969)	(47,054,00
Total liabilities and shareholders' equity \$ 64,914,904 \$ 67,030,48 The accompanying notes are an integral part of the consolidated financial statements. Approved by the Board of Directors: s/ Chris D. Mikkelsen s/ Patrick D. McChesney CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars 2004 2003 OTHER INCOME Interest \$ 128,825 \$ 180,800 Gain on sale of marketable securities 11,800 EXPENSES General and administrative 675,170 237,626 Technical services 1,512,580 320,955 Corporate communications 222,000 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,230 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258	KSOP debt	(104, 352)	(104, 35
The accompanying notes are an integral part of the consolidated financial statements. Approved by the Board of Directors: s/ Chris D. Mikkelsen	Total shareholders' equity	63,167,220	65, 138, 47
The accompanying notes are an integral part of the consolidated financial statements. Approved by the Board of Directors: s/ Chris D. Mikkelsen	Total liabilities and shareholders' equity	\$ 64,914,904	\$ 67,030,48
Approved by the Board of Directors: s/ Chris D. Mikkelsen			
Approved by the Board of Directors: s/ Chris D. Mikkelsen	The accompanying notes are an integral part	of the consolidated	 financial
### Comparison	statements.		
### CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) ###################################	Approved by the Board of Directors:		
### CONSOLIDATED STATEMENTS OF OPERATIONS For the Three Months Ended March 31, 2004 and 2003 (unaudited) ###################################	o/ Chuis D. Milliolasu	a / Dataial D. Mac	Nh a a may r
### Three Months Ended March 31, 2004 and 2003 (unaudited) ### U.S. Dollars ### OTHER INCOME Interest ### State	S/ CHYIS D. MIKKEISEN	- S/ Patrick D. McC	nesney
### Three Months Ended March 31, 2004 and 2003 (unaudited) ### U.S. Dollars ### OTHER INCOME Interest ### State	0011001 TDATED OTATEMENTO OF ODEDATIONS		
U.S. Dollars 2004 2003 OTHER INCOME Interest \$ 128,825 \$ 180,800 Gain on sale of marketable securities 11,800 EXPENSES General and administrative 675,170 237,626 Technical services 1,512,580 320,955 Corporate communications 222,090 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,239 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258		d 2003 (unaudited)	
### Theorest ### Theores ### Theorest ### Theorest ### Theorest ### Theorest ### Theorest Theores	Tot the three honers Ended haron 61, 2004 an	a 2000 (anadareca)	
Sample S	U.S. Dollars	2004	2003
11,800 128,825 192,600	OTHER INCOME		_
EXPENSES General and administrative 675,170 237,626 Technical services 1,512,580 320,955 Corporate communications 222,090 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,239 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258	Interest 	\$ 128,825	\$ 180,800
EXPENSES General and administrative 675,170 237,626 Technical services 1,512,580 320,955 Corporate communications 222,090 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,239 46,208 Minority interest in net income (10ss) 0,258	Gain on sale of marketable securities		11,800
General and administrative 675,170 237,626 Technical services 1,512,580 320,955 Corporate communications 222,090 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,239 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258		128,825	192,600
General and administrative 675,170 237,626 Technical services 1,512,580 320,955 Corporate communications 222,090 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,239 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258	EXPENSES		
Technical services 1,512,580 320,955 Corporate communications 222,090 101,061 Legal and accounting 24,677 27,180 Foreign currency loss 40,239 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258		675_170_	227 626
Corporate communications Legal and accounting Foreign currency loss Minority interest in net income (loss) of consolidated subsidiaries 222,090 24,677 27,180 40,239 46,208 (5,067) 9,258		•	
Legal and accounting 24,677 27,180 Foreign currency loss 40,239 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258			
Foreign currency loss 40,239 46,208 Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258	· ·	•	
Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258		•	
Minority interest in net income (loss) of consolidated subsidiaries (5,067) 9,258		40,239	46, 208
(loss) of consolidated subsidiaries (5,067) 9,258			•
2 460 680 742 288	(loss) of consolidated subsidiaries	(5,067)	9,258
/ , - 1 / . / . / . / . / . / . / . / . / . /		2,469,689	742,288

