

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 August 2020

Commission File Number: 001-31819

Gold Reserve Inc.

(Exact name of registrant as specified in its charter)

**999 W. Riverside Avenue, Suite 401
Spokane, Washington 99201**

(Address of principal executive office)

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):

This Report on Form 6-K and the exhibits attached hereto are hereby incorporated by reference into Gold Reserve Inc.'s (the "Company") current Registration Statements on Form F-3 and Form S-8 on file with the U.S. Securities and Exchange Commission (the "SEC").

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

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

99.2 Form of Proxy

99.3 Supplemental Mailing List Return Card

99.4 Annual Report

99.5 Certificate of Abridgement

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference in this report contains both historical information and "forward-looking statements" (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) or "forward-looking information" (within the meaning of applicable Canadian securities laws) (collectively referred to herein as "forward-looking statements") that may state our intentions, hopes, beliefs, expectations or predictions for the future.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause our actual financial results, performance or achievements to be materially different from those expressed or implied herein, many of which are outside our control.

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 our 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, although not all forward-looking statements contain these words. 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:

- risks associated with sanctions imposed by the U.S. and Canadian governments targeting the Bolivarian Republic of Venezuela ("Venezuela") (the "Sanctions"):
 - Sanctions imposed by the U.S. government generally block all property of the government of Venezuela and prohibits the Company and its U.S. directors, management and employees from dealing with the Venezuelan government and state-owned/controlled entities, entering into certain transactions or dealing with Specially Designated Nationals ("SDNs") and targets corruption in, among other identified sectors, the gold sector of the Venezuelan economy,
 - Sanctions imposed by the Canadian government include asset freezes and prohibitions on dealings with certain named Venezuelan officials under the Special Economic Measures (Venezuela) Regulations of the *Special Economic Measures Act* and the *Justice for Victims of Corrupt Foreign Officials Regulations of the Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)*,
 - the Sanctions are expected to continue to adversely impact our ability to receive the remaining funds owed by Venezuela and our ability to finance, develop and operate the Siembra Minera Project;
- risks that U.S. and Canadian government agencies that enforce Sanctions may not issue licenses that the Company may request in the future to engage in certain Venezuela-related transactions;
- risks associated with the Company's inability to access amounts held in the trust account (the "Trust Account") for the benefit of the Company at Banco de Desarrollo Económico y Social de Venezuela ("Bandes Bank") which have been blocked as a result of the U.S. Treasury Department's Office of Foreign Assets Control designation of Bandes Bank as a SDN pursuant to an Executive Order;

- risks associated with the continued failure by Venezuela to honor its commitments under the Settlement Agreement whereby Venezuela agreed to pay us the Award (as defined below) (including interest) and purchase our technical mining data associated with our previous Brisas Project (the "Mining Data") for approximately \$1.032 billion in a series of monthly payments ending on or before June 15, 2019 (the "Settlement Agreement");
- risks associated with Venezuela's failure to honor its commitments associated with the formation and operation of Siembra Minera (a company formed to develop the Siembra Minera Project which is comprised of certain gold, copper, silver and other strategic mineral rights within Bolivar State of Venezuela) and risks associated with the ability of the Company and Venezuela to (i) successfully overcome legal or regulatory obstacles to operate Siembra Minera for the purpose of developing the Siembra Minera Project, (ii) complete any additional definitive documentation and finalize remaining governmental approvals and (iii) obtain financing to fund the capital costs of the Siembra Minera Project;
- risks associated with the existence of "dual" governments in Venezuela as a result of certain non-Venezuelan countries (including the United States and Canada) recognizing a temporary presidency and government with respect to the president of the Venezuela National Assembly ("National Assembly"), Juan Guaidó, instead of Nicolás Maduro (and vice versa), including associated challenges as to governing and decision-making authority related thereto, and the U.S. Government's recent indictment of Venezuelan President Nicolás Maduro and a number of key associates for drug trafficking;
- risks associated with the collection of a September 2014 arbitral award granted pursuant to the Additional Facility Rules of the International Centre for the Settlement of Investment Disputes (the "Award") and substantial concentration of our operations and assets in Venezuela which are and will continue to be subject to risks specific to Venezuela, including the effects of political, economic and social developments, social instability and unrest; international response to Venezuelan domestic and international policies; Sanctions by the U.S. or Canadian governments or other jurisdictions and potential invalidation, confiscation, expropriation or rescission of governmental orders, permits, agreements or property rights either by the existing or a future administration or power, de jure or de facto;
- risks that any future Venezuelan administration or power, de jure or de facto, will fail to respect the agreements of the prior administration, including recent or future actions of the opposition controlled National Assembly challenging the Maduro administration's 2016 formation of Siembra Minera and Presidential Decree 2,248 creating the Strategic Development Zone National Mining Arch of the Orinoco;
- risks associated with our ability to resume our efforts to enforce and collect the Award, including the associated costs of enforcement and collection efforts and the timing and success of that effort, if Venezuela fails to honor its commitments pursuant to the Settlement Agreement, it is terminated and further efforts related to the Settlement Agreement are abandoned;
- the risk that the conclusions of management and its qualified consultants contained in the Preliminary Economic Assessment of the Siembra Minera Gold Copper Project in accordance with Canadian National Instrument 43-101- Standards of Disclosure for Mineral Projects ("NI 43-101") may not be realized in the future;
- risks associated with exploration, delineation of adequate reserves, regulatory and permitting obstacles and other risks associated with the development of the Siembra Minera Project;
- risks associated with our ability to service outstanding obligations as they come due and access future additional funding, when required, for ongoing liquidity and capital resources, pending the receipt of payments under the Settlement Agreement or collection of the Award in the courts;
- risks associated with our prospects in general for the identification, exploration and development of mining projects and other risks normally incident to the exploration, development and operation of mining properties, including our ability to achieve revenue producing operations in the future;
- risks that estimates and/or assumptions required to be made by management in the course of preparing our financial statements are determined to be inaccurate, resulting in a negative impact on 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;

- risks associated with shareholder dilution resulting from the future sale of additional equity, if required;
- risks associated with the value realized, if any, from the disposition of the assets related to our previous mining project in Venezuela known as the "Brisas Project";
- risks associated with the abilities of and continued participation by certain employees;
- risks associated with the impact of current or future U.S., Canadian and/or other jurisdiction's tax laws to which we are or may be subject; and
- risks associated with the impact of new diseases, epidemics and pandemics, including the effects and potential effects of the global coronavirus disease 2019 (COVID-19) pandemic.

See "Risk Factors" contained in our Annual Information Form and Annual Report on Form 40-F filed on www.sedar.com and www.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 our 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 the U.S. Securities and Exchange Commission (the "SEC"), the Ontario Securities Commission (the "OSC") or other securities regulators or 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 us or persons acting on our behalf are expressly qualified in their entirety by this notice. We disclaim 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 our 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. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

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: August 17, 2020

GOLD RESERVE INC. (Registrant)

By: /s/ Robert A. McGuinness

Robert A. McGuinness, its Vice President of Finance,
Chief Financial Officer and its Principal Financial and Accounting Officer

GOLD RESERVE INC.

999 W. Riverside Ave., Suite 401,
Spokane, WA 99201

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of Class A common shares (the “**Class A Shares**”) of GOLD RESERVE INC. (the “**Company**”) will be held at 999 W. Riverside Avenue, 7th Floor, Masthead Suite, Spokane, Washington, USA on September 10, 2020 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 auditors of the Company and to authorize the directors of the Company to fix their remuneration;
- (3) to approve the re-pricing of certain outstanding stock options granted to insiders of the Company necessitated by the Company’s 2019 return of capital transaction;
- (4) to receive the financial statements of the Company for the year ended December 31, 2019, 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.

Registered Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person and who wish to ensure that their Class A Shares will be voted are requested to complete, sign and mail the enclosed form of proxy to Proxy Services, c/o Computershare Investor Services, P.O. Box 505008, Louisville, KY 40233. 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 2019 Annual Report (the “**2019 Annual Report**”) accompany this Notice of Annual General and Special Meeting of Shareholders.

Non-registered Shareholders (for example, those Shareholders who hold Class A Shares in an account with an intermediary), should follow the voting procedures described in the voting instruction form provided by such intermediary or call the intermediary for information as to how to vote their Class A Shares. For further information with respect to Shareholders who own Class A Shares through an intermediary, see “*Voting by Non-Registered Shareholders*” in the accompanying Circular.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Circular.

This Notice of Annual General and Special Meeting of Shareholders, the 2019 Annual Report and Supplemental Mailing List Return Card are being mailed or made available to Shareholders entitled to vote at the Meeting, on or about August 11, 2020.

The Board of Directors has fixed the close of business on July 29, 2020 as the record date for the determination of Shareholders entitled to notice of the Meeting and any adjournment or postponement thereof.

DATED this 28th day of July 2020

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 (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of GOLD RESERVE INC. (the “Company”) to be voted at the Annual General and Special Meeting of Shareholders of the Company (the “Meeting”) to be held on, the 10th day of September, 2020 at 9:30 a.m. (Pacific daylight time), at 999 W. Riverside Avenue, 7th Floor Masthead Suite, Spokane, Washington, USA and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders. The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone or by other means of communication by employees of the Company on behalf of management of the Company. Employees will not receive any extra compensation for such activities. The Company may pay brokers, nominees or other persons holding Class A common shares of the Company (the “Class A Shares”) in their name for others for their reasonable charges and expenses in forwarding proxies and proxy materials to beneficial owners of such Class A 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 solicitation by management will be borne by the Company. Except where otherwise stated, the information contained herein is given as of the 28th day of July 2020.

The Notice of Annual General and Special Meeting of Shareholders, Circular and the Company’s 2019 Annual Report (the “2019 Annual Report”) are also available for review on the Company’s website at www.goldreserveinc.com under “2020 Annual Shareholder Meeting” and under the Company’s profile on SEDAR at www.sedar.com.

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 form of 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 Investor Services, P.O. Box 505008, Louisville, KY 40233 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 Class A 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 delivering 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 999 W. Riverside Avenue, Suite 401, Spokane, Washington 99201, USA 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. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

Shareholders that hold their Class A Shares through an account with a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee in revoking their previously deposited proxies.

EXERCISE OF DISCRETION BY PROXIES

The Class A 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 Class A Shares will be voted accordingly. IN THE ABSENCE OF SUCH CHOICE BEING SPECIFIED, SUCH CLASS A SHARES WILL BE VOTED “FOR” THE MATTERS SPECIFICALLY IDENTIFIED IN THE NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS ACCOMPANYING THIS CIRCULAR.

The persons named in the enclosed proxy will have discretionary authority with respect to any amendments or variations of the matters of business to be acted on at the Meeting or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment, variation or other matter that comes before the Meeting is routine and whether or not the amendment, variation or other matter that comes before the Meeting is contested. **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 Class A 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 General and Special Meeting of Shareholders.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company's issued and outstanding shares consist of Class A Shares. Holders of Class A Shares (the “**Shareholders**”) are entitled to one vote per share and may vote on all matters to be considered and voted upon at the Meeting or any adjournment or postponement thereof. The Company has set the close of business on July 29, 2020 (the “**Record Date**”) as the record date for the Meeting. As of the Record Date and the date of this Circular, there were 99,395,048 issued and outstanding Class A Shares.

The Company will prepare a list of Shareholders of record at such time. Shareholders will be entitled to vote the Class A Shares then registered in their name at the Meeting except to the extent that (a) the holder has transferred the ownership of any Class A Shares after that date, and (b) the transferee of those Class A Shares, in accordance with the *Business Corporations Act* (Alberta) (the “**ABCA**”), produces properly endorsed share certificates, or otherwise establishes ownership of the Class A 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 the Class A Shares at the Meeting or any adjournment or postponement thereof.

To the knowledge of the directors and executive officers of the Company, as of the Record Date, 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 Class A Shares were:

Shareholder Name	Number of Class A Shares Held	Percentage of Class A Shares Issued ⁽¹⁾
Steelhead Partners, LLC	10,499,924 ⁽²⁾	10.6%
Greywolf Capital Management LP ⁽³⁾	26,454,256	26.6%
Greywolf Event Driven Master Fund.	6,380,948	6.4%
Greywolf Overseas Intermediate Fund	5,434,228	5.5%
Greywolf Strategic Master Fund SPC, Ltd. – MSP9	11,771,916	11.8%
Greywolf Strategic Master Fund SPC, Ltd. – MSP5	2,867,164	2.9%

(1) Based on the number of Class A Shares outstanding on the Record Date.

(2) Mr. Michael Johnston, a director of the Company, is a member and portfolio manager of Steelhead Partners, LLC (“**Steelhead**”), which acts as investment manager of Steelhead Navigator Master, L.P. and another client account that together hold 10,499,924 Class A Shares. As such, Mr. Johnston may be deemed to beneficially own the shares owned by these client accounts in that he may be deemed to have the power to direct the voting or disposition of these shares. Otherwise, Mr. Johnston disclaims beneficial ownership of these securities.

(3) The number of Class A Shares held is based on publicly available information filed with the U.S. Securities and Exchange Commission (the “**SEC**”) by Greywolf Capital Management LP (“**Greywolf**”) last filed on August 23, 2017.

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 Company carrying voting rights at the meeting, provided that, if there should be only one shareholder of the Company 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. 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 the Record Date or the persons they designate as their proxies are permitted to vote at the Meeting. In many cases, however, the Class A 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 Class A 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 General 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 Class A 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 Class A Shares they beneficially own. **Should a non-registered Shareholder 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 Shareholder should strike out the persons named in the form of proxy and insert the non-registered Shareholder’s name, or such other person’s name, in the blank space provided. Non-registered Shareholders 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 Class A 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 three and a maximum of 15 directors, with the actual number of directors to be determined from time to time by the Board. The Board presently consists of seven members and Shareholders are being asked to elect seven members to the Board.

The Board has held seven meetings since the beginning of the most recently completed financial year, all of which were attended in person or by phone by all directors.

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 all but one 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.

The following table and the notes thereto state the name and residence of all of the persons proposed to be nominated by management for election as directors, their principal occupations, the period or periods of service as directors of the Company, the approximate number of Class A Shares beneficially owned, controlled or directed, directly or indirectly, by each of them as at the date hereof and the committees of the Board of which they are a member.

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 below.

Name and Place of Residence	Principal Occupation	Director of Gold Reserve Inc. since	Shares Beneficially Owned or Controlled	Member of Committee
James H. Coleman, Q.C. Calgary, Alberta, Canada	Mr. Coleman has been the Executive Chairman of the Company since 2016 and prior thereto was the non-Executive Chairman since 2004. He has also been a director of the Company and its predecessor Gold Reserve Corporation since 1994. Mr. Coleman was also previously a senior partner with the law firm of Norton Rose Fulbright Canada LLP. He has extensive international industry and public company experience as a result of his membership on the Board for over 25 years and has served on the board of directors of other mining issuers such as Amex Exploration Inc., Avion Gold Corporation and Endeavour Mining Corporation. He has also been a director of Siembra Minera since 2016, Great Basin Energies Inc. since 1996, and MGC Ventures, Inc. since 1997.	1994	783,138	Executive Committee Legal Committee Nominating Committee (Chair) Barbados Committee Special Committee

<p>Rockne J. Timm Spokane, Washington, USA</p>	<p>Mr. Timm has been a director of the Company for over 30 years and the Chief Executive Officer of the Company and its predecessor Gold Reserve Corporation for 30 years. Prior to his involvement with the Company, he was the Chief Financial Officer and Vice President of Finance of a mining company with six producing gold mines. Mr. Timm is also the President and director of Gold Reserve Corporation, Chief Executive Officer of GR Mining (Barbados) Inc. and GR Procurement (Barbados) Inc. since 2016. Mr. Timm has also been a director of Siembra Minera since 2016. In addition, Mr. Timm has been a president and director of Great Basin Energies, Inc. since 1981, and MGC Ventures, Inc. since 1989.</p>	<p>1984</p>	<p>1,530,040</p>	<p>Executive Committee (Chair) Legal Committee</p>
<p>A. Douglas Belanger Spokane, Washington, USA</p>	<p>Mr. Belanger is a geologist with significant industry experience who has been a director of the Company for over 30 years and the president of the Company for 15 years. Mr. Belanger also served as executive vice president from 1988 through 2004. He is also the executive vice president and director of Gold Reserve Corporation since 1988, a director of Siembra Minera, director and president of GR Mining (Barbados) Inc. and GR Procurement (Barbados) Inc. since 2016, and GR Mining Group (Barbados) Inc. since 2018. He has been executive vice president and director of Great Basin Energies Inc. since 1984, and MGC Ventures, Inc. since 1997.</p>	<p>1988</p>	<p>1,700,940</p>	<p>Executive Committee Mining Committee Financial Markets Committee Barbados Committee (Chair)</p>

James P. Geyer Spokane, Washington USA	Mr. Geyer, who has a Bachelor of Science in Mining Engineering, has been a director of the Company for 23 years and has significant operating and mine project experience in gold and copper operations around the world, as well as public company experience resulting from his roles with the Company, Wheaton River Minerals Ltd., USMX Inc., Thompson Creek Metals Company Inc. ("Thompson Creek") (during which time Thompson Creek constructed and commissioned the Mount Milligan Mine) and Stonegate Agricom Ltd. Prior to the expropriation of the Brisas Project by Venezuela, Mr. Geyer was previously the Senior Vice President of the Company responsible for the development of the Brisas Project. Mr. Geyer also led the analysis on behalf of the Company of the Brisas Cristinas Project (now known as the Siembra Minera Project). Mr. Geyer has considerable knowledge of and experience with mining regulations in Venezuela.	1997	407,473	Audit Committee Compensation Committee Mining Committee (Chair)
Robert A. Cohen Becket, Massachusetts USA	Mr. Cohen retired as of October 1, 2016 from his position as a litigation partner in the international law firm Dechert LLP, and its predecessor firms, in the New York office.	2017	--	Nominating Committee Legal Committee (Chair)
James Michael Johnston Seattle, Washington, USA	Mr. Johnston co-founded Steelhead in late 1996 to form and manage the Steelhead Navigator Fund. Prior, as senior vice president and senior portfolio manager at Loews Corporation, Mr. Johnston co-managed over \$5 billion in corporate bonds and also managed an equity portfolio. He began his investment career at Prudential Insurance as a high yield and investment-grade credit analyst. Mr. Johnston was promoted to co-portfolio manager of an \$11 billion fixed income portfolio in 1991. He graduated with honors from Texas Christian University with a degree in finance and completed his MBA at the Johnson Graduate School of Business at Cornell University.	2017	10,499,924 ⁽¹⁾	Audit Committee Compensation Committee

Ambassador Yves Gagnon Ottawa, Ontario Canada	Former Ambassador Gagnon joined Global Affairs Canada in 1971. He retired from the public service in 2016 after 45 years of service. He has held positions of increasing importance including Canada's Ambassador to six countries including Venezuela and Cuba with a special emphasis on Latin America. He has also been a Senior Policy Advisor to Canada's Minister of State of Foreign Affairs and International Trade for the Americas. His extensive career in the Diplomatic Corps gives him a unique ability and insight into the geopolitical challenges facing the Company. Ambassador Gagnon has a BA in Arts (1968) and a B.Sc. in Political Science (1971) from Laval University and is a graduate of the National School of Administration (ENA) France (1977).	N/A	--	Special Committee (if elected)
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Mr. Johnston is the managing member of Steelhead, which acts as investment manager of Steelhead Navigator Master, L.P. and another client account that together hold 10,499,924 Class A Shares. As such, Mr. Johnston may be deemed to beneficially own the shares owned by these client accounts in that he may be deemed to have the power to direct the voting or disposition of these shares. Otherwise, Mr. Johnston disclaims beneficial ownership of these securities.

On August 23, 2017, the Company announced that it had reached separate agreements with each of Steelhead and Greywolf to provide such shareholders with the ability to each nominate one individual for election to the Board, and that it would further work with Steelhead and Greywolf to review potential candidates for nomination to the Board at a later date. Messrs. Johnson and Cohen were first elected to the Board as nominees of Steelhead and Greywolf, respectively, at the Company's shareholder meeting held on August 29, 2017. The Company, Steelhead and Greywolf have further agreed upon the nomination of Ambassador Gagnon for election to the Board at the Meeting.

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 has also served as vice president of finance for Gold Reserve Corporation since 1993, vice president of finance and director of GR Mining (Barbados) Inc. and GR Procurement (Barbados) Inc. since 2016, vice president of finance and director of GR Mining Group (Barbados) Inc. since 2018, vice president of finance, chief financial officer and treasurer of Great Basin Energies, Inc. and MGC Ventures, Inc. since 1997. Mr. McGuinness 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.

Other than as disclosed below, 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.

Mr. Coleman served as a director of Petrowest Corporation (“**Petrowest**”) until May 18, 2017. On August 15, 2017 the banking syndicate of Petrowest obtained an order from the Alberta Court of Queen’s Bench to place Petrowest into receivership.

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, 2020 and that the Board be authorized to fix the auditors’ remuneration. PricewaterhouseCoopers LLP were first appointed auditors of the Company in 2001. 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 – Re-Pricing of Previously Granted Stock Options

At the Meeting, Shareholders will be asked to consider and approve an ordinary resolution (the “**Option Re-Pricing Resolution**”), as set forth below, to re-price an aggregate of 2,045,000 outstanding stock options exercisable for the purchase of Class A Shares, the applicable details of which are set out in the table below (the “**Re-Priced Options**”), previously granted to Insiders (as such term is defined in the TSXV Corporate Finance Manual) of the Company by reducing the exercise price of each of such option to the higher of: (i) the original exercise price of each Re-Priced Option less \$0.76; and (ii) the closing price on the principal market of the Class A Shares on the day prior to the re-pricing becoming effective (the “**Option Re-Pricing**”). All outstanding stock options will be re-priced in this manner but approval of Shareholders is only required with respect to the stock options granted to Insiders.

The Company is seeking approval for the Option Re-Pricing in order to reflect the decrease in the market price of the Class A Shares as a result of the return of capital transaction that was completed on June 14, 2019 (the “**Return of Capital Transaction**”). The Return of Capital Transaction was approved at the meeting of Shareholders held on June 13, 2019 and was completed by way of a court-approved plan of arrangement, pursuant to which the Company returned an aggregate of \$75,000,000, or \$0.76 per then-outstanding Class A Share, to Shareholders.

Following the completion of the Return of Capital Transaction, the market price for the Class A Shares on the TSXV immediately fell by a significant amount approaching the amount returned to Shareholders, and has traded in a tight range close to such reduced price since that time. As such value has been transferred from the Company to Shareholders, it will not be reflected in the market price of the Class A Shares regardless of other efforts and events that might affect the market price of the Class A Shares. Thus, the Re-Priced Options are now significantly out-of-the-money with no reasonable prospect of becoming in-the-money following the Return of Capital Transaction. Recognizing that stock options are a critical element of the Company's compensation policy, the Board has determined that it is in the best interest of the Company to reprice all previously granted stock options, including those granted to certain Insiders, by reducing their exercise prices by up to a maximum of \$0.76 in order to reflect the impact of the Return of Capital Transaction on the market price of the Class A Shares. All other terms of the Re-Priced Options will remain unchanged. The Option Re-Pricing is subject to the final approval of the TSXV.

The Re-Priced Options were granted to the following directors and officers of the Company (collectively, the "Option Holders") as set out below:

Name of Stock Option Holder	Grant Date	Number of Stock Options	Original Exercise Price	Proposed Amended Exercise Price ¹ (C\$ ²)
Alexander Belanger	16-Feb-2017	300,000	\$3.15	\$2.39 (C\$3.20)
Robert Cohen	01-May-2017	125,000	\$2.69	\$1.93 (C\$2.58)
James Coleman	25-Jul-2014	25,000	\$4.02	\$3.26 (C\$4.36)
James Coleman	29-Jun-2015	75,000	\$3.91	\$3.15 (C\$4.21)
James Coleman	16-Feb-2017	400,000	\$3.15	\$2.39 (C\$3.20)
James Geyer	25-Jul-2014	25,000	\$4.02	\$3.26 (C\$4.36)
James Geyer	29-Jun-2015	35,000	\$3.91	\$3.15 (C\$4.21)
James Geyer	16-Feb-2017	125,000	\$3.15	\$2.39 (C\$3.20)
Robert McGuinness	25-Jul-2014	75,000	\$4.02	\$3.26 (C\$4.36)
Robert McGuinness	16-Feb-2017	50,000	\$3.15	\$2.39 (C\$3.20)
Robert McGuinness	16-Feb-2017	125,000	\$3.15	\$2.39 (C\$3.20)
Jean Potvin	25-Jul-2014	25,000	\$4.02	\$3.26 (C\$4.36)
Jean Potvin	29-Jun-2015	35,000	\$3.91	\$3.15 (C\$4.21)
Jean Potvin	16-Feb-2017	200,000	\$3.15	\$2.39 (C\$3.20)
Rockne Timm	16-Feb-2017	425,000	\$3.15	\$2.39 (C\$3.20)
TOTAL		2,045,000		

(1) The closing price of the Class A Shares on the OTCQX on July 27, 2020 was \$1.83. In the event that the closing price on the day prior to the Option Re-Pricing becoming effective is higher than the proposed amended exercise price set out in this table, the Company will revise the exercise price of the Re-Priced Options to such closing price.

(2) Based on the Bank of Canada exchange rate on July 27, 2020 of \$1.00 = C\$1.3378

The policies of the TSXV require that the Option Re-Pricing be approved by shareholders of the Company, excluding the Class A Shares held by the Option Holders (the "Disinterested Shareholders"). Based on the present shareholdings of the Option Holders and their associates, a total of 4,946,267 Class A Shares will be excluded from voting on the Option Re-Pricing Resolution, representing approximately 4.98% of

the total issued and outstanding Class A Shares as of the Record Date. Accordingly, the Disinterested Shareholders will be asked at the Meeting to pass the following Option Re-Pricing Resolution:

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, WITH VOTES OF CERTAIN INSIDERS AND THEIR ASSOCIATES EXCLUDED THEREFROM, THAT:

1. subject to the final acceptance of the TSX Venture Exchange, the exercise prices of certain stock options (the “Re-Priced Options”) exercisable for an aggregate of up to 2,045,000 Class A Shares in the capital of Gold Reserve Inc. (the “Company”), as more particularly described in the information circular of the Company dated July 28, 2020, are hereby reduced to the higher of: (i) the original exercise price of the Re-Priced Option less \$0.76; and (ii) the closing price on the principal market of the Class A Shares on the day prior to such re-pricing becoming effective;
2. the board of directors of the Company is hereby authorized in its absolute discretion to determine whether or not to proceed with the above resolution without further ratification or approval by the shareholders; and
3. any one director or officer of the Company is authorized, on behalf of the Company, to execute and deliver all other documents and do all such other acts and things as may be necessary or desirable to give effect to the foregoing resolutions.”

Management recommends that Disinterested Shareholders vote FOR the Option Re-Pricing Resolution.

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote FOR the approval of the Option Re-Pricing Plan Resolution.

Item 4 – Consolidated Financial Statements

A copy of the consolidated financial statements of the Company for the year ended December 31, 2019 (the “**Financial Statements**”) and the report of the Company’s independent auditors on the Financial Statements are included in the 2019 Annual Report and will be submitted at the Meeting. Copies of the Financial Statements can also be obtained on www.sedar.com or www.sec.gov. 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 Company’s executive compensation philosophy, objectives and processes and to discuss compensation decisions relating to certain of the Company’s senior officers, being the five identified named executive officers (the “**NEOs**”) during the Company’s most recently completed financial year, being the year ended December 31, 2019. The NEOs who are the focus of this CD&A and who appear in the executive compensation tables of this Circular are: James H. Coleman, executive director and chairman; Rockne J. Timm, chief executive officer (the “**CEO**”); A. Douglas Belanger, president; Robert A. McGuinness, vice president finance and chief financial officer (the “**CFO**”); and David P. Onzay, corporate controller.

Compensation Committee

The Company's compensation program was administered during 2019 by the compensation committee of the Board (the "**Compensation Committee**"). The Compensation Committee is currently composed of the following directors:

Jean Charles Potvin (Chair)

James P. Geyer

James Michael Johnston

The Compensation Committee met seven times during 2019 via conference calls and email exchanges. While serving on the Compensation Committee, all of the members participated actively in all discussions. 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 has determined that each member of the Compensation Committee satisfied the definition of "independent" director as established under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 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 2020.

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.

While the Company encourages NEOs to own Class A Shares of the Company, the Company does not currently have a policy requiring officers or directors of the Company to own Class A Shares.

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 stock 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 2019, 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 and other compensation 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 the most recent internal survey were:

Centerra Gold Inc.	Seabridge Gold Inc.
Osisko Mining Inc.	Endeavour Mining Corporation
Gold X Mining Corp	Ivanhoe Mines Ltd.
Lydian International Limited	Northern Dynasty Minerals Ltd.
NovaGold Resources Inc.	Pretium Resource Inc.

All of the participants of the internally generated survey are listed on the NYSE MKT, the Toronto Stock Exchange, or the 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 stock 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 an employee stock ownership plan with 401(k) provisions maintained by the Company's subsidiary, Gold Reserve Corporation (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 CEO 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 CEO, 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 CEO's compensation in 2019 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 NEOs' Compensation

In determining the compensation of the other NEOs, the compensation during 2019 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 (the "**Change of Control Agreements**") which were implemented by the Board to induce the NEOs to remain with the Company.

See "*Termination and Change of Control Benefits*" below.

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, 2019, 2018, and 2017.

The amounts related to the option-based awards and the share-based awards do not necessarily represent the value of the Class A Shares when vesting occurs, the value of the stock options when exercised, or value the employee may realize from the sale of the Class A 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			
James H. Coleman ⁽¹⁾ Executive Chairman and Director	2019	500,000	-	-	n/a	n/a	n/a	87,229 ⁽²⁾	587,229
	2018	500,000	-	-	n/a	n/a	n/a	641,830 ⁽³⁾	1,141,830
	2017	500,000	-	834,013 ⁽⁴⁾	n/a	n/a	n/a	3,268,718 ⁽⁵⁾	4,602,731
Rockne J. Timm ⁽¹⁾ Chief Executive Officer and Director	2019	625,000	-	-	n/a	n/a	n/a	87,229 ⁽²⁾	712,229
	2018	625,000	-	-	n/a	n/a	n/a	515,358 ⁽³⁾	1,140,358
	2017	625,000	-	886,138 ⁽⁴⁾	n/a	n/a	n/a	4,185,668 ⁽⁵⁾	5,696,806
Robert A. McGuinness Vice President Finance and CFO	2019	241,500	-	-	n/a	n/a	n/a	58,449 ⁽²⁾	299,949
	2018	241,500	-	-	n/a	n/a	n/a	253,087 ⁽³⁾	494,587
	2017	241,500	-	208,503 ⁽⁶⁾	n/a	n/a	n/a	841,739 ⁽⁵⁾	1,291,742
A. Douglas Belanger ⁽¹⁾ President and Director	2019	450,000	-	-	n/a	n/a	n/a	87,229 ⁽²⁾	537,229
	2018	450,000	-	-	n/a	n/a	n/a	515,358 ⁽³⁾	965,358
	2017	450,000	-	625,510 ⁽⁴⁾	n/a	n/a	n/a	3,453,174 ⁽⁵⁾	4,528,684
David P. Onzay Corporate Controller	2019	138,000	-	-	n/a	n/a	n/a	33,008 ⁽²⁾	171,008
	2018	138,000	-	-	n/a	n/a	n/a	155,225 ⁽³⁾	293,225
	2017	138,000	-	109,464 ⁽⁶⁾	n/a	n/a	n/a	542,671 ⁽⁵⁾	790,135

(1) Messrs. Coleman, Timm and Belanger did not receive compensation for their roles as directors.

(2) Other compensation for 2019 consists of payment under Bonus Plan (see "2012 Bonus Pool Plan" below for more information regarding the Bonus Plan), and the Company's contribution in the form of cash to each of the NEOs allocated to the KSOP Plan (or similar arrangement in the case of Mr. Coleman) for 2019 as follows:

	Payment under Bonus Plan (\$)	KSOP and Other (\$)	Total (\$)
James H. Coleman	48,029	39,200	87,229
Rockne J. Timm	48,029	39,200	87,229
Robert A. McGuinness	21,613	36,836	58,449
A. Douglas Belanger	48,029	39,200	87,229
David P. Onzay	12,007	21,001	33,008

(3) Other compensation for 2018 consists of payment under Bonus Plan and the Company's contribution in the form of cash to each of the NEOs allocated to the KSOP Plan (or similar arrangement in the case of Mr. Coleman) for 2018 as follows:

	Payment under Bonus Plan (\$)	KSOP and Other (\$)	Total (\$)
James H. Coleman	603,330	38,500	641,830
Rockne J. Timm	476,858	38,500	515,358
Robert A. McGuinness	214,587	38,500	253,087
A. Douglas Belanger	476,858	38,500	515,358
David P. Onzay	119,215	36,010	155,225

- (4) On February 16, 2017, the Company granted stock options to the NEOs as follows: Mr. Coleman, 800,000; Mr. Timm, 850,000 and Mr. Belanger, 600,000, with an exercise price of \$3.15 per share. The fair market value of these stock 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 with the following assumptions: a two year expected term; expected volatility of 59%; risk free interest rate of 1.22% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the stock options granted during 2017 was calculated at approximately \$1.04. The stock options vested immediately.
- (5) Other compensation for 2017 consists of the payment for Retention Units (see “*Incentive Plans – Retention Units*” below for more information regarding the Retention Units), payment under Bonus Plan, bonuses to cover the exercise of stock options and resulting tax payments on the gain associated with the exercise of stock options, and the Company’s contribution in the form of cash to each of the NEOs allocated to the KSOP Plan (or similar arrangement in the case of Mr. Coleman) for 2017 as follows:

	Payment of Retention Units (\$)	Payment under Bonus Plan (\$)	Cash Bonus to Exercise Stock Options (\$)	KSOP and Other (\$)	Total (\$)
James H. Coleman	442,000	31,618	2,760,000	35,100	3,268,718
Rockne J. Timm	1,502,000	158,090	2,490,478	35,100	4,185,668
Robert A. McGuinness	589,000	71,140	146,499	35,100	841,739
A. Douglas Belanger	1,502,000	158,090	1,757,984	35,100	3,453,174
David P. Onzay	394,800	39,522	73,249	35,100	542,671

- (6) On February 16, 2017, the Company granted 200,000 stock options to Mr. McGuinness and 105,000 to Mr. Onzay with an exercise price of \$3.15 per share. The fair market value of these stock 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 with the following assumptions: a two year expected term; expected volatility of 59%; risk free interest rate of 1.22% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the stock options granted during 2017 was calculated at approximately \$1.04. The stock options vest as follows: 1/2 upon grant, 1/4 on February 16, 2018, and 1/4 on February 16, 2019.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares granted to the NEOs outstanding as at December 31, 2019. No share-based awards were outstanding as at December 31, 2019.

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 Executive Chairman and Director	7/25/2014	25,000	4.02	7/25/2024	-	-	-	-
	6/29/2015	75,000	3.91	6/29/2025	-	-	-	-
	2/16/2017	400,000	3.15	2/16/2027	-	-	-	-
	Total	500,000			-	-	-	-
Rockne J. Timm Chief Executive Officer and Director	2/16/2017	425,000	3.15	2/16/2027	-	-	-	-
	Total	425,000			-	-	-	-
Robert A. McGuinness Vice President Finance and CFO	7/25/2014	75,000	4.02	7/25/2024	-	-	-	-
	2/16/2017	50,000	3.15	2/16/2027	-	-	-	-
	2/16/2017	125,000	3.15	2/16/2027	-	-	-	-
	Total	250,000			-	-	-	-
A. Douglas Belanger President and Director	2/16/2017	300,000	3.15	2/16/2027	-	-	-	-
David P. Onzay Corporate Controller	7/25/2014	50,000	4.02	7/25/2024	-	-	-	-
	2/16/2017	12,500	3.15	2/16/2027	-	-	-	-
	2/16/2017	80,000	3.15	2/16/2027	-	-	-	-
	Total	142,500	-	-	-	-	-	-

- (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 stock options. At December 31, 2019 the closing price of the Class A Shares on the OTCQX was \$1.5073.

Options Vested During the Year

The following table sets forth information for NEOs regarding the value of stock options vesting during 2019, of which there were none, as the market price was less than the exercise price. There are no share-based awards outstanding, and no non-equity incentive plan compensation was earned during 2019.

Name	Option-based awards – Value vested during the year \$	Share-based awards – Value vested during the year \$	Non-equity incentive plan compensation – Value earned during the year \$
James H. Coleman Executive Chairman and Director	-	-	-
Rockne J. Timm Chief Executive Officer and Director	-	-	-
Robert A. McGuinness ⁽¹⁾ Vice President Finance and CFO	-	-	-
A. Douglas Belanger President and Director	-	-	-
David P. Onzay ⁽¹⁾ Corporate Controller	-	-	-

(1) On February 16, 2019, 50,000 stock options vested for Mr. McGuinness and 26,666 for Mr. Onzay with an exercise price of \$3.15 per share and a market price of \$2.50 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 stock options granted under the 2012 Plan is 8,750,000 Class A Shares. At the date of this Circular 2,073,435 stock options have been exercised, 4,369,565 stock options are outstanding and 2,307,000 are available for grant.

Securities Authorized for issuance under Equity Compensation Plans

The following table sets forth certain information regarding the 2012 Plan as of December 31, 2019:

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	4,369,565	\$3.09	2,307,000
Total	4,369,565	\$3.09	2,307,000

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 Company provides newly issued Class A 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 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 Class A 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 Board;
- (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 TSXV; and
- (e) the Board is authorized to grant to participants that number of stock options under the 2012 Plan not exceeding 8,750,000 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 without Shareholder approval to:

- (a) amend the 2012 Plan to correct typographical, grammatical or clerical errors;
- (b) change the vesting provisions of an option granted under the 2012 Plan, subject to prior written approval of the TSXV, if applicable;
- (c) 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;
- (d) make such amendments to the 2012 Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (e) make such amendments as may otherwise be permitted by the TSXV, if applicable; and
- (f) amend the 2012 Plan to reduce the benefits that may be granted to new plan participants.