Cash Flows from Operating Activities: Not loss Adjustments to reconcile net loss to net cash seed by operating activities: Stock option compensation Amortization of premium on marketable securities Foreign currency loss Minority interest in net income (loss) of consolidated subsidiaries Shares issued for compensation and KSOP changes in non-cash working capital: Net decrease in deposits, advances and accrued interest Net decrease in accounts payable and accrued expenses Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities (1,782,564) (2,140,0 Purchase of property, plant and equipment (45,856) (2,9 Purchase of property, plant and equipment (45,86) (Net loss	\$ 2,340,864)	\$ (549,688)
consolidateD STATEMENTS OF DEFICIT For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars Deficit, December 31, 2003 S (47,054,004) Adjustment for stock option Compensation From 2002 and 2003 C (419,101) Deficit, December 31, 2004 S (43,346,668) Deficit, March 31, 2004 S (43,346,668) Deficit, December 31, 2002 S (43,346,668) Deficit, December 31, 2002 Deficit, March 31, 2004 S (43,806,356) Deficit, December 31, 2003 S (43,806,356) Deficit, December 31, 2003 S (43,806,356) Deficit, December 31, 2003 S (43,806,356) Deficit, March 31, 2003 S (43,806,356) Deficit, March 31, 2003 S (43,806,356) The accompanying notes are an integral part of the consolidated financial statements. CONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars Cost of Lower From Operating Activities: Net loss to net cash Used by operating activities: Stock option compensation Depreciation Stock option compensation Depreciation Superating activities Stock option compensation Depreciation Superating activities Stock option on active for marketable securities White of the stock option on cash working capital: Net decrease in deposits; Net quantity interest in net income (loss) of consolidated subsidiaries Stock option on cash working capital: Net decrease in deposits; Net cash used by operating activities Stock option on cash working capital: Net decrease in deposits; Net each used by operating activities Stock option on cash working capital: Net decrease in deposits; Net each used by operating activities Stock option of marketable securities Stock option of securities Stock option of securities Stock option of securities St	Net loss per share	\$ (0.08)	\$	(0.02)
CONSOLIDATED STATEMENTS OF DEFICIT For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars U.S. Dolla	Weighted average common			
For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Bollars Deficit, December 31, 2003 ### Adjustment for stock option compensation from 2002 and 2003 ### Canada	-shares outstanding 	28,226,672	23,	492,776 ======
J.S. Dollars Deficit, December 31, 2003 ### (47,054,004) ### (47,054,004) ### (40,101) ### (40,001) ### (40,				
Section Sect		and 2003 (unaudite	ed)	
Adjustment for stock option compensation from 2002 and 2003 (2,340,864) Deficit, March 31, 2004 Sefficit, December 31, 2002 Sefficit, March 31, 2003 Sefficit, March 31, 2004 Sefficit, March 31, 2		ф (47 OF4 OO4)		
Deficit, March 31, 2004 \$ (49,813,969) Deficit, March 31, 2002 \$ (43,866,668) Net loss (549,688) Deficit, March 31, 2003 \$ (43,806,366) Deficit, March 31, 2004 and 2003 (unaudited financial statements. Deficit March 31, 2004 and 2003 (unaudited) J.S. Dollars 2004 2003 Desire Flows from Operating Activities: Net loss \$ (2,340,864) \$ (549,643) Desire Flows from Operating Activities: Net loss \$ (2,340,864) \$ (549,643) Desire Flows from Operating Activities: Need by operating activities: Need by operating activities: Need by operating activities Depreciation 11,991 11,3 Marchael Securities 37,158 26,2 Depreciation of premium on 11,991 11,3 Marchael Securities 37,158 26,2 Depreciation of Flows from Inner income (loss) of 13,270 Deficit Marchael Securities 5 (11,8) Deficit Marchael Securities 13,270 Deficit Marchael Securities 14,600,000 2,451,3 Deficit Marchael Securities 1,600,000 2,451,3 Deficit Marchael M	Adjustment for stock option			
Deficit, December 31, 2002 \$ (43,246,668) Deficit, March 31, 2003 \$ (43,896,356) Deficit, March 31, 2003 \$ (43,896,356) The accompanying notes are an integral part of the consolidated financial statements. DONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Dellars 2004 2003 Dash Flows from Operating Activities: Well loss \$ (2,340,864) \$ (540,688) Well obtained to reconcile net loss to net cash such by operating activities: Stock option compensation 11,091 11,3 Marchitation of premium on marketable securities 27,158 26,2 Oreign currency loss 40,230 46,2 Well again on sale of marketable securities (5,667) 9,2 Well again on sale of marketable securities (7,067) Dehanges in non-cash working capital: Well decrease in deposits, 17,221 12,9 Well decrease in deposits, 17,221 12,9 Well decrease in deposits (139,260) (41,1) Well cash Flows from Investing Activities: Proceeds from the Sale and maturity of marketable securities (1,782,564) (2,140, 90) Well cash Flows from Investing Activities: Proceeds from the Sale and maturity of marketable securities (1,782,564) (2,140, 90) Well cash Flows from Financing Activities: Proceeds from the Sale and maturity of marketable securities (1,782,564) (2,140, 90) Well cash Flows from Financing Activities: Proceeds from the issuance of common shares (868,404) 340, 90 Dehange in Cash and Cash Equivalents:				
Deficit, March 31, 2003 \$ (43,806,356) The accompanying notes are an integral part of the consolidated financial statements. CONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Dollars 2004 2003 Cash Flows from Operating Activities+ Vet loss 40, 2004 400, 2004 Adjustments to reconcile net 10.55 to net cash steek option compensation 302,934 Depreciation of premium on 37,168 26,2 Carrier of Cash 200, 200, 200, 200, 200, 200, 200, 200	Deficit, March 31, 2004			
Deficit, March 31, 2003 \$ (43,806,356) The accompanying notes are an integral part of the consolidated financial intatements. CONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Dollars 2004 2003 Cash Flows from Operating Activities: Wet loss 4 (2,340,864) \$ (540,6) Mijustments to reconcile net 10.95 to net each according activities: Widjustments to reconcile net 11,901 11,30 Marchitable securities 37,168 26,2 Coreign currency loss 40,230 46,2 Honerity interest in net income (loss) of 20,034 Coreign currency loss 40,230 46,2 Honerity interest in net income (loss) of 20,034 Coreign currency loss (5,067) 9,2 Wet gain on sale of marketable securities (5,067) 9,2 Wet gain on sale of marketable securities (11,8) Changes in non cash working capital: Wet decrease in deposits, 20,000 13,279 Changes in non cash working activities (2,062,369) (49,6) Cash Flows from Investing Activities (2,062,369) (49,6) Cash Flows from Investing Activities (1,782,504) (2,140,6) Cash Flows from the sale and 20,000 2,451,3 Cash Flows from Financing Activities (2,062,369) (49,6) Cash Flows from Financing Activities (3,060,404) 31,7 Wet cash provided (used) by investing activities (868,404) 340,6 Cash Flows from Financing Activities (368,404) 340,6 Cash Flows from The issuance of common shares 53,400		========		
The accompanying notes are an integral part of the consolidated financial statements. CONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Dollars Cosh Flows from Operating Activities: Vet loss Cash Flows from Operating Activities: Vet loss Cosh Flows from Operating Activities: Vet loss Cosh Flows from Operating Activities: Vet loss to net eash Vereign compensation Companying activities: Vet got to the compensation Corigin currency loss Vet goin on sale of marketable securities Vet decrease in accounts payable Nondown from Investing capital: Vet decrease in accounts payable And accrued expenses Vet cash used by operating activities: Cosh Flows from Investing Activities: Cosh Flows from Investing Activities: Cosh Flows from Threstable securities Cosh Flows from Threating Cosh Vet Co	,			
The accompanying notes are an integral part of the consolidated financial statements. CONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Dollars 2004 2003 Cash Flows from Operating Activities: Vet loss 4 (2,340,864) \$ (540,64) Adjustments to reconcile net 10ss to net eash society of properation activities: Stock Option compensation 302,934 Depreciation 7 premium on 302,934 Depreciation 6 premium on 302,934 Depreciation 7 premium on 302,934 Depreciation 6 premium on 302,934 Depreciation 7 premium on 11,991 Depreci	Deficit, March 31, 2003			
CONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dollars 2004 2003 Cash Flows from Operating Activities: Not loss		=======================================		