The Board is of the view that the 2012 Plan provides the Company with the flexibility to attract and maintain the services of directors, 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 2020 to \$19,500 (\$26,000 limit for participants who are 50 or more years of age, or who turn 50 during 2020).

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 2020) to a maximum of \$57,000 (\$63,500 limit for participants who are 50 or more years of age or who turn 50 during 2020). The annual dollar limit is an aggregate limit which applies to all contributions made under this plan. For KSOP Plan year 2020 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. Allocated cash contributions to eligible KSOP Plan participants (7 participants for 2019) for plan years 2019, 2018, and 2017 were \$171,188, \$212,025, and \$234,252, 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 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 (the "**Retention Units**").

The Board or a committee thereof may grant Units to directors and certain key employees of the Company or its subsidiaries. The Units fully vest and are payable upon the achievement of pre-established goals or a Change of Control (described below).

In June 2017, as a result of the collection of proceeds related to the sale of the Company's Mining Data to Venezuela, the Retention Units issued in October 2006 and December 2007 vested and, in the third quarter of 2017, the Company paid \$7.7 million to plan participants. No Retention Units were granted to directors, executive officers, or employees in 2019, 2018, or 2017. As of December 31, 2019, no Retention Units remained outstanding.

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 are important assets to the Company and their continued employment is important to oversee the current settlement arrangement with Venezuela including the development of the Siembra Minera Project. The Board further believes that the loss of their continued services could have a detrimental impact on the successful outcome of the current settlement arrangement with Venezuela and the future of the Siembra Minera 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 (other than Mr. Coleman) and three other employees. On May 26, 2017, the Board approved a Change of Control Agreement with Mr. Coleman. 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:

- (a) the acquisition by any individual, entity or group, of beneficial ownership of the Company of 25 percent of the voting power of the outstanding Class A Shares;
- (b) a change in the composition of the Board (the “**Incumbent Board**”) that causes less than a majority of the current directors of the Board to be members of the incoming board; however, that any individual becoming a director subsequent to the effective date of the Change of Control Agreements, whose election, or nomination for election by the Shareholders, was approved by a vote of at least the majority of the directors then comprising the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;
- (c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company;
- (d) the approval by Shareholders of the liquidation or dissolution of the Company; or
- (e) any other event or series of events which the Board reasonably determines constitutes a Change of Control.

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 either voluntarily by the participant or by the Company for any reason other than termination for cause, such participant will be entitled to receive, among other things:

- (a) an amount equal to 24 times his monthly salary (36 times for Mr. Timm, Mr. Belanger and Mr. Coleman), 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);
- (b) 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 termination date or the Change of Control, whichever is greater);

- (c) an amount equal to the aggregate of all bonuses received during the 12 months prior to his termination date, plus any amounts required to be paid in connection with unpaid vacation time;
- (d) 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;
- (e) cause all equity awards or equity-based awards (including stock options and restricted shares) granted to the participant to become fully vested and unrestricted; and
- (f) at the election of the participant, the buy-out of the cash value of any unexercised stock 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 stock options.

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 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 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 **\$7.1 million** if a Change of Control had occurred on December 31, 2019. Although all persons with Change of Control Agreements can elect the buy-out of their stock options as described above, the amount above does not consider any such election as the exercise price of all outstanding stock options exceeded the market value of the Class A Shares as of December 31, 2019. The aggregate amount due was determined exclusive of any gross-up payments, which 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, 2019. 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⁾ \$	Total \$
James Coleman	1,662,429	-	1,662,429
Rockne J. Timm	2,150,340	-	2,150,340
Robert A. McGuinness	660,160	-	660,160
A. Douglas Belanger	1,626,689	-	1,626,689
David P. Onzay	555,131	-	555,131
Total NEOs	6,654,749	-	6,654,749
Other participants	400,000	-	400,000
Total	7,054,749	-	7,054,749

(1) Represents the estimated payout as of December 31, 2019 of the associated salary, vacation, KSOP contribution, bonus and insurance.

(2) Represents the payout of in-the-money stock options.

DIRECTOR COMPENSATION

Summary Director Fee Tables

Effective November 1, 2017, the Board approved a basic annual retainer of \$60,000 for non-employee Board members and the following annual retainers for non-employee Committee chairs: the audit committee of the Board (the “**Audit Committee**”) \$8,000; the Compensation Committee \$6,000; the nominating committee of the Board (the “**Nominating Committee**”) \$6,000; the mining committee of the Board (the “**Mining Committee**”) \$6,000; Barbados Committee \$6,000; the legal committee of the Board (the “**Legal Committee**”) \$6,000; and the financial markets Committee of the Board (the “**Financial Markets Committee**”) \$6,000. All other non-employee Committee members receive an annual retainer of \$4,000. Payments are made on a quarterly basis.

Name	Year	Fees Earned ⁽¹⁾ \$	Share-based awards \$	Option-based awards \$	Non-equity Incentive plan compensation	All Other Compensation \$ ⁽²⁾	Total \$
Jean Charles Potvin	2019	88,000	-	-	-	10,803	98,803
Robert A. Cohen	2019	70,000	-	-	-	5,300	75,300
James Michael Johnston	2019	68,000	-	-	-	-	68,000
James P. Geyer	2019	74,000	-	-	-	7,204	81,204

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

(2) Other compensation for 2019 consists of payments under the Bonus Plan (please see “2012 Bonus Pool Plan” below for more information regarding the Bonus Plan) and Per Diem Travel, as follows:

	Bonus Plan	Per Diem Travel	Total
Jean Charles Potvin	\$4,803	\$6,000	\$10,803
Robert A. Cohen	-	\$5,300	\$5,300
James P. Geyer	\$7,204	-	\$7,204

Certain NEOs, being Messrs. Coleman, Timm and Belanger, are also directors of the Company. None of such NEOs receive any additional compensation for acting as a director of the Company.

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares granted to the directors as at December 31, 2019. No Share-based awards were outstanding as at December 31, 2019.

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 \$
Jean Charles Potvin	7/25/2014	25,000	4.02	7/25/2024	-	-	-	
	6/29/2015	35,000	3.91	6/29/2025	-	-	-	
	2/16/2017	200,000	3.15	2/16/2027	-	-	-	
Total		260,000			-	-	-	
Robert A. Cohen	5/1/2017	125,000	2.69	5/1/2027	-	-	-	
Total		125,000			-	-	-	
James Michael Johnston	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	
James P. Geyer	7/25/2014	25,000	4.02	7/25/2024	-	-	-	
	6/29/2015	35,000	3.91	6/29/2025	-	-	-	
	2/16/2017	125,000	3.15	2/16/2027	-	-	-	
Total		185,000			-	-	-	

(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 stock options. At December 31, 2019 the closing price of the Class A Shares on the OTCQX was \$1.5073.

Options Vested During the Year

The following table sets forth information for the directors other than the NEOs regarding the value of stock options vesting during 2019 for which there was none as the market price was less than the exercise price. There are no share-based awards outstanding, and no non-equity incentive plan compensation was earned during 2019.

Name	Option-based awards – Value vested during the year \$	Share-based awards – Value vested during the year \$	Non-equity incentive plan compensation – Value earned during the year \$
Jean Charles Potvin ⁽¹⁾	-	-	-
Robert A. Cohen	-	-	-
James Michael Johnston	-	-	-
James P. Geyer ⁽¹⁾	-	-	-

(1) On February 16, 2019, the following stock options vested: Mr. Potvin 66,666 and Mr. Geyer 41,666, each with an exercise price of \$3.15 per share and a market price of \$2.50 per share.

Directors and Officers Insurance

The Company carries directors’ and officers’ liability insurance which is subject to a total aggregate limit of approximately \$10 million. The annual premium for the latest policy period beginning April 2020 was \$901,000. In addition, the Company elected in 2018 to exercise its options to obtain additional run

off/extended reporting period coverage of \$8 million for six years at an annual cost of approximately \$72,000, from its previous primary coverage provider.

2012 Bonus Pool Plan

The Board approved the 2012 Bonus Pool Plan (“**Bonus Plan**”) in May 2012 to reward Bonus Plan participants, including NEOs, employees, directors and consultants, for their contributions 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 arbitration claim; (iii) the support of the Company’s prosecution of the arbitration proceedings through the filing of numerous memorandum and exhibits as well as the oral hearings (the “**Arbitration Proceedings**”); and (iv) the on-going efforts to assist with positioning the Company to collect, in the most optimum manner, any awards arising out of the Arbitration Proceedings and/or sale of the Mining Data.

In January 2013 and September 2014, the Compensation Committee selected Bonus Plan participants and fixed their respective percentage of participation in the bonus pool and since September 2014 the Plan was 100% allocated to plan participants. In June 2018, the Board modified the Bonus Plan to increase the percentage participation of certain individuals who in the Board’s opinion were not adequately recognized for their current contribution to efforts associated with the conclusion of the Settlement Agreement and the collection of the amounts contemplated thereunder. The effect of the Board’s modification to the Bonus Plan is more fully described below. The Bonus Plan is administered by a committee, composed of one or more independent members of the Board, appointed from time to time by the Board. Participation in the Bonus Plan fully vests upon the participant’s selection by the committee, subject to voluntary termination of employment or termination for cause. Participants who reach age 65 and retire are fully vested and continue to participate in future distributions under the Plan.

Generally the bonus pool is established 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 outside of Venezuela, 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 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 Class A 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**”).

In the case of the collection of the Award or disposition of the Mining Data, the bonus pool is comprised of the gross proceeds or the fair value of any consideration related to such transactions less certain deductions and applicable taxes and in the case of an Enterprise Sale the gross value of the transaction will be considered before any applicable taxes and after any Change of Control payments. The bonus pool, as originally structured, was comprised of the applicable gross proceeds or fair value realized less applicable taxes multiplied by 1% of the first \$200 million and 5% thereafter. The effect of the Board’s June 2018 modification was to increase the after tax percentage allocation for the first \$200 million up to a maximum of 1.28% and the percentage allocation thereafter up to a maximum of 6.4%.

Based on the proceeds from the sale of the Mining Data and the receipt of payments associated with the Award, the Company in 2019 distributed to participants, including the NEOs, approximately \$0.31 million, which is discussed in the compensation section.

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

As of the date hereof or at any time within thirty days prior to the date hereof, no executive officer, director, employee, or former executive officer, director or employee of the Company is or was indebted in respect of any purchase of securities or otherwise to the Company or any of its subsidiaries, or to any other entity for which the indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

Corporate Governance Matters

The Board and management of the Company recognize that effective corporate governance practices are fundamental to the long-term success of the Company. Sound corporate governance contributes to Shareholder value through increased confidence. The Board and management are therefore committed to maintaining a high standard of corporate governance and compliance with the applicable provisions of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). Additionally, while not currently prescriptive, the Board and management consider and, where appropriate, implement the corporate governance guidelines suggested in National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”). The guidelines contained in NP 58-201 have been formulated to:

1. achieve a balance between providing protection to investors and fostering fair and efficient capital markets and confidence in capital markets;
2. be sensitive to the realities of the greater numbers of small companies and controlled companies in the Canadian corporate landscape;
3. take into account the impact of corporate governance developments in the U.S. and around the world; and
4. recognize that corporate governance is evolving.

Independence and Board Matters

The Board believes that Messrs. Potvin, Cohen, Geyer and Johnston are “independent” within the meaning of section 1.4 of Canadian National instrument 52-110 – *Audit Committees* (“**NI 52-110**”) and section 1.2 of NI 58-101. The Board believes that the four 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.

Currently, the positions of Chairman of the Board and CEO are separate. The 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. While the current Chairman of the Board is non-independent by virtue of being an executive chairman, he currently remains responsible for providing leadership to the Board. The Board retains flexibility to determine whether these roles should be separate or combined in one individual in the future.

Each of the Audit Committee and the Compensation Committee are comprised of independent directors and such committees also hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Nominating Committee is comprised of a majority of independent directors. While the Board has not adopted a written mandate, 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., 999 W. Riverside Avenue, Suite 401, Spokane, WA 99201, Attn: Investor Relations.

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.

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. The Company believes this arrangement maximizes the risk oversight benefit while providing for an appropriate leadership structure.

AUDIT COMMITTEE

Audit Committee Charter

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

Membership and Role of the Audit Committee

The Audit Committee consists of Jean Charles Potvin (Chairman), James P. Geyer and James Michael Johnston. 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 Mr. Potvin 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 Audit Committee.

Mr. Potvin is Director and Chairman of Murchison Minerals Ltd. (formerly Flemish Gold Corp.) and Director and Chairman 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. Potvin has been a member of the Audit Committee since August 2003.

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 Inc. and ASARCO LLC. Mr. Geyer is a former Director of Thompson Creek Metals Inc., where he was previously a member of the audit committee. Mr. Geyer has been a member of the Audit Committee since March 19, 2015.

Mr. Johnston co-founded Steelhead in late 1996 to form and manage the Steelhead Navigator Fund. Prior to that time, Mr. Johnston co-managed over \$5 billion in corporate bonds and also managed an equity portfolio in his role as senior vice president and senior portfolio manager at Loews Corporation. He began his investment career at Prudential Insurance as a high yield and investment-grade credit analyst. Mr.

Johnston was promoted to co-portfolio manager of an \$11 billion fixed income portfolio in 1991. He graduated with honors from Texas Christian University with a degree in finance and completed his MBA at the Johnson Graduate School of Business at Cornell University.

The Audit Committee met four times during 2019 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 the Company's financial statements; (ii) the independent auditor's qualifications and independence; (iii) the performance of the Company's system of internal audit function and the independent auditor; and (iv) compliance with laws and regulations, including disclosure controls and procedures.

The Audit Committee reviews the Company's 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. The Company's independent auditors are engaged to audit and express opinions on the conformity of the Company's financial statements to accounting principles generally accepted in the United States, and the effectiveness of its 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, 2019 and 2018 are detailed in the following table:

Fee Category	Year Ended 2019	Year Ended 2018
Audit Fees ⁽¹⁾	\$165,170	\$162,756
Audit Related Fees ⁽²⁾	\$47,345	\$41,084
Tax Fees ⁽³⁾	\$32,090	\$74,307
All Other Fees	-	-
Total	\$244,605	\$278,147

All fees for services performed by the Company's external auditors during 2019 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 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 Audit Committee with the provision that such approvals be brought before the full Audit 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 CFO 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.

EXECUTIVE COMMITTEE

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

Rockne J. Timm (Chair)

James H. Coleman

A. Douglas Belanger

The responsibility of the Executive Committee is to handle routine day-to-day business issues affecting the Company in between board meetings and to vet more important matters prior to presentation to the full Board for deliberation. The Executive Committee meets in person or by phone on an as needed basis.

NOMINATING COMMITTEE

Nominating Committee Charter

The Nominating Committee of the Board operates within a written mandate, as approved by the Board, which describes the Nominating 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., 999 W. Riverside, Suite 401, Spokane, WA 99201, Attn: Investor Relations.

Membership and Role of the Nominating Committee

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

James H. Coleman (Chair)

Robert A. Cohen

Jean Charles Potvin

Pursuant to the written mandate of the Nominating Committee, as amended, a majority of the members of the Nominating Committee are required to be independent and the Board has determined that a majority of the members satisfy the definition of "independent" director as established under NI 58-101 (i.e. other than James H. Coleman).

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.

COMPENSATION COMMITTEE

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

Jean Charles Potvin (Chair)
James P. Geyer
James Michael Johnston

For more information regarding the Compensation Committee, please see “*Compensation Discussion and Analysis – Compensation Committee*” above.

LEGAL COMMITTEE

The Legal Committee of the Board was created to review and monitor the Company’s legal position in respect of Board matters, matters related to enforcement of the Award, matters related to the Settlement Agreement and ancillary matters, matters related to Siembra Minera and the Barbados Subsidiaries, and all other legal matters arising out of the business of the Company, as well as liaising with legal counsel.

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

Robert A. Cohen (Chair)
James H. Coleman
Rockne J. Timm

MINING COMMITTEE

The Mining Committee of the Board was created to review and monitor all mining activities related to the Barbados Subsidiaries and Siembra Minera and acting as an intermediary between the interactions between the Barbados Subsidiaries and the Board.

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

James P. Geyer (Chair)
Jean Charles Potvin
A. Douglas Belanger

FINANCIAL MARKETS COMMITTEE

The Financial Markets Committee of the Board was created to evaluate the Company's external financial obligations with respect to debt and/or equity issues and to evaluate and review: the listing status of the Company's securities; the Company's public and investment market disclosure; and the Company's relationships with investment banks and mining analysts as well as the Shareholders.

The Financial Markets Committee is currently composed of the following two (2) directors:

Jean Charles Potvin (Chair)
A. Douglas Belanger

BARBADOS COMMITTEE

The Barbados Committee of the Board was created to review and monitor the activities of the Barbados Subsidiaries and related transactions and activities with Siembra Minera.

The Barbados Committee is currently composed of the following two (2) directors:

A. Douglas Belanger (Chair)
James H. Coleman

SPECIAL COMMITTEE

On June 4, 2020, the Board created a special committee of its members (the "**Special Committee**"), for the purposes of making all decisions and taking all actions for and on behalf of the Board and the Company, and so binding the Company with respect to all matters related to or arising from the business of the Company, that are not permitted to be done by "US Persons" (as defined in 31 C.F.R. § 591.312) pursuant primarily to Executive Orders 13884 and 13850 ("**US Sanctions**"). This is part of the Company's efforts to ensure compliance with applicable laws, including, without limitation, US Sanctions, the *Special Economic Measures (Venezuela) Regulations* enacted pursuant to the *Special Economic Measures Act* and the Justice for Victims of Corrupt Foreign Officials Regulations of the *Justice for Victims of Corrupt Foreign Officials Act*. The Special Committee will also ensure that the Company's actions that it directs are in compliance with applicable laws.

The members of the Special Committee have received no compensation for their activities as such.

The Special Committee is currently comprised of the following two (2) directors, neither of whom are US Persons:

James H. Coleman
Jean Charles Potvin

Assuming Ambassador Gagnon is elected to the Board at the Meeting, it is intended that he would replace Mr. Potvin as a member of the Special Committee. Ambassador Gagnon is not a US Person. However, because of Mr. Potvin's long history with the Company and the importance of the Special Committee, it is expected that the Special Committee will engage Mr. Potvin to provide consulting services to the Company by advising the Special Committee. It is expected that Mr. Potvin will be compensated for such services.

ADDITIONAL INFORMATION

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 B to this Circular.

COMMUNICATION WITH BOARD MEMBERS

Any Shareholder or other interested party that desires to communicate with the Board 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., 999 W. Riverside Avenue, Suite 401, Spokane, Washington 99201. All such communications will be forwarded to the appropriate members of the Board.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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.

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 other matters to come before the Meeting other than those referred to in the Notice of Annual General 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 SEC'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, 2019, as contained in the 2019

Annual Report on Form 40-F filed with the SEC on April 9, 2020. A copy of this document and other public documents of the Company are available upon request to:

Gold Reserve Inc.
Attention: Robert A. McGuinness
999 W. Riverside Avenue, Suite 401
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 28th day of July, 2020.

(signed) "*Rockne J. Timm*"
Rockne J. Timm
Chief Executive Officer

(signed) "*Robert A. McGuinness*"
Robert A. McGuinness
Vice President Finance and Chief Financial Officer

APPENDIX A

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 – *Audit Committees*.

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 B

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 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. Cohen, Geyer, Potvin and Johnston 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 four 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.
(ii)	Disclose the identity of directors who are not independent, and describe the basis for that determination.	Three directors, Messrs. Coleman, 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 are 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 NEOs 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. Messrs. Coleman, 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 Legal Committee, which is comprised of Messrs. Coleman, Cohen and Timm, was created to review and monitor the Company's legal position in respect of Board matters, matters related to enforcement of the Award, matters related to the Settlement Agreement and ancillary matters, matters related to Siembra Minera and the Barbados Subsidiaries, and all other legal matters arising out of the business of the Company, as well as liaising with legal counsel.

The Mining Committee, which is comprised of Messrs. Geyer, Potvin and Belanger, was created to review and monitor all mining activities related to the Barbados Subsidiaries and Siembra Minera and acting as an intermediary between the interactions between the Barbados Subsidiaries and the Board.

The Financial Markets Committee, which is currently comprised of Messrs. Potvin and Belanger, was created to evaluate the Company's external financial obligations with respect to debt and/or equity issues and to evaluate and review: the listing status of the Company's securities; the Company's public and investment market disclosure; and the Company's relationships with investment banks and mining analysts as well as the Shareholders.

The Barbados Committee, which is comprised of Messrs. Belanger and Coleman, was created to review and monitor the activities of the Barbados Subsidiaries and related transactions and activities with Siembra Minera.

The Special Committee, which is comprised of Messrs. Coleman and Potvin, was created to conduct the Company's business, in compliance with all applicable laws, which may not be conducted by US Persons with respect to its dealings with the Government of Venezuela, Siembra Minera and the collection of the 2016 settlement agreement entered into between the Company and the Government of Venezuela in respect of the 2014 arbitration award received by the Company under the Additional Facility Rules of the International Centre for the Settlement of Investment Disputes.

In the event that Ambassador Gagnon is elected to the Board, it is expected that he will be appointed as a member of the Special Committee and Mr. Potvin will be retained as a consultant to the Company to advise the Special Committee.

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, bear these responsibilities.

The Board chair meets annually with each director individually to discuss personal contributions and overall Board effectiveness.

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 General and Special Meeting Proxy Card

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

A Proposals – Management recommends that you vote “FOR” each of the director nominees and “FOR” Proposals 2-3.

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

	For	Withhold		For	Withhold		For	Withhold
01 - James H. Coleman	<input type="checkbox"/>	<input type="checkbox"/>	02 - Rockne J. Timm	<input type="checkbox"/>	<input type="checkbox"/>	03 - A. Douglas Belanger	<input type="checkbox"/>	<input type="checkbox"/>
04 - James P. Geyer	<input type="checkbox"/>	<input type="checkbox"/>	05 - Yves Gagnon	<input type="checkbox"/>	<input type="checkbox"/>	06 - Robert A. Cohen	<input type="checkbox"/>	<input type="checkbox"/>
07 - James Michael Johnston	<input type="checkbox"/>	<input type="checkbox"/>						



2. Appointment of PricewaterhouseCoopers LLP as auditors for the year ending December 31, 2020 and authorization of the Board of Directors to fix the auditor's remuneration.

For	Withhold
<input type="checkbox"/>	<input type="checkbox"/>

3. To consider and, if thought fit, to pass, with or without variation, an ordinary resolution of disinterested shareholders to approve the re-pricing of certain stock options previously granted to insiders of Gold Reserve Inc., as described in the Management Information Circular.

For	Against
<input type="checkbox"/>	<input type="checkbox"/>

B 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.



1 U P X



Proxy – GOLD RESERVE INC.



**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
SEPTEMBER 10, 2020**

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 General and Special Meeting of Shareholders of the Company to be held on September 10, 2020 (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.)



GOLD RESERVE INC.
(the "Corporation")

Supplemental Mailing List Return Card

Fiscal Year: 2019

Under securities regulations and in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*, registered and beneficial securityholders of the Corporation may elect annually to receive a copy of the Corporation's annual financial statements and corresponding management discussion and analysis ("MD&A") or interim financial statements and the corresponding MD&A, or both.

If you wish to receive these documents by mail, please return this completed form to:

Computershare Investor Services
P.O. Box 505000 Louisville, KY 40233

Rather than receiving the financial statements and MD&A by mail, you may choose to view these documents on the Corporation's SEDAR profile at www.sedar.com.

I HEREBY CERTIFY that I am a registered and/or beneficial securityholder of the Corporation, and as such, request that my name be placed on the Corporation's Mailing List in respect of its annual and/or interim financial statements and the corresponding MD&A for the current financial year.

Please send me:

Annual Financial Statements and MD&A
(Mark this box if you would like to receive the Annual Financial Statements and associated MD&A by mail)

Interim Financial Statements and MD&A
(Mark this box if you would like to receive the Interim Financial Statements and associated MD&A by mail)

PLEASE PRINT

FIRST NAME LAST NAME

.....
ADDRESS
.....

CITY PROVINCE/ STATE POSTAL / ZIP CODE

COUNTRY

SIGNED:
(Signature of Securityholder)

IF THIS IS AN ADDRESS CHANGE, PLEASE CHECK HERE:
(Please provide previous address below)

.....



2019

ANNUAL REPORT TO SHAREHOLDERS

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Gold Reserve Inc. and its subsidiaries (collectively "Gold Reserve", the "Company", "we", "us", or "our") should be read in conjunction with the audited consolidated financial statements as at and for the years ended December 31, 2019 and 2018, the related notes contained therein as well as the 2018 MD&A. This MD&A has been approved by our Board of Directors (the "Board") and is dated April 9, 2020. Additional information relating to Gold Reserve, including its Annual Information Form and Form 40-F, is available under the Company's profiles on SEDAR at www.sedar.com and EDGAR at www.sec.gov, respectively.

CURRENCY

Unless otherwise indicated, all references to "\$", "U.S. \$" or "U.S. dollars" in this MD&A refer to U.S. dollars and references to "Cdn\$" or "Canadian dollars" refer to Canadian dollars. The 12-month average rate of exchange for one Canadian dollar, expressed in U.S. dollars, for each of the last two calendar years equaled 0.7537 and 0.7716, respectively, and the exchange rate at the end of each such period equaled 0.7715 and 0.7329, respectively.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference in this MD&A contains both historical information and "forward-looking information" (within the meaning of applicable Canadian securities laws) or "forward-looking statements" (within the meaning of Section 27A of the U.S. Securities and Exchange Commission (the "SEC") Securities Act and Section 21E of the Exchange Act) (collectively referred to herein as "forward-looking statements") that may state our intentions, hopes, beliefs, expectations or predictions for the future.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause our actual financial results, performance or achievements to be materially different from those expressed or implied herein, many of which are outside our control.

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 our 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, although not all forward-looking statements contain these words. 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:

- risks associated with sanctions imposed by the U.S. and Canadian governments targeting the Bolivarian Republic of Venezuela ("Venezuela") (the "Sanctions"):
 - Sanctions imposed by the U.S. government generally block all property of the government of Venezuela and prohibit the Company and its U.S. directors, management and employees from dealing with the Venezuelan government and state-owned/controlled entities, entering into certain transactions, dealings with Specially Designated Nationals ("SDNs") and targets corruption in, among other identified sectors, the gold sector of the Venezuela economy;
 - Sanctions imposed by the Canadian government include asset freezes and prohibitions on dealings with certain named Venezuelan officials under the Special Economic Measures (Venezuela) Regulations of the *Special Economic Measures Act* and the *Justice for Victims of Corrupt Foreign Officials Regulations of the Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)*;
 - the Sanctions are expected to continue to adversely impact our ability to receive the remaining funds owed by Venezuela and our ability to finance, develop and operate the Siembra Minera Project;

- risks that U.S. and Canadian government agencies that enforce Sanctions may not issue licenses that the Company may request in the future to engage in certain Venezuela-related transactions;
- risks associated with the Company's inability to access amounts held in the trust account (the "Trust Account") for the benefit of the Company at Banco de Desarrollo Económico y Social de Venezuela ("Bandes Bank") which have been blocked as a result of the U.S. Treasury Department's Office of Foreign Assets Control designation of Bandes Bank as a Specially Designated National ("SDN") pursuant to an Executive Order;
- risks associated with the continued failure by Venezuela to honor its commitments under the Settlement Agreement (as defined herein);
- risks associated with Venezuela's failure to honor its commitments associated with the formation and operation of Siembra Minera (as defined herein) and risks associated with the ability of the Company and Venezuela to (i) successfully overcome legal or regulatory obstacles to operate Siembra Minera for the purpose of developing the Siembra Minera Project (as defined herein), (ii) complete any additional definitive documentation and finalize the remaining governmental approvals and (iii) obtain financing to fund the capital costs of the Siembra Minera Project;
- risks associated with the existence of "dual" governments in Venezuela as a result of certain non-Venezuelan countries (including the United States) recognizing a presidency and government with respect to Juan Guaidó instead of Nicolás Maduro (and vice versa), including associated challenges as to governing and decision-making authority related thereto, and the U.S. Government's recent indictment of Venezuelan President Nicolás Maduro and a number of key associates for drug trafficking;
- risks associated with the collection of the International Centre for the Settlement of Investment Disputes ("ICSID") judgment (the "Award") and substantial concentration of our operations and assets in Venezuela which are and will continue to be subject to risks specific to Venezuela, including the effects of political, economic and social developments, social instability and unrest; international response to Venezuelan domestic and international policies; Sanctions by the U.S. or Canadian governments or other jurisdictions and potential invalidation, confiscation, expropriation or rescission of governmental orders, permits, agreements or property rights either by the existing or a future administration;
- risks that any future Venezuelan administration will fail to respect the agreements of the prior administration;
- risks associated with our ability to resume our efforts to enforce and collect the Award, including the associated costs of enforcement and collection efforts and the timing and success of that effort, if Venezuela fails to honor its commitments pursuant to the Settlement Agreement, it is terminated and further efforts related to the Settlement Agreement are abandoned;
- the risk that the conclusions of management and its qualified consultants contained in the Preliminary Economic Assessment of the Siembra Minera Gold Copper Project in accordance with Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") may not be realized in the future;
- risks associated with exploration, delineation of adequate reserves, regulatory and permitting obstacles and other risks associated with the development of the Siembra Minera Project;
- risks associated with our ability to service outstanding obligations as they come due and access future additional funding, when required, for ongoing liquidity and capital resources, pending the receipt of payments under the Settlement Agreement or collection of the Award in the courts;
- risks associated with our prospects in general for the identification, exploration and development of mining projects and other risks normally incident to the exploration, development and operation of mining properties, including our ability to achieve revenue producing operations in the future;

- risks that estimates and/or assumptions required to be made by management in the course of preparing our financial statements are determined to be inaccurate, resulting in a negative impact on 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;
- risks associated with shareholder dilution resulting from the future sale of additional equity, if required;
- risks associated with the value realized, if any, from the disposition of the assets related to our previous mining project in Venezuela known as the "Brisas Project";
- risks associated with the abilities of and continued participation by certain employees;
- risks associated with the impact of current or future U.S., Canadian and/or other jurisdiction's tax laws to which we are or may be subject; and
- risks associated with the impact of new diseases, epidemics and pandemics, including the effects and potential effects of the global coronavirus disease 2019 (COVID-19) pandemic.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. See disclosure under the heading "Risk Factors" in this MD&A for the fiscal year ended December 31, 2019.

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in our affairs since the date of this MD&A that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with the Ontario Securities Commission (the "OSC"), the SEC or other securities regulators or 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 us or persons acting on our behalf are expressly qualified in their entirety by this notice. We disclaim 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 our disclosure obligations under applicable U.S. and Canadian securities regulations. Investors are urged to read the Company's filings with Canadian and U.S. securities regulatory agencies, which can be viewed online at www.sedar.com and www.sec.gov, respectively. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

The terms "mineral resource," "measured mineral resource," "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101. However, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases, and such estimates are not part of the SEC Industry Guide 7.

Gold Reserve, an exploration stage mining company, is engaged in the business of acquiring, exploring and developing mining projects. Currently our primary business activities are the collection of the remaining amounts owed to us by Venezuela and, to the extent possible, the advancement of the Siembra Minera Project (as more fully discussed herein).

VENEZUELA'S POLITICAL, ECONOMIC AND SOCIAL CONDITIONS

Venezuela continues to experience substantial social, political and economic turmoil. The country's overall infrastructure, social services network and economy have generally collapsed. Further, certain non-Venezuelan countries (including the United States) currently recognize a presidency and government with respect to Juan Guaidó instead of Nicolás Maduro, resulting in a "dual" government. In addition, on March 26, 2020, the U.S. Government indicted Venezuelan President Nicolás Maduro and a number of key associates for drug trafficking. These conditions, which persist as of the date of this MD&A are expected to continue in the foreseeable future, adversely impact our ability to collect the remaining amount owed to us by Venezuela pursuant to the Settlement Agreement and/or Award and restrict our ability to develop certain gold, copper, silver and other strategic mineral rights contained within Bolivar State comprising what is known as the Siembra Minera project (the "Siembra Minera Project").

U.S. AND CANADIAN SANCTIONS

The Sanctions, in aggregate, essentially prevent any dealings with the Venezuelan government, state-owned or controlled entities and prohibit the Company and its directors, management and employees from dealing with certain Venezuelan individuals or entering into certain transactions. The cumulative impact of the Sanctions continues to restrict the Company from working with those Venezuelan government officials responsible for the payment and transfer of funds associated with the Settlement Agreement and those responsible for the operation of Siembra Minera and the development of the Siembra Minera Project which adversely impacts our ability to collect the remaining balance of the Award plus interest and/or amounts due pursuant to the Settlement Agreement from Venezuela and, until Sanctions are lifted, obstructs our ability to develop the Siembra Minera Project as originally planned.

EMPRESA MIXTA ECOSOCIALISTA SIEMBRA MINERA, S.A.

In October 2016 Empresa Mixta Ecosocialista Siembra Minera, S.A. ("Siembra Minera") was established, which is beneficially owned 55% by a Venezuelan government-controlled corporation, and 45% by Gold Reserve (See "Exploration Prospects– Siembra Minera Project"). Siembra Minera holds certain gold, copper, silver and other strategic mineral rights contained within Bolivar State comprising the Siembra Minera Project and is, among other things, authorized to carry on its business via existing or pending Presidential Decrees and Ministerial resolutions.

In March 2018, the Company announced the completion of a preliminary economic assessment (the "PEA") for the Siembra Minera Project in accordance with NI 43-101 which included, among other information, resource estimates, pit design, mine plan, flowsheet design, design criteria, project layout, infrastructure requirements, capital and operating estimates.

Siembra Minera has no operations at this time. As a result, the Company has directly incurred the costs associated with the Siembra Minera Project outside of Siembra Minera. The cumulative expenditures incurred by the Company through December 31, 2019, totaled approximately \$19.5 million.

The Sanctions obstruct our ability to develop the Siembra Minera Project and, until such time as Sanctions are lifted, we expect our ability to develop the Siembra Minera Project will continue to be limited. Further, it is unclear to management if a new Venezuelan administration in the future will respect the agreements of the prior administration.

MANAGEMENT'S RECENT ACTIVITIES HAVE FOCUSED ON:

Collections Pursuant to the Settlement Agreement

On a cumulative basis, the Company has received approximately \$254 million pursuant to the Settlement Agreement. The remaining unpaid amount due from Venezuela pursuant to the Settlement Agreement, which is now delinquent, totals approximately \$886 million (including interest of approximately \$108 million) as of the date of this MD&A.

Distribution to Shareholders

In June 2019, the Company completed a distribution of approximately \$76 million or \$0.76 per share to holders of Class A Shares as a return of capital (the "Return of Capital"). Full details of the Return of Capital are described in the Company's management proxy circular dated April 30, 2019 and other related materials filed with applicable Canadian securities regulatory authorities and made available at www.sedar.com or www.sec.gov, and posted on the Company's website at www.goldreserveinc.com (See "Distribution of Funds to Shareholders and Intention to Distribute Funds Received in Connection with the Award in the Future").

Empresa Mixta Ecosocialista Siembra Minera, S.A.

The Company continued a number of social programs to improve the health care in the Siembra Minera Project area including addressing the malaria problem with medicine and preventive measures as well as concluded an approximately \$6 million works program to build or rehabilitate existing facilities at the four largest schools, a church and recreational and sport facilities, established a facility to house a radio station at one school and generate preliminary engineering assessments for potential future upgrades to the local communities' water supply and sewage system infrastructure. In March 2018, the Company published the results of the PEA which is available to the public at www.sedar.com and www.sec.gov, as well as, the Company's website at www.goldreserveinc.com (See "Exploration Prospects- Siembra Minera Project").

EXPLORATION PROSPECTS

Siembra Minera Project

In August 2016, we executed the Contract for the Incorporation and Administration of the Mixed Company with the government of Venezuela (the "Mixed Company Formation Document") to form a jointly owned company and in October 2016, together with an affiliate of the government of Venezuela, we established Siembra Minera, the entity whose purpose is to develop the Siembra Minera Project. Siembra Minera is beneficially owned 55% by Corporacion Venezolana de Minería, S.A., a Venezuelan government corporation and 45% by Gold Reserve. Although Venezuela is not current with its obligations outlined in the Settlement Agreement, the parties retain their respective interests in Siembra Minera.

Siembra Minera holds certain gold, copper, silver and other strategic mineral rights within Bolivar State comprising approximately 18,950 hectares in an area located in the Km 88 gold mining district of southeast Bolivar State which includes the historical Brisas and Cristinas areas. The mineral rights held by Siembra Minera have a 20-year term with two 10-year extensions.

Gold Reserve, under a yet to be completed Technical Services Agreement, would provide engineering, procurement and construction services to Siembra Minera for a fee of 5% over all costs of construction and development and, thereafter, for a fee of 5% over operating costs during operations. Venezuela is obligated to use its best efforts to grant to Siembra Minera similar terms that would apply to the Siembra Minera Project in the event Venezuela enters into an agreement with a third party for the incorporation of a mixed company to perform similar activities with terms and conditions that are more favorable than the tax and fiscal incentives contemplated in the Mixed Company Formation Document and is obligated to indemnify us and our affiliates against any future legal actions related to property ownership associated with the Siembra Minera Project.

There are significant provisions related to the formation of Siembra Minera and the development and operation of the Siembra Minera Project, as provided in the Mixed Company Formation Document, some of which are still pending completion. A number of these pending authorizations are critical to the financing and future operation of the Siembra Minera Project.