CONSOLIDATED STATEMENTS OF CASH FLOWS For the Three Months Ended March 31, 2004 and 2003 (unaudited) U.S. Dellars Cash Flows from Operating Activities: Net loss Adjustments to reconcile net loss to net cash used by operating activities: Stock option compensation Amortization of premium on marketable securities Storing authorizes in net income (loss) of consolidated subsidiaries Net gain on sale of marketable securities Shares issued for compensation and KSOP Changes in non cash working capital: Net decrease in deposits; Net decrease in deposits; Net decrease in accounts payable and accrued expenses Cash Flows from Investing activities: Creceeds from the sale and maturity of marketable securities Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Cash Flows from Financing Activities: Proceeds from the sale and Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from the issuance of common shares Change in Cash and Cash Equivalents:		rt of the consolida	ated fin	ancial
For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Dollars Cash Flows from Operating Activities: Not loss Cash Flows from Operating Activities: Not loss to not each Not loss to not loss	statements.			
For the Three Months Ended March 31, 2004 and 2003 (unaudited) J.S. Dollars Cash Flows from Operating Activities: Not loss Cash Flows from Operating Activities: Not loss to not each Not loss to not loss				
J.S. Dollars Cash Flows from Operating Activities: Wet loss Adjustments to reconcile net Loss to net eash Stock option compensation Stock option co	CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash Flows from Operating Activities: Net loss Adjustments to reconcile net - loss to net cash steed by operating activities: Steek option compensation - Steek option	For the Three Months Ended March 31, 2004	and 2003 (unaudite	e d)	
Net loss \$ (2,340,864) \$ (540,6 Adjustments to reconcile net loss to net each used by operating activities: Stock option compensation 302,934 Depreciation 11,991 11,3 Amortization of premium on narketable securities 37,158 26,2 Foreign currency loss 40,230 46,2 Foreign currency loss (11,8	J.S. Dollars	2004		2003
Adjustments to reconcile net loss to net cash seed by operating activities: Stock option compensation Operceiation Operce	· · ·	ф (2 240 i	0.64)	ф (F40, 600)
Used by operating activities: Stock option compensation Amortization of premium on marketable securities Foreign currency loss Minority interest in net income (loss) of consolidated subsidiaries Compensation and KSOP Changes in non cash working capital: Net decrease in deposits, and accrued expenses Cash Flows from Investing Activities: Proceeds from the sale and Net cash provided (used) by investing activities Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Provided by financing activities Cash Flows from Financing Activities: Change in Cash and Cash Equivalents:	Adjustments to reconcile net	\$ (2,340,)	864)	\$ (549,688)
Depreciation 11,991 11,3 Amortization of premium on marketable securities 37,158 26,2 Foreign currency loss 40,239 46,2 Ainority interest in net income (loss) of consolidated subsidiaries (5,067) 9,2 Net gain on sale of marketable securities (11,8) Chares issued for compensation and KSOP 13,279 Changes in non-cash working capital: Net decrease in deposits, advances and accrued interest 17,221 12,9 Net decrease in accounts payable and accrued expenses (139,260) (41,1) Net cash used by operating activities (2,062,369) (496,6) Chash Flows from Investing Activities: Peroceeds from the sale and maturity of marketable securities 1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,0) Purchase of property, plant and equipment (45,856) (2,90) Chash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400				
Amortization of premium on marketable securities 37,158 26,2 Foreign currency loss 40,239 46,2 Winority interest in net income (loss) of consolidated subsidiaries (5,067) 9,2 Wet gain on sale of marketable securities (11,8) Shares issued for compensation and KSOP 13,279 Changes in non-eash working capital: Wet decrease in deposits, advances and accrued interest 17,221 12,9 Net decrease in accounts payable and accrued expenses (139,260) (41,1 Net eash used by operating activities: Proceeds from the sale and maturity of marketable securities 1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,00) Other (45,856) (2,9 Other (40,044) 31,7 Net eash provided (used) by investing activities (868,404) 340,00 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net eash provided by financing activities 53,400 Net cash provided by financing activities 53,400				11 205