Venezuela agreed to certain Presidential Decrees, within the legal framework of the "Orinoco Mining Arc" (created on February 24, 2016 under Presidential Decree No. 2.248 as an area for national strategic development Official Gazette No. 40.855), that will or have been issued to provide for tax and fiscal incentives for companies owned jointly with the government ("Mixed Companies") operating in that area that include exemption from value added tax, stamp tax, municipal taxes and any taxes arising from the contribution of tangible or intangible assets, if any, to the Mixed Companies by the parties and the same cost of electricity, diesel and gasoline as that incurred by the government or related entities.

Siembra Minera is obligated to pay to the government a special advantage of 3% of gross sales and a net smelter return royalty ("NSR") on the sale of gold, copper, silver and any other strategic minerals of 5% for the first ten years of commercial production, 6% for the next ten years. The parties also agreed to participate in the price of gold in accordance with a formula resulting in specified respective percentages based on the sales price of gold per ounce. For sales up to \$1,600 per ounce, net profits will be allocated 55% to Venezuela and 45% to us. For sales greater than \$1,600 per ounce, the incremental amount will be allocated 70% to Venezuela and 30% to us. For example, with sales at \$1,600 and \$3,500 per ounce, net profits will be allocated 55.0% - 45.0% and 60.5% - 39.5%, respectively.

Venezuela is obligated to advance \$110.2 million to Siembra Minera to facilitate the early startup of the pre-operation and construction activities, but has not yet taken steps to provide such funding and Siembra Minera is obligated, with Venezuela's support, to undertake initiatives to secure financing(s) to fund the anticipated capital costs of the Siembra Minera Project, which are estimated to be in excess of \$2 billion. To date no verifiable financing alternatives have been identified.

The Mixed Company Formation Documents provide for Siembra Minera, pursuant to Presidential Decrees or other authorizations, to be subject to an income tax rate of 14% for years one to five, 19% for years six to ten, 24% for years eleven to fifteen, 29% for years sixteen to twenty and 34% thereafter; to be authorized to export and sell concentrate and doré containing gold, copper, silver and other strategic minerals outside of Venezuela and maintain foreign currency balances associated with sales proceeds; to hold funds associated with future capital cost financings and sale of gold, copper and silver offshore in U.S. dollar accounts with dividend and profit distributions, if any, paid directly to Siembra Minera shareholders; to convert all funds into local currency at the same exchange rate offered by Venezuela to other similar entities, as required to pay Venezuela income taxes and annual operating and capital costs denominated in Bolívares for the Siembra Minera Project. As of the date of this MD&A, Venezuela has not yet taken steps to formally provide such authorizations via Presidential Decree or otherwise.

SIEMBRA MINERA PROJECT COMPLETED ACTIVITIES

The Company's development activities included the following, much of which were completed prior to 2019, published the results of the PEA in accordance with NI 43-101; completed the preliminary design and engineering on the small scale Phase I oxide saprolite process plant and the Phase 2 larger hard rock process plant; completed the preliminary design work for a Phase 1 and Phase 2 Tailings Dam design; completed and obtained approval of a Venezuelan Environmental Impact Statement; subsequently received the environmental permit to affect the Area for the early works (the "Permit to Affect"); collected and transported a surface saprolite material sample to the U.S. for future metallurgical testing; validated, with the assistance of Empresa Nacional Forestal (a state owned company affiliated with the Ministry of Environment), the forest inventory for the Siembra Minera Project area; assisted with the preparation of budgets for Siembra Minera according to parameters set forth by the Venezuelan budgeting agency; obtained, the "Initiation Act", pursuant to the Permit to Affect, allowing Siembra Minera to initiate the authorized preliminary/early works on the Siembra Minera Project; completed in March 2019 the Environmental Supervision Plan for the permitted (early or preliminary) works; hosted two community events for the granting of the Environmental Permit and the granting of the Initiation Act; worked with Mission Piar (Small Miner Program affiliated with the Ministry of Mines) to complete an initial survey and census of small miners located in the Siembra Minera Project area, which included cataloging identities, locations, infrastructure, and health status; completed a feasibility study for a rock quarry in March 2019 as part of the opening of the quarry needed for the "early works" and during both Phases I and II of the Siembra Minera Project; and assisted small miner alliances, with the support of the Ministry of Mines, to obtain mining rights to property north of the Siembra Minera Project – with the purpose of relocating small miners from the Siembra Minera Project area.

Siembra Minera has no operations at this time. As a result, the Company has directly incurred the costs associated with the Siembra Minera Project outside of Siembra Minera. The cumulative expenditures incurred by the Company through December 31, 2019, totaled approximately \$19.5 million.

With the previous issuance of the Permit to Affect and the Initiation Act we have considered initial plans for various on-site activities such as site clearing, construction of a temporary camp and warehouse facilities, drilling of dewatering and development drill holes, access roads on the property, opening of the quarry for construction aggregates and initial construction activities. We have evaluated initial proposals for a drilling program in support of the overall project development activities, water management wells, and test areas where additional resource potential is evident. Various geotechnical studies as well as environmental and social studies to augment and update previous work on the property have been considered which could support the generation of a pre-feasibility study for the small and large plant and generate Environmental & Social Impact Assessments ("ESIA") for the support of the various operating and environmental permits that will be required for the Siembra Minera Project. In addition, the social programs in the area (as described above) are expected to continue. The next phase of the Siembra Minera Project's development is envisioned to include detail design work for the small cyanidation plant and related facilities along with the metallurgical testing to support the metallurgical process used in the plant.

The Sanctions severely obstruct our ability to develop the Siembra Minera Project and, until such time as Sanctions are lifted, we expect our activities in Venezuela will be limited. It is unclear to management if any new Venezuelan administration in the future will respect the agreements of the prior administration.

LMS Gold Project

On March 1, 2016, we completed the acquisition of certain wholly-owned mining claims known as the LMS Gold Project (the "LMS Property"), together with certain personal property for \$350,000, pursuant to a Purchase and Sale Agreement with Raven Gold Alaska Inc. ("Raven"), a wholly-owned subsidiary of Corvus Gold Inc. Raven retains an NSR with respect to (i) "Precious Metals" produced and recovered from the LMS Property equal to 3% of "Net Smelter Returns" on such metals (the "Precious Metals Royalty") and (ii) "Base Metals" produced and recovered from the LMS Property equal to 1% of Net Smelter Returns on such metals, however we have the option, for a period of 20 years from the date of closing of the acquisition, to buy back a one-third interest (i.e. 1 %) in the Precious Metals Royalty at a price of \$4 million. In 2019 Raven assigned the NSR to Bronco Creek Exploration, Inc. The LMS Property remains at an early stage of exploration.

ARBITRAL AWARD, SETTLEMENT AGREEMENT AND MINING DATA SALE

In October 2009, we initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the International Centre for the Settlement of Investment Disputes ("ICSID") to obtain compensation for the losses caused by the actions of Venezuela that terminated our 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. In September 2014, the ICSID Tribunal granted us the Award totaling \$740.3 million. The Award (less legal costs and expenses) accrues post-award interest at a rate of LIBOR plus 2%, compounded annually.

Under the terms of the July 2016 Settlement Agreement (as amended) Venezuela agreed to pay the Company \$792 million to satisfy the Award and \$240 million for the purchase of the Mining Data for a total of approximately \$1.032 billion in a series of monthly payments ending on or before June 15, 2019. As agreed, the first \$240 million received by Gold Reserve from Venezuela has been recognized as proceeds from the sale of the Mining Data.

The terms of the Settlement Agreement also included the Company's agreement to suspend the legal enforcement of the Award until final payment is made by Venezuela and Venezuela's agreement to irrevocably waive its right to appeal the February 2017 judgment issued by the Cour d'appel de Paris dismissing the annulment applications filed by Venezuela in respect of the Award and agreed to terminate all other proceedings seeking annulment of the Award.

All Settlement Agreement payments made by Venezuela, excluding the Venezuelan government bonds transferred to the Company in August 2018, were initially deposited into the Trust Account with Bandes Bank. Pursuant to the terms of a trust agreement in respect of the Trust Account (the "Trust Agreement"), the Company has the right to direct the transfer of the funds to its bank accounts outside of Venezuela. With the designation of Bandes Bank as an SDN in March 2019, the Company treated the Trust Account as blocked property and as a result, the Company, in December 2018, recorded an impairment loss of \$21.5 million, representing the balance of the funds remaining in the Trust Account. The Trust Account and the funds therein will remain blocked property until the U.S. government delists Bandes Bank as an SDN or issues a specific license to the Company to unblock this property.

As of the date of this MD&A, the Company has received approximately \$254 million pursuant to the Settlement Agreement. The remaining unpaid amount due from Venezuela pursuant to the Settlement Agreement, which is delinquent, totals approximately \$886 million (including interest of approximately \$108 million) as of the date of this MD&A.

The terms of the Settlement Agreement also included Venezuela's obligation to make available to an escrow agent negotiable financial instruments, with a face value of at least \$350 million, partially guaranteeing the payment obligations to the Company. As of the date of this MD&A, the collateral has not yet been provided to the escrow agent and it is unclear if and when Venezuela will comply with this particular obligation of the Settlement Agreement.

Obligations Due Upon Collection of the Award and Sale of Mining Data

Pursuant to a 2012 restructuring of convertible notes, we issued Contingent Value Rights ("CVRs") that entitle the holders to an aggregate of 5.466% of certain proceeds associated with the collection of the Award, sale of Mining Data or an enterprise sale (the "Proceeds"), less amounts sufficient to pay or reserve for taxes payable, certain associated professional fees and expenses not to exceed \$10 million, any accrued operating expenses as of the date of the receipt of Proceeds not to exceed \$1 million and the balance of any remaining Notes and accrued interest thereon (the "Net Proceeds"). We have been advised by a CVR holder that it believes that the Company's 45% interest in Siembra Minera represents "Proceeds" for purposes of the CVRs and as such it believes the CVR holders are entitled to the value of 5.466% of that interest. For a variety of reasons, the Board does not agree with that position and believes it is inconsistent with the CVRs and the terms and manner upon which we reached settlement as to the Award with the Venezuelan government. This matter has not been resolved as of the date of this MD&A and it is not possible at this time to determine its outcome.

In September 2019 management reduced its original estimate of the income tax due on previous amounts received from Venezuela. The effect of this revision was to increase the net proceeds from the sale of the Mining Data subject to the CVRs and as a result, the Company recorded an increase in its obligation to the CVR holders by approximately \$0.3 million. As of December 31, 2019, the total cumulative estimated obligation due pursuant to the terms of the CVRs from the sale of the Mining Data and collection of the Award was approximately \$10 million, which has been fully distributed to CVR holders.

The Board approved a bonus plan (the "Bonus Plan") in May 2012, which was intended to compensate the participants, including executive officers, employees, directors and consultants for their contributions related to: the development of the Brisas Project; the manner in which the development effort was carried out allowing the Company to present a strong defense of its arbitration claim; the support of the Company's execution of the Brisas Arbitration; and the ongoing efforts to assist with positioning the Company in the collection of the Award, sale of the Mining Data or enterprise sale. The bonus pool under the Bonus Plan, as originally structured, was comprised of the gross proceeds collected or the fair value of any consideration realized related to such transactions less applicable taxes multiplied by 1% of the first \$200 million and 5% thereafter. In June 2018, the Board modified the Bonus Plan to increase the percentage participation of certain individuals who in the Board's opinion were not adequately recognized for their current contribution to efforts associated with the conclusion of the Settlement Agreement and the collection of the amounts contemplated thereunder. The effect of the Board's modification to the Bonus Plan was to increase the after-tax percentage allocation for the first \$200 million up to a maximum of 1.28% and the percentage allocation thereafter up to a maximum of 6.4%. The Bonus Plan is administered by a committee of independent directors who selected the individual participants in the Bonus Plan and fixed the relative percentage of the total pool to be distributed to each participant. Participation in the Bonus Plan by existing participants is fully vested, subject to voluntary termination of employment or termination for cause. Participants who reach age 65 and retire are fully vested and continue to participate in future distributions under the Plan.

In September 2019 the Company recorded an increase in its obligation to the Bonus Plan participants by approximately \$0.3 million as a result of the change to its original estimate of the income tax due on previous amounts received from Venezuela as discussed above. As of December 31, 2019, the total cumulative estimated obligation pursuant to the terms of the Bonus Plan from the sale of the Mining Data and collection of the Award was approximately \$4.4 million, which has been fully distributed to Bonus Plan participants.

Distribution of Funds to Shareholders and Intention to Distribute Funds Received in Connection with the Award in the Future

In June 2019, the Company completed a distribution of approximately \$76 million or \$0.76 per share to holders of Class A Shares as a return of capital (the "Return of Capital"). The Return of Capital was completed pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "ABCA") which required approval by the Alberta Court of Queen's Bench (the "Court") and at least two-thirds of the votes cast by Shareholders in respect of a special resolution. Full details of the Return of Capital are described in the Company's management proxy circular dated April 30, 2019 and other related materials filed with applicable Canadian securities regulatory authorities and made available at www.sedar.com or www.sec.gov, and posted on the Company's website at www.goldreserveinc.com.

Following the receipt, if any, of additional funds associated with the Settlement Agreement and/or Award and after applicable payments of Net Proceeds to holders of our CVRs and participants under our Bonus Plan, we expect to distribute to our shareholders a substantial majority of any remaining proceeds, subject to applicable regulatory requirements and retaining sufficient reserves for operating expenses, contractual obligations, accounts payable and income taxes, and any obligations arising as a result of the future collection of the remaining amounts owed by Venezuela.

FINANCIAL OVERVIEW

Our overall financial position is influenced by the proceeds previously received pursuant to the Settlement Agreement, related payment obligations and the Return of Capital. Recent operating results and overall financial position and liquidity are impacted by Venezuela's failure to honor its payment obligations under the Settlement Agreement in a timely manner, ongoing expenses associated with activities related to the Siembra Minera Project, obligations associated with collections under the Settlement Agreement, Sanctions and costs associated with maintaining our legal and regulatory obligations in good standing.

As discussed elsewhere in this MD&A, the Sanctions have and will continue to adversely impact our ability to collect the remaining amounts due associated with the Settlement Agreement and/or Award and, until Sanctions are lifted, obstruct our ability to develop the Siembra Minera Project as originally planned.

Overall, we experienced a net decrease in cash and cash equivalents for the year ended December 31, 2019 of approximately \$85.8 million compared to an increase of approximately \$10.0 million for the same period in 2018. The net decrease in 2019 was primarily due to the Return of Capital, as more fully described in the "Financing Activities" section below and cash used in operations as more fully described in the "Operating Activities" section below. In 2018, the net increase was primarily due to receipt of a payment under the Settlement Agreement partially offset by cash used in operations. Net loss for the year ended December 31, 2019 was \$13.1 million compared to net income of \$41.9 million for the year ended 2018. The decrease in income was primarily because the Company did not receive any payments pursuant to the terms of the Settlement Agreement in 2019.

Historically we have financed our operations through the issuance of common stock, other equity securities and debt and more recently, proceeds from payments under the Settlement Agreement. 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 continued collection, if any, of the proceeds associated with the collection of the Award and/or future financings, if any. We have only one operating segment, the exploration and development of mineral properties.

Our longer-term funding requirements may be adversely impacted by the timing of the collection of the amounts due pursuant to the Settlement Agreement and/or Award, the timing and amount of distributions made to shareholders, if any, 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 (1)

	2019	2018	2017
Income (loss)	\$ 1,599,749	\$ 51,569,175	\$ 170,697,928
Expenses	\$ (19,094,554)	\$ (19,680,922)	\$ (46,113,878)
Income tax (expense) benefit	\$ 4,347,907	\$ 9,970,117	\$ (35,073,174)
Net income (loss)	\$ (13,146,898)	\$ 41,858,370	\$ 89,510,876
Basic and diluted per share	\$ (0.13)	\$ 0.42	\$ 0.96
Total assets	\$ 80,268,951	\$ 168,653,346	\$ 150,700,534
Total non-current financial liabilities	\$ 169,911	\$ -	\$ 18,402,483
Distributions or cash dividends declared per share	\$ 0.76	\$ -	\$ -

(1) The selected annual information shown above is derived from our audited consolidated financial statements that have been prepared in accordance with U.S. generally accepted accounting principles.

Factors that have caused period to period variations are more fully discussed below under the headings "Liquidity and Capital Resources", "Results of Operations" and "Changes in Accounting Policies Including Initial Adoption".

Liquidity and Capital Resources

At December 31, 2019, we had cash and cash equivalents of approximately \$61.8 which represents a decrease from December 31, 2018 of approximately \$85.8 million. The net decrease was primarily due to the Return of Capital and by cash used for operating activities. The activities that resulted in the net change in cash are more fully described in the "Operating Activities", "Investing Activities" and "Financing Activities" sections below.

	2019	Change	2018
Cash and cash equivalents	\$ 61,822,137	\$ (85,824,216)	\$ 147,646,353

As of December 31, 2019, we had financial resources including cash, cash equivalents and marketable securities totaling approximately \$62.0 million, equipment with a carrying value of approximately \$6.5 million (See Note 6 to the audited consolidated financial statements), income tax receivable of approximately \$10.8 million and short-term financial obligations consisting of accounts payable, accrued expenses, contingent value rights and lease liability of approximately \$0.8 million.

We have no revenue producing operations at this time. Our future working capital position is dependent upon the collection of the remaining balance of the amounts due pursuant to the Settlement Agreement and/or Award. Although we believe, subsequent to the Return of Capital, that we have sufficient working capital to carry on our activities for the next 12 to 24 months, our actual cash burn-rate may require us to seek additional sources of funding to ensure our ability to continue our activities in the normal course. As discussed elsewhere in this MD&A, the Sanctions have and will continue to adversely impact our ability to collect the remaining balance of the Award plus interest and/or amounts due pursuant to the Settlement Agreement from Venezuela and, until Sanctions are lifted, significantly obstruct our ability to develop the Siembra Minera Project as originally planned.

Operating Activities

Cash flow used in operating activities for the years ended December 31, 2019 and 2018 was approximately \$10.3 million and \$64.2 million, respectively. Cash flow used in operating activities consists of net income (loss) (the components of which are more fully discussed below) adjusted for losses on marketable securities, non-cash expense items primarily related to stock option compensation and depreciation as well as certain non-cash changes in working capital.

Cash flow used in operating activities during the year ended December 31, 2019 decreased from the prior comparable period primarily due to a decrease in cash paid for income taxes, general and administrative costs and other expenses related to obligations resulting from the receipt of payments pursuant to the Settlement Agreement and an increase in interest income.

Investing Activities

	2019	Change	2018
Proceeds from disposition of marketable securities	\$ -	\$ (74,311,349)	\$ 74,311,349
Purchase of property, plant and equipment	(10,010)	79,669	(89,679)
	\$ (10,010)	\$ (74,231,680)	\$ 74,221,670

Cash flow from investing activities decreased during the year ended December 31, 2019 due to a reduction in proceeds from disposition of marketable securities and a decrease in purchases of property, plant and equipment. In 2018, the Company received Venezuelan government bonds with a market value, at the time of the agreement, of approximately \$88.5 million as payment under the Settlement Agreement. The bonds were subsequently sold for approximately \$74.3 million and the Company realized a \$14.2 million loss on the sale during the year ended December 31, 2018. As of December 31, 2019, the Company held approximately \$5.6 million of Brisas Project related equipment intended for future sale or use (See Note 6 to the audited consolidated financial statements).

Financing Activities

	2019	Change	2018
Return of Capital	\$ 75,540,237	\$ 75,540,237	-

In June 2019, the Company completed a distribution of approximately \$76 million or \$0.76 per share to holders of Class A Shares pursuant to a Return of Capital. The Return of Capital was completed pursuant to a plan of arrangement under the ABCA and required approval by the Court and at least two-thirds of the votes cast by Shareholders in respect of a special resolution. Full details of the Return of Capital are described in the Company's management proxy circular dated April 30, 2019 and other related materials filed with applicable Canadian securities regulatory authorities and made available at www.sedar.com or www.sec.gov, and posted on the Company's website at www.goldreserveinc.com.

Contractual Obligations

We had no material contractual obligation payments as of December 31, 2019. As described in Note 3 to the December 31, 2019 audited consolidated financial statements, the Company would be obligated to make payments under the Bonus Plan and CVRs in the event of receipt of additional payments from Venezuela under the Settlement Agreement.

Results of Operations

SUMMARY

Consolidated income, expenses, net income before tax and net income for the years ended December 31, 2019 and 2018 were as follows:

	2019	Change	2018
Income	\$ 1,599,749	\$ (49,969,426)	\$ 51,569,175
Expenses	<u>(19,094,554)</u>	<u>586,368</u>	<u>(19,680,922)</u>
Net income (loss) before tax	\$ <u>(17,494,805)</u>	\$ <u>(49,383,058)</u>	\$ <u>31,888,253</u>
Net income (loss)	\$ <u>(13,146,898)</u>	\$ <u>(55,005,268)</u>	\$ <u>41,858,370</u>

INCOME (LOSS)

	2019	Change	2018
Gain on sale of mining data	\$ -	\$ (52,500,000)	\$ 52,500,000
Arbitration award	-	(36,000,000)	36,000,000
Interest income	1,290,565	965,382	325,183
Loss on impairment of trust account	-	21,456,881	(21,456,881)
Loss on marketable debt securities	-	14,188,651	(14,188,651)
Gain (loss) on marketable equity securities	(109,693)	(158,098)	48,405
Foreign currency gain (loss)	418,877	2,077,758	(1,658,881)
	\$ <u>1,599,749</u>	\$ <u>(49,969,426)</u>	\$ <u>51,569,175</u>

As the Company has no commercial production or source of operating cash flow at this time, income is often variable from period to period and subject to payments made pursuant to the Settlement Agreement, if any. The decrease in income was primarily because the Company did not receive any payments pursuant to the terms of the Settlement Agreement in 2019 partially offset by decreases in loss on marketable securities and impairment of trust account and increases in interest income and foreign currency gain.

EXPENSES

	2019	Change	2018
Corporate general and administrative	\$ 5,306,335	\$ (2,162,218)	\$ 7,468,553
Contingent value rights	262,549	(4,536,565)	4,799,114
Siembra Minera Project costs	5,190,833	65,018	5,125,815
Write-down of property, plant and equipment	6,067,967	6,067,967	-
Exploration costs	36,078	8,098	27,980
Legal and accounting	1,386,898	246,462	1,140,436
Arbitration and settlement	406,337	188,363	217,974
Equipment holding costs	<u>437,557</u>	<u>(463,493)</u>	<u>901,050</u>
Total expenses for the period	\$ <u>19,094,554</u>	\$ <u>(586,368)</u>	\$ <u>19,680,922</u>

Corporate general and administrative and CVR-related expenses for the year ended December 31, 2019 decreased from the comparable period in 2018 primarily due to a decrease related to receipt of payments under the Settlement Agreement. In 2019, we recorded impairment write-downs of property, plant and equipment of \$6.1 million based on review of the price range of similar assets that were available for sale. Legal and accounting expenses increased from the prior comparable period primarily as a result of professional fees associated with the Return of Capital. Arbitration and settlement expense increased generally as a result of counsel's evaluation of various issues associated with the current status of the Settlement Agreement and the Siembra Minera Project. The decrease in equipment holding costs was due to the cost of relocation of certain equipment in 2018. Overall, total expenses for the year ended December 31, 2019 decreased by approximately \$0.6 million from the comparable period in 2018.

SUMMARY OF QUARTERLY RESULTS (1)

Quarter ended	12/31/19	9/30/19	6/30/19	3/31/19
Income (loss)	\$212,194	\$(67,176)	\$647,953	\$806,778
Net income (loss) before tax	(8,306,237)	(2,709,601)	(3,718,609)	(2,760,358)
Per share	(0.08)	(0.03)	(0.04)	(0.03)
Fully diluted	(0.08)	(0.03)	(0.04)	(0.03)
Net income (loss)	(8,306,237)	1,638,306	(3,718,609)	(2,760,358)
Per share	(0.08)	0.02	(0.04)	(0.03)
Fully diluted	(0.08)	0.02	(0.04)	(0.03)

Quarter ended	12/31/18	9/30/18	6/30/18	3/31/18
Income (loss)	\$(33,559,907)	\$(3,023,589)	\$88,121,074	\$31,597
Net income (loss) before tax	(36,090,031)	(8,604,190)	79,049,035	(2,466,561)
Per share	(0.36)	(0.09)	0.80	(0.02)
Fully diluted	(0.36)	(0.09)	0.79	(0.02)
Net income (loss)	(25,921,698)	3,720,859	67,125,060	(3,065,851)
Per share	(0.26)	0.04	0.67	(0.03)
Fully diluted	(0.26)	0.04	0.67	(0.03)

(1) The information shown above is derived from our unaudited consolidated financial statements that have been prepared in accordance with U.S. generally accepted accounting principles.

In 2019, income (loss) primarily consisted of interest and foreign currency gain (loss) as the Company did not receive any additional payments related to the Settlement Agreement.

In the fourth quarter of 2019, net loss increased as a result of a write-down of property, plant and equipment. In the third quarter of 2019, net income increased primarily as a result of a change in estimated income tax. In the first and second quarters of 2019, the Company recorded net losses primarily because the Company did not have any receipts from the Settlement Agreement.

In the third and fourth quarters of 2018, income declined primarily due to a decrease in receipts associated with the Settlement Agreement, losses on marketable debt securities and a loss on the impairment of funds held in the Trust Account. In the second quarter of 2018, income increased as a result of gain on sale of Mining Data and receipts from the arbitration award. In the first quarter of 2018, income increased as a result of a decrease in foreign currency loss.

In the fourth quarter of 2018 the Company recorded a net loss primarily as a result of losses on marketable debt securities and loss on impairment of funds held in trust partially offset by an increase in tax benefit (See Note 10 to the audited consolidated financial statements). In the third quarter of 2018, the Company recorded net income primarily as a result of the recognition of certain tax benefits associated with the sale of the Mining Data. In the second quarter of 2018, net income increased as a result of gain on sale of Mining Data and the collection of the arbitration award. In the first quarter of 2018, the Company recorded net losses primarily because the Company did not have any receipts from the sale of its Mining Data or from the arbitration award.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the years ended December 31, 2019 and 2018, there were no transactions with related parties.

Internal Control over Financial Reporting (ICFR)

Management is responsible for establishing and maintaining internal controls over financial reporting. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the framework established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2019.

During the fiscal year ended December 31, 2019, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Exchange Act).

Disclosure Controls and Procedures (DC&P)

An evaluation was performed under the supervision and with the participation of our management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report. Based on that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2019 to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC rules and forms.

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 of the Brisas Project related equipment and the estimated fair value determined in connection with impairment testing;
- 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; and
- preparation of tax filings in a number of jurisdictions requires considerable judgment and the use of assumptions.

The amounts reported based on accounting estimates could vary in the future.

Any current or future operations we 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.

RISK FACTORS

Set out below are certain risk factors that could materially adversely affect our future business, operating results or financial condition. Investors should carefully consider these risk factors and the other risk factors and information in this MD&A and our filings with Canadian and U.S. securities regulators, before making investment decisions involving our securities. The following risk factors, as well as risks not currently known to us, could adversely affect our future business, operations and financial condition and could cause future results to differ materially from the estimates described in our forward-looking statements.

Risks Related to Collection of Award and Sale of Mining Data

FAILURE TO COLLECT AMOUNTS PAYABLE PURSUANT TO THE SETTLEMENT AGREEMENT COULD MATERIALLY ADVERSELY AFFECT THE COMPANY.

In July 2016, we signed the Settlement Agreement whereby Venezuela agreed to pay us the Award (including interest) and purchase our Mining Data. Under the terms of the Agreement, Venezuela agreed to pay the Company \$792 million to satisfy the Award and \$240 million for the purchase of the Mining Data for a total of approximately \$1.032 billion to be paid in monthly installments ending on or before June 15, 2019. The remaining unpaid amount due from Venezuela pursuant to the Settlement Agreement, which is delinquent, totals approximately \$886 million (including interest of approximately \$108 million).

Given the current political, economic and social conditions in Venezuela as well as Sanctions, there can be no assurances that we will receive future payments contemplated by the Settlement Agreement or, if any such payments are made, that we will be successful in transferring such funds to our bank account. In the event we do not receive future payments contemplated by the Settlement Agreement, we may also be forced to renew the lengthy enforcement and collection process which could materially adversely affect, among other things, our ability to make payments pursuant to the CVRs, Bonus Plan, distribute funds to our shareholders or otherwise maintain sufficient liquidity to operate as a going concern.

TERMINATION OF THE SETTLEMENT AGREEMENT AS A RESULT OF VENEZUELA'S FAILURE TO MAKE THE CONTEMPLATED PAYMENTS THEREUNDER COULD MATERIALLY ADVERSELY AFFECT THE COMPANY.

In conjunction with entry into the Settlement Agreement, the Company agreed to suspend the legal enforcement of the Award until final payment is made by Venezuela and Venezuela agreed to irrevocably waive its right to appeal the February 2017 judgment issued by the Cour d'appel de Paris dismissing the annulment applications filed by Venezuela in respect of the Award and agreed to terminate all other proceedings seeking annulment of the Award.

Notwithstanding Venezuela having waived its right to appeal, future enforcement and collection of the Award is expected to be a lengthy process and will be ongoing for the foreseeable future if we are not able to collect the amounts due us as contemplated in the Settlement Agreement and/or the Award. In addition, the cost of pursuing collection of the Award could be substantial and there is no assurance that we will be successful. Failure to otherwise collect the Award if the Settlement Agreement is abandoned would materially adversely affect our ability to maintain sufficient liquidity to operate as a going concern.

SANCTIONS CURRENTLY IMPOSED ON VENEZUELA BY THE U.S. AND CANADA, AND ANY FURTHER SANCTIONS THAT MAY BE IMPOSED IN THE FUTURE, COULD MATERIALLY ADVERSELY AFFECT THE COMPANY.

As described above under the risk factor entitled "Failure to collect amounts payable pursuant to the Settlement Agreement could materially adversely affect the Company," the U.S. and Canadian governments have imposed Sanctions targeting the Venezuelan government, certain Venezuelan individuals and Siembra Minera as a result of the Venezuelan government's 55% ownership (See "U.S. and Canadian Sanctions"). Failure to comply with these Sanctions could result in civil or, in some cases, criminal consequences for the Company and/or our officers and directors. Compliance with the current Sanctions, as well as any future Sanctions that may be imposed by the U.S. or Canada, may further restrict our ability to consummate the transactions contemplated by the Settlement Agreement or the mixed company arrangements related to the Siembra Minera Project, including:

- an inability to receive, process or use the payments (in whatever form received by us) contemplated by the Settlement Agreement, or to transfer such payments to our bank outside of Venezuela;
- an inability to obtain all or part of financing sufficient to cover the anticipated capital or operating costs of the Siembra Minera Project on favorable terms, or at all; and

- an inability to obtain operating permits, enter into transactions or otherwise meet our obligations with respect to the operation of the Siembra Minera Project pursuant to the mixed company agreement.

The occurrence of any of the foregoing or others could result in the inability for the Settlement Agreement or mixed company arrangements to be performed in their current form and/or could have a material adverse effect on the Company, including our ability to own our interest in Siembra Minera or operate it or maintain sufficient liquidity to operate it as a going concern.

WE HAVE NO COMMERCIAL OPERATIONS AND MAY BE UNABLE TO CONTINUE AS A GOING CONCERN.

We have no revenue producing operations at this time. Our future working capital position is dependent upon the receipt of amounts due to us pursuant to the Settlement Agreement or collection of the Award in the relevant legal jurisdictions. Although we believe, subsequent to the Return of Capital, that we will have sufficient working capital to carry on our activities for the next 12 to 24 months, our actual cash burn-rate may require us to seek additional sources of funding to ensure our ability to continue our activities in the normal course. As discussed elsewhere in this MD&A, Sanctions have and are expected to continue to adversely impact our ability to receive payments from Venezuela pursuant to the Settlement Agreement and our ability to proceed with the development of the Siembra Minera Project.

Our reliance on the receipt of the payments contemplated by the Settlement Agreement or the collection of the Award for our operating needs is expected to continue into the foreseeable future unless and until we are able to develop the Siembra Minera Project or an alternative project and achieve commercial production. If the Settlement Agreement were to be abandoned due to lack of payment by Venezuela, our longer-term funding requirements may be adversely impacted. Unforeseen financial market conditions, industry conditions or other unknown or unpredictable conditions may exist in the future and, as a result, there can be no assurance that alternative funding would be available or, if available, offered on acceptable terms.

Risks Related to the Class A Shares

THE PRICE AND LIQUIDITY OF THE CLASS A SHARES MAY BE VOLATILE.

The market price of the Class A Shares may fluctuate based on a number of factors, some of which are beyond our control, including:

- we do not have an active market for the Class A Shares and large sell or buy transactions may affect the market price;
- developments in our efforts to conclude the transactions contemplated by the Settlement Agreement;
- economic and political developments in Venezuela including the impact of Sanctions on our ability to consummate the transactions contemplated by the Settlement Agreement or the terms of the mixed company arrangement related to the development of the Siembra Minera Project;
- our operating performance and financial condition;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general purposes;
- the public's reaction to announcements or filings by us or other companies;
- the public's reaction to negative news regarding Venezuela and/or international responses to Venezuelan domestic and international policies;
- the price of gold, copper and silver;
- the addition to or changes to existing personnel; and
- general global economic conditions, including, without limitation, interest rates, general levels of economic activity, fluctuations in market prices of securities, participation by other investors in the financial markets, economic uncertainty, national and international political circumstances, natural disasters, and public health crisis (such as the recent global outbreak of COVID-19).

The effect of these and other factors on the market price of the Class A Shares has historically made our share price volatile and suggests that our share price will continue to be volatile in the future.

WE MAY ISSUE ADDITIONAL CLASS A SHARES, DEBT INSTRUMENTS CONVERTIBLE INTO CLASS A SHARES OR OTHER EQUITY-BASED INSTRUMENTS TO FUND FUTURE OPERATIONS.

We cannot predict the size of any future issuances of securities, or the effect, if any, that future issuances and sales of our securities will have on the market price of the Class A Shares. Any transaction involving the issuance of previously authorized but unissued shares, or securities convertible into shares, may result in dilution to present and prospective holders of shares.

THE COMPANY'S CURRENT OR FUTURE PLANS TO DECLARE CASH DIVIDENDS OR MAKE DISTRIBUTIONS TO SHAREHOLDERS ARE SUBJECT TO INHERENT RISKS.

In June 2019, the Company completed a distribution of approximately \$76 million or \$0.76 per share to holders of Class A Shares pursuant to a Return of Capital. The Return of Capital was completed pursuant to a plan of arrangement under the ABCA and required approval by the Court and at least two-thirds of the votes cast by Shareholders in respect of a special resolution. We may declare cash dividends or make distributions in the future only if our earnings and capital are sufficient to justify the payment of such dividends or distributions.

Risks Related to the Business

ANY DEVELOPMENT ACTIVITIES ON THE SIEMBRA MINERA PROJECT WILL REQUIRE ADDITIONAL EXPLORATION WORK AND FINANCING AND THERE IS NO ASSURANCE THAT THE PROJECT WILL BE DETERMINED FEASIBLE.

In March 2018, the Company published the results of the PEA. The conclusions of management and its qualified consultants referred to in the PEA may not be realized in the future. Even if the required financing is obtained, substantial effort and financing would be required to commence work on any Siembra Minera Project. We can provide no assurances that the Siembra Minera Project or its development would be determined feasible.

OUR POTENTIAL FUTURE OPERATIONS RELATED TO THE SIEMBRA MINERA PROJECT WILL BE CONCENTRATED IN VENEZUELA AND WILL BE SUBJECT TO INHERENT LOCAL RISKS.

Our potential future operations related to the Siembra Minera Project will be located in Venezuela and, as a result, we will be subject to operational, regulatory, political and economic risks specific to its location, including:

- the effects of local political, labor and economic developments, instability and unrest;
- the existence of "dual" governments in Venezuela as a result of certain non-Venezuelan countries (including the United States) recognizing a presidency and government with respect to Juan Guaidó instead of Nicolás Maduro (and vice versa), including associated challenges as to governing and decision-making authority related thereto;
- the U.S. Government's recent indictment of Venezuelan President Nicolás Maduro and a number of key associates for drug trafficking;
- changes in the government of Venezuela and among its officeholders;
- significant or abrupt changes in the applicable regulatory or legal climate;
- currency instability, hyper-inflation and the environment surrounding the financial markets and exchange rate in Venezuela;
- international response to Venezuelan domestic and international politics and policies, including the threat of military intervention and armed conflict;
- limitations on mineral exports;
- invalidation, confiscation, expropriation or rescission of governmental orders, permits, agreements or property rights;
- exchange controls and export or sale restrictions;
- currency fluctuations, repatriation restrictions and operation in a highly inflationary economy;
- competition with companies from countries that are not subject to Canadian and U.S. laws and regulations;
- laws or policies of foreign countries and Canada affecting trade, investment and taxation;
- civil unrest, military actions and crime;
- corruption, requests for improper payments, or other actions that may violate Canadian and U.S. foreign corrupt practices acts, uncertain legal enforcement and physical security;

- new or changes in regulations related to mining, environmental and social issues; and
- the willingness of future governments in Venezuela to uphold and abide by agreements and commitments made by previous governments.

NEW DISEASES, EPIDEMICS AND PANDEMICS, INCLUDING THE EFFECTS AND POTENTIAL EFFECTS OF THE GLOBAL COVID-19 PANDEMIC MAY ADVERSELY IMPACT THE COMPANY'S CURRENT AND FUTURE OPERATIONS.