marketable securities 37,158 26,2 Poreign currency loss 40,239 46,2 Hinority interest in net income (loss) of Ponsolidated subsidiaries (5,067) 9,2 Net gain on sale of marketable securities (11,8 Chares issued for compensation and KSOP 13,279 Changes in non-cash working capital: Net decrease in deposits, advances and accrued interest 17,221 12,9 Net decrease in accounts payable and accrued expenses (139,260) (41,1 Net cash used by operating activities (2,062,369) (496,6) Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities (1,782,564) (2,140,0) Purchase of property, plant and equipment (45,856) (2,9) Net cash provided (used) by investing activities (868,404) 340,0 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:	!	±±,·	JJ1	11,505
### Additional Content of the Content of the Content of		37,:	158	26,288
Reconsolidated subsidiaries Vet gain on sale of marketable securities Shares issued for compensation and KSOP Changes in non cash working capital: Net decrease in deposits, advances and accrued interest Vet decrease in accounts payable and accrued expenses Vet decrease in accounts payable and accrued expenses Vet cash used by operating activities Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Purchase of marketable securities Vet cash provided (used) by investing activities Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from Financing activities Cash Flows from Financing activities Proceeds from the issuance of common shares Cash provided by financing activities Cash provided by financing activities Cash Flows from Financing activities	Foreign currency loss	40,2	239	46,208
Net gain on sale of marketable securities Charles issued for compensation and KSOP Changes in non-cash working capital: Net decrease in deposits, Net decrease in accounts payable and accrued expenses Charles from Investing activities: Proceeds from the sale and maturity of marketable securities Purchase of marketable securities Charles of property, plant and equipment Net cash provided (used) by investing activities Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from Financing activities Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash Flows from Financing activities: Cash Flows from Financing activities Change in Cash and Cash Equivalents:	, , ,			
Chares issued for compensation and KSOP 13,279 Changes in non-cash working capital: Net decrease in deposits, advances and accrued interest 17,221 12,9 Net decrease in accounts payable and accrued expenses (139,260) (41,1) Net cash used by operating activities (2,062,369) (496,6) Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities 1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,0) Purchase of property, plant and equipment (45,856) (2,9) Other (40,044) 31,7 Net cash provided (used) by investing activities (868,404) 340,000 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:			9 67)	9,258
compensation and KSOP Changes in non-cash working capital: Net decrease in deposits, advances and accrued interest Net decrease in accounts payable and accrued expenses (139,260) (41,1 Net cash used by operating activities Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Purchase of marketable securities (1,782,504) (2,140,0 Charles property, plant and equipment (45,856) (20,0 Charles provided (used) by investing activities (868,404) Cash Flows from Financing Activities: Proceeds from the issuance of common shares Cash provided by financing activities Sa,400 Net cash provided by financing activities Charge in Cash and Cash Equivalents:	· · ·			(11,800
Changes in non-cash working capital: Net decrease in deposits, Advances and accrued interest Net decrease in accounts payable And accrued expenses (139,260) (41,1 Net cash used by operating activities Croceeds from Investing Activities: Proceeds from the sale and maturity of marketable securities Purchase of marketable securities Purchase of property, plant and equipment Other (45,856) (2,9 Other (40,044) 31,7 Net cash provided (used) by investing activities Proceeds from the issuance of common shares Cash Flows from Financing Activities: Proceeds from the issuance of common shares Sa,400 Net cash provided by financing activities Change in Cash and Cash Equivalents:				