In December 2019, a strain of coronavirus known as COVID-19 appeared in China, and has since spread around the world, resulting in widespread business and social disruption. COVID-19 was declared a worldwide pandemic by the World Health Organization in March 2020. The effectiveness and timing of mitigation measures by governments, medical and private sector participants is unclear at this time. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the actions required to contain or treat its impact, among others.

FAILURE TO ATTRACT NEW AND/OR RETAIN EXISTING PERSONNEL COULD ADVERSELY AFFECT US.

We are dependent upon the abilities and continued participation of existing personnel to manage activities related to the Settlement Agreement, operation of Siembra Minera, development of the Siembra Minera Project and to identify, acquire and develop new opportunities. Substantially all of our existing management personnel have been employed by us for over 20 years. The loss of existing employees or an inability to obtain new personnel necessary to execute future efforts to acquire and develop a new project, such as the Siembra Minera Project, could have a material adverse effect on our future operations.

RISKS INHERENT IN THE MINING INDUSTRY COULD ADVERSELY IMPACT FUTURE OPERATIONS.

Exploration for gold and other metals is speculative in nature, involves many risks and frequently is unsuccessful. As is customary in the industry, not all prospects will be positive or progress to later stages (e.g. the feasibility, permitting, development and operating stages), therefore, we can provide no assurances as to the future success of our efforts related to the Siembra Minera Project and the LMS Gold Project. Exploration programs entail risks relating to location, metallurgical processes, governmental permits and regulatory approvals and the construction of mining and processing facilities. Development can take a number of years, requiring substantial expenditures and there is no assurance that we will have, or be able to raise, the required funds to engage in these activities or to meet our obligations with respect to the Siembra Minera Project and the LMS Gold Project. Any one or more of these factors or occurrences of other risks could cause us not to realize the anticipated benefits of an acquisition of properties or companies.

U.S. INTERNAL REVENUE SERVICE DESIGNATION AS A "PASSIVE FOREIGN INVESTMENT COMPANY" MAY RESULT IN ADVERSE U.S. TAX CONSEQUENCES TO U.S. HOLDERS.

U.S. taxpayers should be aware that we have determined that we were a "passive foreign investment company" (a "PFIC") under Section 1297(a) of the U.S. Internal Revenue Code (the "Code") for the taxable year ended December 31, 2019. We have not made, and do not expect to make, a determination as to whether any of our subsidiaries were PFICs as to any of our shareholders for the taxable year ended December 31, 2019. The determination of whether we and any of our subsidiaries will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether we and any of our subsidiaries will be a PFIC for any taxable year generally depends on our assets and income and those of our subsidiaries' over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this MD&A. Accordingly, there can be no assurance that we and any of our subsidiaries will not be a PFIC for any taxable year.

For taxable years in which we are a PFIC, subject to the discussion below, any gain recognized on the sale of our Class A common shares and any "excess distributions" (as specifically defined by the Code) paid on our Class A common shares must be ratably allocated to each day in a U.S. taxpayer's holding period for the Class A common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Class A common shares during which we were a PFIC generally will be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a timely and effective "QEF election" generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. For a U.S. taxpayer to make a QEF election, we must agree to supply annually to the U.S. taxpayer the "PFIC Annual Information Statement" and permit the U.S. taxpayer access to certain information in the event of an audit by the IRS. We will prepare and make the statement available to U.S. taxpayers, and will permit access to the information. As a possible second alternative, a U.S. taxpayer may make a "mark-to-market election" with respect to a taxable year in which we are a PFIC and the Class A common shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which we are a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Class A common shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in such Class A common shares.

THERE ARE MATERIAL TAX RISKS ASSOCIATED WITH HOLDING AND SELLING OR OTHERWISE DISPOSING OUR CLASS A SHARES.

There are material tax risks associated with holding and selling or otherwise disposing the Class A Shares. Each prospective investor is urged to consult its own tax advisor regarding the tax consequences to him or her with respect to the ownership and disposition of the Class A Shares.

IT MAY BE DIFFICULT TO BRING CERTAIN ACTIONS OR ENFORCE JUDGMENTS AGAINST THE COMPANY AND/OR ITS DIRECTORS AND EXECUTIVE OFFICERS.

Investors in the U.S. or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against us, our directors or executive officers based on civil liability provisions of federal securities laws or other laws of the U.S. or any state thereof or the equivalent laws of other jurisdictions of residence. We are organized under the laws of Alberta, Canada. Some of our directors and officers, and some of the experts named from time to time in our filings, are residents of Canada or otherwise reside outside of the U.S. and all or a substantial portion of their and our assets, may be located outside of the U.S. As a result, it may be difficult for investors in the U.S. or outside of Canada to bring an action in the U.S. against our directors, officers or experts who are not residents in the U.S. It may also be difficult for an investor to enforce a judgment obtained in a U.S. court or a court of another jurisdiction of residence predicated upon the civil liability provisions of Canadian securities laws or U.S. federal securities laws or other laws of the U.S. or any state thereof against us or those persons.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adopted in the year

In February 2016, the FASB issued ASU 2016-02, Leases. This update increased the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The Company adopted this standard as of January 1, 2019 using the modified retrospective approach and recorded a lease liability and corresponding right of use asset of approximately \$0.3 million for the operating lease for its corporate office.

Changes to the Company's accounting policy as a result of the adoption are as follows: Operating lease right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future lease payments over the lease term. When the rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The ROU assets include any lease payments made and lease incentives received prior to the commencement date. Operating lease ROU assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The ROU assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

DISCLOSURE OF OUTSTANDING SHARE DATA

Class A Shares

We are authorized to issue an unlimited number of Class A Shares without par value of which 99,395,048 Class A Shares were issued and outstanding as at the date hereof. Shareholders are entitled to receive notice of and attend all meetings of Shareholders with each Class A 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 our liquidation, dissolution or winding up to receive our remaining assets available for distribution to shareholders.

Preferred Shares

We are authorized, subject to the limitations prescribed by law and our articles of incorporation, from time to time, to issue an unlimited number of serial preferred shares (the "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 Options

We maintain the 2012 Equity Incentive Plan (the "2012 Plan") which provides for the grant of stock options on up to 8.75 million Class A Shares. As of December 31, 2019, 2,073,435 of those options had been exercised and there were 4,369,565 options outstanding and 2,307,000 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
June 9, 2021	\$ 1.92	444,922
July 25, 2024	\$ 4.02	250,000
June 29, 2025	\$ 3.91	180,000
February 16, 2027	\$ 3.15	3,369,643
May 1, 2027	\$ 2.69	125,000
Total Class A Shares issuable pursuant to stock options		4,369,565

Capital Structure

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

Class A Shares outstanding	99,395,048
Shares issuable pursuant to the 2012 Equity Incentive Plan	4,369,565
Total shares outstanding, fully diluted	<u>103,764,613</u>

ADDITIONAL INFORMATION

Additional information relating to our Company, including our Company's Annual Information Form, is on SEDAR at www.sedar.com.

Management's Annual Report on Internal Control over Financial Reporting

The accompanying audited consolidated financial statements of Gold Reserve Inc. 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.

Our 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 our 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 our assets;
- providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with U.S. generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of our executive officers; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of assets that could have a material effect on our 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 our financial statements would be prevented or detected.

Management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the framework established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ Rockne J. Timm

Chief Executive Officer
April 9, 2020

/s/ Robert A. McGuinness

Vice President-Finance and Chief Financial Officer
April 9, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Gold Reserve Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Gold Reserve Inc. and its subsidiaries (together, the Company) as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations 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.

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.

s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, Canada
April 9, 2020

We have served as the Company's auditor since 2001.

GOLD RESERVE INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. dollars)

	December 31, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 4)	\$ 61,822,137	\$ 147,646,353
Marketable securities (Note 5)	177,945	287,638
Income tax receivable (Note 10)	10,798,291	6,450,384
Deposits, advances and other	747,872	1,608,698
Total current assets	73,546,245	155,993,073
Property, plant and equipment, net (Note 6)	6,470,722	12,660,273
Right of use asset (Note 2)	251,984	–
Total assets	\$ 80,268,951	\$ 168,653,346
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses (Note 3)	\$ 728,790	\$ 712,520
Lease liability (Note 2)	85,516	–
Total current liabilities	814,306	712,520
Lease liability (Note 2)	169,911	–
Total liabilities	984,217	712,520
SHAREHOLDERS' EQUITY		
Serial preferred stock, without par value		
Authorized:	Unlimited	
Issued:	None	
Common shares (Note 11)	302,469,647	378,009,884
Class A common shares, without par value		
Authorized:	Unlimited	
Issued and outstanding:	2018...99,395,048	2017...99,395,048
Contributed surplus	20,625,372	20,625,372
Stock options (Note 9)	20,752,893	20,721,850
Accumulated deficit	(264,563,178)	(251,416,280)
Total shareholders' equity	79,284,734	167,940,826
Total liabilities and shareholders' equity	\$ 80,268,951	\$ 168,653,346

Contingencies (Note 3)
Subsequent Event (Note 12)

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

Approved by the Board of Directors:

/s/ Jean Charles Potvin /s/ James P. Geyer

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

	For the Years Ended	
	December 31,	
	2019	2018
INCOME (LOSS)		
Gain on sale of mining data (Note 3)	\$ —	\$ 52,500,000
Arbitration award (Note 3)	—	36,000,000
Interest income	1,290,565	325,183
Loss on impairment of trust account (Note 4)	—	(21,456,881)
Loss on marketable debt securities (Note 5)	—	(14,188,651)
Gain (loss) on marketable equity securities	(109,693)	48,405
Foreign currency gain (loss)	418,877	(1,658,881)
	<u>1,599,749</u>	<u>51,569,175</u>
EXPENSES		
Corporate general and administrative (Notes 3 and 9)	5,306,335	7,468,553
Contingent value rights (Note 3)	262,549	4,799,114
Siembra Minera Project costs (Note 7)	5,190,833	5,125,815
Write-down of property, plant and equipment (Note 6)	6,067,967	—
Exploration costs	36,078	27,980
Legal and accounting	1,386,898	1,140,436
Arbitration and settlement (Note 3)	406,337	217,974
Equipment holding costs	437,557	901,050
	<u>19,094,554</u>	<u>19,680,922</u>
Net income (loss) before income tax benefit	<u>(17,494,805)</u>	<u>31,888,253</u>
Income tax benefit (Note 10)	4,347,907	9,970,117
Net income (loss) and comprehensive income (loss) for the year	<u>\$ (13,146,898)</u>	<u>\$ 41,858,370</u>
Net income (loss) per share, basic and diluted	<u>\$ (0.13)</u>	<u>\$ 0.42</u>
Weighted average common shares outstanding		
Basic	99,395,048	99,395,048
Diluted	99,395,048	99,497,860

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, 2019 and 2018
(Expressed in U.S. dollars)

	Common Shares		Contributed Surplus	Stock Options	Accumulated Deficit	Accumulated Other Comprehensive Income
	Number	Amount				
Balance, December 31, 2017	99,395,048	\$ 378,009,884	\$ 20,625,372	\$ 20,409,643	\$(293,386,189)	\$ 111,539
Cumulative effect of accounting change	-	-	-	-	111,539	(111,539)
Net income for the year	-	-	-	-	41,858,370	-
Stock option compensation (Note 9)	-	-	-	312,207	-	-
Balance, December 31, 2018	99,395,048	378,009,884	20,625,372	20,721,850	(251,416,280)	-
Net loss for the year	-	-	-	-	(13,146,898)	-
Stock option compensation (Note 9)	-	-	-	31,043	-	-
Return of capital (Note 11)	-	(75,540,237)	-	-	-	-
Balance, December 31, 2019	99,395,048	\$ 302,469,647	\$ 20,625,372	\$ 20,752,893	\$(264,563,178)	\$ -

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,	
	2019	2018
Cash Flows from Operating Activities:		
Net (loss) income for the year	\$ (13,146,898)	\$ 41,858,370
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Stock option compensation	31,043	312,207
Depreciation	131,594	47,940
Gain on sale of mining data	–	(52,500,000)
Arbitration award	–	(36,000,000)
Write-down of property, plant and equipment	6,067,967	14,000
Loss on marketable equity and debt securities	109,693	14,140,245
Income tax	(4,347,907)	(26,116,305)
Changes in non-cash working capital:		
Net decrease (increase) in deposits and advances	860,826	(1,452,648)
Net increase (decrease) in accounts payable and accrued expenses	19,713	(4,551,844)
Net cash used in operating activities	<u>(10,273,969)</u>	<u>(64,248,035)</u>
Cash Flows from Investing Activities:		
Proceeds from disposition of marketable debt securities	–	74,311,349
Purchase of property, plant and equipment	(10,010)	(89,679)
Net cash provided by (used in) investing activities	<u>(10,010)</u>	<u>74,221,670</u>
Cash Flows from Financing Activities:		
Return of capital	(75,540,237)	–
Net cash used in financing activities	<u>(75,540,237)</u>	<u>–</u>
Change in Cash and Cash Equivalents:		
Net increase (decrease) in cash and cash equivalents	(85,824,216)	9,973,635
Cash and cash equivalents - beginning of year	147,646,353	137,672,718
Cash and cash equivalents - end of year	<u>\$ 61,822,137</u>	<u>\$ 147,646,353</u>
Supplemental Cash Flow Information:		
Cash paid for income taxes	\$ –	\$ 16,146,188

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

NOTE 1. THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES:

Gold Reserve Inc. ("Gold Reserve", the "Company", "we", "us", or "our") is engaged in the business of acquiring, exploring and developing mining projects and was incorporated in 1998 under the laws of the Yukon Territory, Canada and continued to Alberta, Canada in September 2014.

Gold Reserve Inc. is the successor issuer to Gold Reserve Corporation which was incorporated in 1956. A significant portion of our recent activities relate to the advancement of the Siembra Minera Project and the execution of the July 2016 settlement agreement, (as amended, the "Settlement Agreement") with the Bolivarian Republic of Venezuela ("Venezuela") in regards to the payment of the Award and the acquisition of our Mining Data by Venezuela.

The U.S. and Canadian governments have imposed various sanctions targeting Venezuela (the "Sanctions") The Sanctions implemented by the U.S. government generally block all property of the Venezuelan government and state-owned/controlled entities such as Siembra Minera. In addition, U.S. Sanctions prohibit U.S. persons from dealing with Specially Designated Nationals ("SDNs") and targets corruption in, among other identified sectors, the gold sector of the Venezuela economy. The Sanctions implemented by the Canadian government generally include asset freezes and impose prohibitions on dealings with certain named Venezuelan officials under the Special Economic Measures (Venezuela) Regulations of the *Special Economic Measures Act and the Justice for Victims of Corrupt Foreign Officials Regulations of the Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)*. In addition, on March 26, 2020, the U.S. Government indicted Venezuelan President Nicolás Maduro and a number of key associates for drug trafficking. (See Note 3, Arbitral Award, Settlement Agreement and Mining Data Sale and Note 7, Empresa Mixta Ecosocialista Siembra Minera, S.A.).

Basis of Presentation and Principles of Consolidation. These audited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The statements principally include the accounts of the Company, Gold Reserve Corporation and three Barbadian subsidiaries one of which was formed to hold our equity interest in Siembra Minera which is beneficially owned 55% by Venezuelan state-owned entity and 45% by Gold Reserve. Our investment in Siembra Minera is accounted for as an equity investment. All subsidiaries are wholly owned. All intercompany accounts and transactions have been eliminated on consolidation. Our policy is to consolidate those subsidiaries where control exists. We have only one operating segment, the exploration and development of mineral properties.

Cash and Cash Equivalents. We consider 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. We manage the exposure of our cash and cash equivalents to credit risk by diversifying our holdings into various major 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. Mineral 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. Mineral properties determined to be impaired or that are abandoned are written-down to the estimated fair value. Carrying values do not necessarily reflect present or future values.

Property, Plant and Equipment Property plant and equipment is recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, except for equipment not yet placed into use. Included in property, plant and equipment is certain equipment, relating to the Brisas Project that is not being depreciated as it is not in use. The ultimate recoverable value of this equipment may be different than management's current estimate. We have additional property, plant and equipment which are recorded at cost less accumulated depreciation. Replacement costs 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. Furniture, office equipment and leasehold improvements are depreciated using the straight-line method over five to ten years. The remaining property, plant and equipment are fully depreciated.

Impairment of Long-Lived Assets. We review 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 eventual 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 based on a determination of the asset's fair value. Fair value is generally determined by discounting estimated cash flows based on market participant expectations of those future cash flows, or applying a market approach that uses market prices and other relevant information generated by market transactions involving comparable assets.

Foreign Currency. The U.S. dollar is our (and our 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. We maintain an equity incentive plan which provides for the grant of stock options to purchase the Class A common shares. We use 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 stock options, in addition to the fair value attributable to stock options granted, is credited to capital stock. Stock options granted under the plan become fully vested and exercisable upon a change of control.

Income Taxes. We use 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 Income (Loss) Per Share. Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of Class A common shares outstanding during each period. Diluted net income per share reflects the potentially dilutive effects of outstanding stock options and convertible notes. In periods in which a loss is incurred, the effect of potential issuances of shares under stock options and convertible notes would be anti-dilutive, and therefore basic and diluted losses per share are the same in those periods.

Marketable Securities. The Company's marketable securities consist of debt securities that were classified as trading, and equity securities. Equity securities are reported at fair value with changes in fair value included in the statement of operations. Trading debt securities are reported at fair value with any changes in fair value included in the statement of operations.

Equity accounted investments. Investments in incorporated entities, in which the Company has the ability to exercise significant influence over the investee, are accounted for by the equity method.

Financial Instruments. Marketable securities are measured at fair value at each reporting date, with the change in value recognized in the statement of operations as a gain or loss. Cash and cash equivalents, deposits, advances and receivables are accounted for at amortized cost which approximates fair value. Accounts payable and contingent value rights are recorded at amortized cost. Amortized cost of accounts payable approximates fair value.

NOTE 2. NEW ACCOUNTING POLICIES:

Adopted in the year

In February 2016, the FASB issued ASU 2016-02, Leases. This update increased the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The Company adopted this standard as of January 1, 2019 using the modified retrospective approach, with no restatement of comparatives. The Company recorded a lease liability and corresponding right of use asset of approximately \$0.3 million for the operating lease for its corporate office.

Changes to the Company's accounting policy as a result of the adoption of ASC Topic 842 are as follows: Operating lease right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future lease payments over the lease term. When the rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The ROU assets include any lease payments made and lease incentives received prior to the commencement date. Operating lease ROU assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The ROU assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

NOTE 3. ARBITRAL AWARD, SETTLEMENT AGREEMENT AND MINING DATA SALE:

In October 2009 we initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the International Centre for the Settlement of Investment Disputes ("ICSID") to obtain compensation for the losses caused by the actions of Venezuela that terminated our previous mining project known as the "Brisas Project." On September 22, 2014, we were granted an Arbitral Award (the "Award") totaling \$740.3 million.

In July 2016, we signed the Settlement Agreement, subsequently amended, whereby Venezuela agreed to pay us a total of approximately \$1.032 billion which is comprised of \$792 million to satisfy the Award (including interest) and \$240 million for the purchase of our mining data related to the Brisas Project (the "Mining Data") and was to be settled in a series of payments ending on or before June 15, 2019. As agreed, the first \$240 million received by Gold Reserve from Venezuela has been recognized as proceeds from the sale of the Mining Data.

To date, the Company has received payments of approximately \$254 million pursuant to the Settlement Agreement including \$165.5 million transferred from the Trust Account (excluding \$21.5 million that remains in the Trust Account, See Note 4, Cash and Cash Equivalents) and \$88.5 million (the market value at the time of the agreement) in Venezuelan government bonds, which were at the time exempt from U.S. Sanctions pursuant to then-applicable General License 3 issued by the U.S. Treasury Department's Office of Foreign Asset Control. The bonds were subsequently sold for approximately \$74.3 million and the Company realized a \$14.2 million loss on the sale during the year ended December 31, 2018. The remaining unpaid amount due from Venezuela pursuant to the Settlement Agreement, which is now delinquent, totals approximately \$886 million (including interest of approximately \$108 million) as of the date of the Audited Consolidated Financial Statements.

In addition to other constraints, the Sanctions restrict the Company from working with those Venezuelan government officials responsible for the payment and transfer of funds associated with the Settlement Agreement which adversely impacts our ability to collect the remaining balance of the Award plus interest and/or amounts due pursuant to the Settlement Agreement from Venezuela.

We have Contingent Value Rights ("CVRs") outstanding that entitle the holders to an aggregate of 5.466% of certain proceeds associated with the collection of the Award, sale of Mining Data or an enterprise sale (the "Proceeds"), less amounts for certain specified obligations, as well as a bonus plan as described below. In 2019 management reduced its original estimate of the income tax due on previous amounts received from the sale of Mining Data. The effect of this change in estimate was to increase the net proceeds from the sale of the Mining Data subject to the CVR and as a result, the Company recorded an increase in its obligation to the CVR holders by approximately \$0.3 million. As of December 31, 2019, the total cumulative estimated obligation due pursuant to the terms of the CVR from the sale of the Mining Data and collection of the Award was approximately \$10.0 million, which has been fully distributed to CVR holders.

Due to U.S. and Canadian Sanctions and the uncertainty of transferring the remaining cash held in the Trust Account to bank accounts outside of Venezuela, management only considers those funds received by the Company into its North American bank accounts as funds available for purposes of the CVR and Bonus Plan cash distributions.

We maintain a bonus plan (the "Bonus Plan") which is intended to compensate the participants, including executive officers, employees, directors and consultants for their past and present contributions to the Company. The bonus pool under the Bonus Plan, as originally structured, was comprised of the gross proceeds collected or the fair value of any consideration realized related to such transactions less applicable taxes multiplied by 1% of the first \$200 million and 5% thereafter. In June 2018, the Board modified the Bonus Plan to increase the percentage participation of certain individuals who in the Board's opinion were not adequately recognized for their current contribution to efforts associated with the conclusion of the Settlement Agreement and the collection of the amounts contemplated thereunder. The effect of the Board's modification to the Bonus Plan was to increase the after-tax percentage allocation for the first \$200 million up to a maximum of 1.28% and the percentage allocation thereafter up to a maximum of 6.4%. In 2019 the Company recorded an increase in its obligation to the Bonus Plan participants by approximately \$0.3 million as a result of the change to its original estimate of the income tax due on previous amounts received from the sale of Mining Data as discussed above. As of December 31, 2019, the total cumulative estimated obligation pursuant to the terms of the Bonus Plan from the sale of the Mining Data and collection of the Award was approximately \$4.4 million, which has been fully distributed to Bonus Plan participants.

Following receipt, if any, of additional funds pursuant to the Settlement Agreement and after applicable payments to CVR holders and Bonus Plan participants, we expect to distribute to our shareholders a substantial majority of any remaining amounts, subject to applicable regulatory requirements and retaining sufficient reserves for operating expenses, contractual obligations, accounts payable and income taxes, and any obligations arising as a result of the collection of the remaining amount owed by Venezuela (See Note 11, Return of Capital).

NOTE 4. CASH AND CASH EQUIVALENTS:

	December 31, 2019	December 31, 2018
Bank deposits	\$ 31,499,893	\$ 47,588,968
Short term investments	30,322,244	100,057,385
Total	<u>\$ 61,822,137</u>	<u>\$ 147,646,353</u>

Short term investments include money market funds and US treasury bills which mature in three months or less.

Payments made by Venezuela associated with the Settlement Agreement (excluding the transfer of Venezuelan bonds as discussed herein) have been deposited into a trust account (the "Trust Account") for the benefit of the Company at Banco de Desarrollo Económico y Social de Venezuela ("Bandes Bank"), a Venezuelan state-owned development bank. As Bandes Bank has been designated as an SDN, in 2018 the Company recorded an impairment loss on the remaining balance in the account and considers the Trust Account to be blocked property and not recoverable for accounting purposes. The Trust Account and the approximately \$21.5 million therein will remain blocked property until the U.S. government delists Bandes Bank as an SDN or issues a specific license to the Company to unblock this property.

NOTE 5. MARKETABLE SECURITIES:

	December 31, 2019	December 31, 2018
<u>Equity securities</u>		
Fair value at beginning of year	\$ 287,638	\$ 239,232
Increase (decrease) in fair value	(109,693)	48,406
Fair value at balance sheet date	<u>\$ 177,945</u>	<u>\$ 287,638</u>
<u>Debt securities</u>		
Fair value at beginning of year	\$ -	\$ -
Acquisitions	-	88,500,000
Dispositions	-	(74,311,349)
Realized loss	-	(14,188,651)
Fair value at balance sheet date	<u>\$ -</u>	<u>\$ -</u>

Marketable equity securities are classified as trading securities and accounted for at fair value, based on quoted market prices with unrealized gains or losses recorded in the Consolidated Statements of Operations. Marketable debt securities are classified as trading securities and accounted for at fair value with any unrealized gains or losses recorded in the Consolidated Statements of Operations. The Company's marketable debt securities consisted of Venezuelan government bonds received under the Settlement Agreement (See Note 3, Arbitral Award, Settlement Agreement and Mining Data Sale), which were sold during 2018, resulting in a loss on sale of \$14.2 million.

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. The fair values of the Company's marketable equity securities as at the balance sheet date are based on Level 1 inputs.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT:

	Cost	Accumulated Depreciation	Net
December 31, 2019			
Machinery and equipment	\$ 5,609,567	\$ –	\$ 5,609,567
Furniture and office equipment	479,579	(360,224)	119,355
Transportation equipment	491,025	(132,827)	358,198
Leasehold improvements	51,658	(18,056)	33,602
Mineral property	350,000	–	350,000
	<u>\$ 6,981,829</u>	<u>\$ (511,107)</u>	<u>\$ 6,470,722</u>

	Cost	Accumulated Depreciation	Net
December 31, 2018			
Machinery and equipment	\$ 11,677,534	\$ –	\$ 11,677,534
Furniture and office equipment	469,569	(333,828)	135,741
Transportation equipment	491,025	(34,622)	456,403
Leasehold improvements	51,658	(11,063)	40,595
Mineral property	350,000	–	350,000
	<u>\$ 13,039,786</u>	<u>\$ (379,513)</u>	<u>\$ 12,660,273</u>

Machinery and equipment consist of infrastructure and milling equipment originally intended for use on the Brisas Project. We evaluate our equipment to determine whether events or changes in circumstances have occurred that may indicate that the carrying amount may not be recoverable. We regularly obtain comparable market data for similar equipment as evidence that fair value less cost to sell is in excess of the carrying amount. In 2019, we wrote down certain machinery and equipment based on review of the price range of similar assets that were available for sale. We recorded impairment write-downs of property, plant and equipment of \$6.1 million and \$14,000 during the years ended December 31, 2019 and 2018, respectively.

NOTE 7. EMPRESA MIXTA ECOSOCIALISTA SIEMBRA MINERA, S.A.:

In October 2016, together with an affiliate of the government of Venezuela, we established Siembra Minera. The primary purpose of this entity is to develop the Siembra Minera Project, as defined below.

Siembra Minera is beneficially owned 55% by Corporacion Venezolana de Minería, S.A., a Venezuelan government corporation, and 45% by Gold Reserve. Siembra Minera (pursuant to the agreement which governs the formation and operation of Siembra Minera) holds certain gold, copper, silver and other strategic mineral rights (primarily comprised of the Brisas and Las Cristinas concessions) contained within Bolívar State comprising the Siembra Minera Project (which has a twenty year term with two ten year extensions) and is, among other things authorized, via current or future Presidential Decrees and Ministerial resolutions, to carry on its business, pay a net smelter return royalty to Venezuela on the future sale of gold, copper, silver and any other strategic minerals over the life of the Siembra Minera Project and provide net profits participation based on the sales price of gold per ounce. A number of authorizations, which still have not been provided by the current administration, are critical to the future operation and economics of the Siembra Minera Project. Pursuant to the Settlement Agreement, both parties will retain their respective interest in Siembra Minera in the event all of the agreed upon Settlement Agreement payments are not made by Venezuela.

On March 16, 2018, the Company announced the completion of a technical report for the Preliminary Economic Assessment ("PEA") for the Siembra Minera Project in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects which included, among other information, resource estimates, pit design, mine plan, flowsheet design, design criteria, project layout, infrastructure requirements, capital and operating estimates. The Company has directly incurred the costs associated with the Siembra Minera Project outside of Siembra Minera, which beginning in 2016 through December 31, 2019, amounted to a total of approximately \$19.5 million. The Siembra Minera Project expenditures primarily include costs associated with the completion of the PEA that included a number of engineering, environmental and social third party advisors as well as costs associated with a number of social works programs in the vicinity of the Siembra Minera Project, which are expensed as incurred and classified within "Siembra Minera Project Costs" in the Consolidated Statements of Operations.

In addition to other constraints, the Sanctions restrict the Company from working with those Venezuelan government officials responsible for the operation of Siembra Minera and the development of the Siembra Minera Project which, until Sanctions are lifted, obstructs our ability to develop the Siembra Minera Project as originally planned.

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 us, and (2) an employee share ownership component, or ESOP. Allocation of Class A common shares or cash to participants' accounts, subject to certain limitations, is at the discretion of the Board. There have been no Class A common shares allocated to the KSOP Plan since 2011. Cash contributions for the KSOP years 2019 and 2018 were approximately \$171,000 and \$212,000, respectively.

NOTE 9. STOCK BASED COMPENSATION PLANS:

Equity Incentive Plans

The Company's equity incentive plan provides for the grant of stock options to purchase up to a maximum of 8,750,000 of the Class A common shares. As of December 31, 2019, there were 2,307,000 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 of the Board established pursuant to the equity incentive plan.

Share option transactions for the years ended December 31, 2019 and 2018 are as follows:

	2019		2018	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding - beginning of period	4,554,565	\$ 3.11	5,091,565	\$ 3.13
Options expired	(185,000)	3.43	(537,000)	3.32
Options outstanding - end of period	4,369,565	\$ 3.09	4,554,565	\$ 3.11
Options exercisable - end of period	4,369,565	\$ 3.09	4,092,068	\$ 3.10

The following table relates to stock options at December 31, 2019:

Outstanding Options					Exercisable Options				
Exercise Price	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)	
\$1.92	444,922	\$1.92	\$ -	1.44	444,922	\$1.92	\$ -	1.44	
\$2.69	125,000	\$2.69	-	7.33	125,000	\$2.69	-	7.33	
\$3.15	3,369,643	\$3.15	-	7.13	3,369,643	\$3.15	-	7.13	
\$3.91	180,000	\$3.91	-	5.49	180,000	\$3.91	-	5.49	
\$4.02	250,000	\$4.02	-	4.57	250,000	\$4.02	-	4.57	
\$1.92 - \$4.02	4,369,565	\$3.09	\$ -	6.34	4,369,565	\$3.09	\$ -	6.34	

No options were granted during the years ended December 31, 2019 and 2018. The Company recorded non-cash compensation expense during the years ended December 31, 2019 and 2018 of approximately \$31,000 and \$0.3 million, respectively for stock options granted in prior periods.

Change of Control Agreements

The Company maintains change of control agreements with certain officers and employees. A Change of Control is generally defined as 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. As of December 31, 2019, in the event of a change of control, the amount payable under these agreements was approximately \$7.1 million. None of this amount has currently been recognized as a change of control is not considered probable at this time.

NOTE 10. INCOME TAX:

Income tax benefit for the years ended December 31, 2019 and 2018 differs from the amount that would result from applying Canadian tax rates to net income before taxes. These differences result from the items noted below:

	2019		2018	
	Amount	%	Amount	%
Income tax expense (benefit) based on Canadian tax rates	\$ (4,373,701)	(25)	\$ 8,016,735	25
Increase (decrease) due to:				
Different tax rates on foreign subsidiaries	305,766	2	(570,196)	(2)
Non-deductible expenses	81,592	-	1,016,377	3
Withholding tax	-	-	5,983,324	19
Worthless stock write-off	(4,347,907)	(25)	(12,712,678)	(40)
Previously unrecognized tax benefits	-	-	(13,197,148)	(41)
Change in valuation allowance and other	3,986,343	23	1,493,469	5
	<u>\$ (4,347,907)</u>	<u>(25)</u>	<u>\$ (9,970,117)</u>	<u>(31)</u>

The Company recorded income tax benefit of \$4.3 million and \$10.0 million for the years ended December 31, 2019 and 2018, respectively. We have recorded a valuation allowance to reflect the estimated amount of the deferred 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 deferred tax assets may be reduced in the near term if our estimate of future taxable income changes. The Company has an income tax receivable of \$10.8 million related to prior year overpayments, which includes \$4.3 million recorded during the twelve months ended December 31, 2019, resulting from revisions to management's estimates of the timing and amount of deductions available to the Company's U.S. subsidiary associated with the write-off of certain subsidiaries. The Company has filed an amended return which meets the recognition threshold for refund receivable as of December 31, 2019.

The income tax recovery for the year ended December 31, 2018 is a result of the deduction of capitalized costs incurred in the development of the Mining Data, the recognition of previously unrecognized Canadian tax losses, and the write-off of investments in subsidiaries that were dissolved during 2018. The tax benefit of the capitalized costs had not been recognized prior to the third quarter of 2018 when Venezuela completed all of the payments due under the agreement for sale of the Mining Data. The components of the Canadian and U.S. deferred income tax assets and liabilities as of December 31, 2019 and 2018 were as follows:

	December 31,	
	2019	2018
Deferred income tax assets		
Net operating loss carry forwards	\$ 34,569,939	\$ 31,362,816
Property, Plant and Equipment	4,742,961	3,226,994
Other	1,623,503	1,652,114
	<u>40,936,403</u>	<u>36,241,924</u>
Valuation allowance	(40,915,022)	(36,202,109)
	<u>\$ 21,381</u>	<u>\$ 39,815</u>
Deferred income tax liabilities		
Other	(21,381)	(39,815)
Net deferred income tax liability	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2019, we had the following U.S. and Canadian tax loss carry forwards stated in U.S. dollars.

	U.S.	Canadian	Expires
\$		2,016,148	2026
		3,741,708	2027
		14,261,686	2028
		13,515,905	2029
		16,698,149	2030
		18,698,061	2031
		5,425,100	2032
		7,886,980	2033
		9,138,261	2034
		13,044,194	2035
		15,508,174	2036
		11,695,291	2037
		422,267	2038
		4,231,821	2039
	2,376,205		-
\$	2,376,205	136,283,745	

NOTE 11. RETURN OF CAPITAL:

In June 2019, the Company completed a return of capital transaction by way of a court-approved plan of arrangement transaction under the *Business Corporations Act* (Alberta) which required approval by the Alberta Court of Queen's Bench and at least two-thirds of the votes of shareholders. Pursuant to the plan of arrangement, the Company returned to holders of its Class A common shares approximately \$76 million or \$0.76 per Class A Share.

NOTE 12. SUBSEQUENT EVENT:

In late 2019, a virus which causes coronavirus disease 2019 (COVID-19) was identified in Wuhan, Hubei, China. The virus subsequently spread throughout most of the world and in March 2020, COVID-19 was recognized as a pandemic by the World Health Organization. The Company is uncertain as to the extent that COVID-19 may impact its operations and asset values as it depends upon the severity of the outbreak and the actions taken to mitigate it.

CORPORATE INFORMATION

Officers and Directors

James H. Coleman

Executive Chairman and Director

Rockne J. Timm

Chief Executive Officer and Director

A. Douglas Belanger

President and Director

Robert A. McGuinness

Vice President of Finance and CFO

James P. Geyer

Director

Jean Charles (JC) Potvin

Director

Robert A. Cohen

Director

James Michael Johnston

Director

Annual Meeting

The 2020 Annual Meeting will be held at 9:30 a.m. on September 10, 2020

999 W. Riverside Avenue
7th Floor Masthead Suite
Spokane, Washington USA

Share Information

Number of Shareholders

Approximately 8,000

Common Shares Issued April 30, 2020

Class A common– 99,395,048

Purchase Options– 4,369,565

Securities Listing/Quote

Canada– The TSX Venture Exchange:

GRZ.V

United States– OTCQX:

GDRZF

Transfer Agent

Computershare Trust Company, Inc.

Toronto, Ontario Canada

Highlands Ranch, CO USA

Registered Agent

Norton Rose Fulbright Canada LLC

Calgary, Alberta Canada

Office

Corporate

999 W. Riverside Avenue,

Suite 401

Spokane, WA 99201

Ph: (509) 623-1500

Fx: (509) 623-1634

Bankers

Bank of America

Spokane, Washington USA

Bank of Montreal

Vancouver, BC Canada

Bank of China

Toronto, ON Canada

Canaccord Genuity

Toronto, ON Canada

TD Commercial Bank

Calgary, AB Canada

Auditor

PricewaterhouseCoopers LLP

Vancouver, BC Canada

Counsel

Norton Rose Fulbright

Toronto, Ontario Canada

Baker & McKenzie LLP

Houston, Texas USA

McCarthy Tétrault LLP

Toronto, Ontario Canada



CERTIFICATE OF OFFICER

Pursuant to subsection 2.20(c) of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer (NI 54-101)*, and in connection with the annual general and special meeting of shareholders of Gold Reserve Inc. (the **Company**) to be held on September 10, 2020 (the **Meeting**), the undersigned, [Rockne J. Timm](#), Chief Executive Officer of the Company, hereby certifies for and on behalf of the Company, and not in his personal capacity and without personal liability, that the Company:

- 1 has arranged to have proxy-related materials for the Meeting sent in compliance with the applicable timing requirements prescribed in sections 2.9 and 2.12 of NI 54-101, as applicable;
- 2 has arranged to have carried out all of the requirements of NI 54-101 in addition to those described in paragraph 1 above; and
- 3 is relying upon section 2.20 of NI 54-101 to abridge the time periods prescribed in subsections 2.2(1) and 2.5(1) of NI 54-101.

DATED this 17th day of August 2020.

Per:

"Rockne J. Timm"

Name: Rockne J. Timm

Title: [Chief Executive Officer](#)