Net decrease in deposits, advances and accrued interest 17,221 12,9 Net decrease in accounts payable and accrued expenses (139,260) (41,1 Net cash used by operating activities (2,062,369) (496,6 Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities 1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,0) Purchase of property, plant and equipment (45,856) (2,90) Other (40,044) 31,7 Net cash provided (used) by investing activities (868,404) 340,000 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:		13,7	279	
Net cash used by operating activities: Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Purchase of marketable securities Other Net cash provided (used) by investing activities (868,404) Cash Flows from Financing Activities: Proceeds from the sale and (1,782,564) Other Cash Plows from Investing Activities (1,782,564) Other Cash Plows from Financing Activities (868,404) Cash Flows from Financing Activities: Proceeds from the issuance of common shares Sa,400 Net cash provided by financing activities Change in Cash and Cash Equivalents:	• •			
Net cash used by operating activities: Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Purchase of marketable securities Other Net cash provided (used) by investing activities (868,404) Cash Flows from Financing Activities: Cash Flows from Financing activities Proceeds from the sale and (1,782,504) (2,140,0) (45,856) (2,9) (40,044) (31,7) (40,044)		17 (221	12 075
And accrued expenses (139,260) (41,1 Net cash used by operating activities (2,062,369) (496,6 Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities (1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,0 Purchase of property, plant and equipment (45,856) (2,9 Other (40,044) 31,7 Net cash provided (used) by investing activities (868,404) 340,0 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:		11,1	<u> </u>	12,915
Cash Flows from Investing Activities: Proceeds from the sale and maturity of marketable securities Purchase of marketable securities Purchase of property, plant and equipment Purchase of property, plant and equipment Putchase of property, p		(139,	260)	(41, 187)
Proceeds from the sale and maturity of marketable securities 1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,0 Purchase of property, plant and equipment (45,856) (2,9 Other (40,044) 31,7 Net cash provided (used) by investing activities (868,404) 340,0 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:	Net cash used by operating activities	(2,062,	369)	(496,641
Proceeds from the sale and maturity of marketable securities 1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,0 Purchase of property, plant and equipment (45,856) (2,9 Other (40,044) 31,7 Net cash provided (used) by investing activities (868,404) 340,0 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:				
maturity of marketable securities 1,000,000 2,451,3 Purchase of marketable securities (1,782,504) (2,140,0 Purchase of property, plant and equipment (45,856) (2,9 Other (40,044) 31,7 Net cash provided (used) by investing activities (868,404) 340,0 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:				
Purchase of marketable securities (1,782,504) (2,140,0 Purchase of property, plant and equipment (45,856) (2,9 Other (40,044) 31,7 Net cash provided (used) by investing activities (868,404) 340,0 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:				_
Purchase of property, plant and equipment (45,856) (2,90) Other (40,044) 31,70 Het cash provided (used) by investing activities (868,404) 340,00 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Het cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:				2,451,300
Other (40,044) 31,7 Het cash provided (used) by investing activities (868,404) 340,0 Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Het cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:				(2, 140, 092)
Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Let cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:				31,795
Cash Flows from Financing Activities: Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:	Wet cash provided (used) by investing act	ivities (868-4	404)	340,006
Proceeds from the issuance of common shares 53,400 Net cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:				=======================================
Vet cash provided by financing activities 53,400 Change in Cash and Cash Equivalents:		es 53.4	400	
Change in Cash and Cash Equivalents:				
		=======================================		========
	Net decrease in cash	/a a== :	070\	(156,635

Cash and cash equivalents beginning of period			11,331,503	1,584,63
				
end of period		\$	8,454,130	\$ 1,427,99
Fhe accompanying notes ar statements.	e an integral	-part of the	consolidated f	inancial
Selected Notes To Consoli For the Three Months Ende Expressed in U.S. Dollars	d March 31, 20		(unaudited)	
1. Basis of Presentation				
The accompanying unaudite prepared in accordance wi Canada for interim financ all of the information an	th accounting ial information	principles g on. Accordin	enerally accept gly, they do no	ted in ot include
generally accepted in Can				
In the opinion of managem financial statements cont financial position of Gol of March 31, 2004, and the three months ended March the three months ended Maindicative of the results. These financial statement of their application as the should be read in conjuncially including notes thereto including notes. Net Loss for the Three Mo	ain all adjusted Reserve Inc. e results of (31, 2004 and) rch 31, 2004 (to be expect) s follow the semion with the necluded in the	tments necess. and subsidice operations and 2003. The related for the function of the function	ary to present aries (the "Core de the cash flow sults of operation not necessarily la year. In year. In policies and neial statement statement operation not series on the core de the	fairly the mpany") as ws for the tions for y d methods ts and tements
		2004	2003	
United States Venezuela	\$	836,761 1,504,103	\$ 267,457 282,231	
	\$	2,340,864	\$ 549,688	
3. Share Option Plan The Company's Equity Ince common share purchase opt terms of up to ten years. immediately to up to thre future grants at March 31, 20 months ended March 31, 20	ntive Plan (tl ions to office The vesting e years. There , 2004. Share	ers, director period of opt e were 292,64 option trans	s and key indivions ranges from the contract of the contract o	viduals for om ining for
,				2002
		2004 Weighted		- 2003 - Weighted
		Average		- Average
		Exercise		- Exercise
	Shares	Price	Shares	-Price
Options outstanding at beginning of period	3,204,124	\$ 0.95	3,368,549	\$ 0.80
Options exercised	(62,500)	\$ 0.83		
Options canceled Options granted	135,000	\$ 3.94		
	·			
Options outstanding at end of period	3,276,624	\$ 1.08	3,368,549	\$ 0.80
Options exercisable at end of period	3,048,005	\$ 0.96	3,335,217	\$ 0.80
	Pri	ce		ice
	Rang	An	Pai	nge

\$ 0.55 - \$ 4.14

\$ 0.55 - \$ 4.14 -

\$ 0.50 - \$ 1.50

\$ 0.50 - \$ 1.50

Exercise price at end of period Exercise price for

<u>exercisable</u> shares

Effective January 1, 2004, the Company adopted the new requirements of the Canadian Institute of Chartered Accountants standard 3870 under which the fair value method of accounting for stock options granted to employees and directors is followed. Accordingly, compensation expense was recorded on a retroactive basis to retained earnings to show the effect of compensation expense associated with stock option grants to employees and directors from January 1, 2002 to December 31, 2003, which amounted to \$419,101.

The Company recorded additional compensation expense of \$302,934 for stock options granted during the three months ended March 2004. The fair value of the options granted was calculated using the Black-Scholes model assuming a risk free interest rate of 3.25%, expected life of five years, expected volatility of 65% and a dividend yield of nil.

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.

GOLD RESERVE INC.

By: s/ Robert A. McGuinness

Vice President Finance & CFO

May 14, 2004