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GOLD RESERVE INC
Form 6-K
May 02, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the month of May 2006

Commission File Number: 001-31819

Gold Reserve Inc.

(Exact name of registrant as specified in its charter)

926 W. Sprague Avenue, Suite 200

Spokane, Washington 99201

(Address of principal executive offices)

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

Form 20-F Form 40-F

Indicate by check mark 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): 82-_____

Filed with this Form 6-K is the following, which is incorporated herein by reference:

99.1 NI 43-101 Technical Report Gold and Copper Project - Brisas Project

Certain statements included herein, including those that express management's expectations or estimates of our future performance, constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. We caution that such forward-looking statements involve known and unknown risks, uncertainties and other risk factors that may cause the actual financial results, performance, or achievements of Gold Reserve to be materially different from our estimated future results, performance, or achievements expressed or implied by those forward looking statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation, concentration of operations and assets in foreign countries, corruption, requests for improper payments, uncertain legal enforcement, regulatory, political and economic risks associated with Venezuelan operations, our ability to obtain additional funding for the development of the Brisas project, in the event any key findings or

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assumptions previously determined by our experts in the final feasibility study (including any updates thereto) significantly differ or change as a result of actual results in our expected construction and production at the Brisas project, risk that actual mineral reserves may vary considerably from estimates presently made, impact of currency, metal prices and metal production volatility, changes in proposed development plans (including technology used), our dependence upon the abilities and continued participation of certain key employees, and risks normally incident to the operation and development of mining properties. These are discussed in greater detail in Gold Reserve's filings with the U.S. Securities and Exchange Commission at www.sec.gov and the Annual Information Form and other reports filed with Canadian provincial securities commissions at www.sedar.com. Gold Reserve expressly disclaims any intention or obligation to update or revise any forward looking statement whether as a result of new information, events or otherwise.

SIGNATURES

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

Gold Reserve Inc.
(Registrant)

Date: May 2, 2006
By: s/ Robert A. McGuinness
Name: Robert A. McGuinness
Title: Vice President - Finance & CFO

EXHIBIT INDEX

99.1 NI 43-101 Technical Report Gold and Copper Project - Brisas Project

Prepared for Gold Reserve Inc.
February 24, 2005

NI 43-101 Technical Report Gold and Copper Project - Brisas Project

Prepared for

Gold Reserve Inc.
February 24, 2005

Prepared by
Pincock, Allen & Holt

Susan R. Poos, P.E.
Raul H. Borrastero, C.P.G.
Richard Addison, P.E.
Richard J. Lambert, P.E.

1.0 SUMMARY

The Brisas Project is a gold-copper deposit located in the Kilometer 88 mining district of Bolivar State in southeast Venezuela. Before its acquisition by Gold Reserve Inc. (GRI) in 1992, the property had been worked on a small scale by local owners and also by illegal miners.

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Shallow pitting and hydraulic methods were used to mine the upper saprolite zone, and coarse gold was recovered by gravity concentration. Gold Reserve has carried out a major exploration drilling program on the concession, resulting in the definition of a large, gold-copper deposit.

The operating plan proposes a large open pit mine containing proven and probable reserves of approximately 9.2 million ounces of gold and 1.2 billion pounds of copper in 414 million tonnes of ore grading 0.69 grams of gold per tonne and 0.13% copper, at a revenue cutoff grade of \$2.76 per tonne using a gold price of \$350 per ounce and a copper price of \$0.90 per pound. The project anticipates utilizing conventional truck and shovel mining methods with the processing of ore at full production of 70,000 tonnes per day, yielding an average annual production of 486,000 ounces of gold and 63 million pounds of copper over an estimated mine life of approximately 16 years.

The Brisas Project Feasibility Study dated January 2005 assumed an economic base case utilizing \$400 per ounce gold price and \$1.00 per pound copper price. At such prices, cash operating costs (net of copper credits) are estimated at \$154 per ounce of gold and total costs per ounce, including operating costs and initial and sustaining capital would be \$263 per ounce of gold. Initial capital costs are currently estimated at \$552 million. All amounts are in U.S. dollars.

1.1 Location

The Brisas Project is located in the Kilometer 88 mining district of Bolivar State in southeast Venezuela at Latitude 6 10 North and Longitude 61 28 West. The property is approximately 3.5 kilometers west of the KM 88 marker on Highway 10. Las Claritas is the closest town to the property.

The project site is located in the Guyana region, which covers approximately one-third of Venezuelas national territory. The main nearby large city is Puerto Ordaz, with approximately 700,000 inhabitants, situated on the Orinoco River near its confluence with the Caroni River. Puerto Ordaz has major port facilities, accessible to ocean-going vessels from the Atlantic Ocean, via the Orinoco, a distance of about 200 km. There is regularly scheduled airline service to Puerto Ordaz from various cities within Venezuela.

Highway 10 provides paved access from Puerto Ordaz, which is 373 kilometers northwest of the property, to within 3.5 kilometers of the project site. Unpaved roads provide the remaining 3.5 kilometers of access. Upgrading the unpaved roads is part of the infrastructure improvements plan for the project area.

1.2 Ownership

The main mineralized area at the Brisas Project is contained within the 500-hectare (1,235 acre) Brisas alluvial and hardrock concession. The concession measures 2,500 meters (1,5 miles) north-south and 2,000 meters (1.25 miles) east-west. GRI also controls several other concessions either adjacent to or near the Brisas concession.

According to GRI, mineral ownership consists of Brisas alluvial production concession originally granted in 1988 and acquired by GRI in 1992 with the acquisition of Compania Aurifera Brisas del Cuyuni S.A. The hardrock production concession immediately below the alluvial concession was applied for by GRI in 1993 and was ordered to be issued by the Ministry of Energy and Mines (MEM) in December 1997. The concession was granted to GRI in early 1998 and the official record of

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veta (hard rock) rights were published in the Gaceta Oficial De La Republica De Venezuela on March 3, 1998.

Other applications for mineral rights have been submitted for small tracts of land immediately adjacent to the Brisas concessions. These include the 15-hectare NLNAV1 to the north, the 21-hectare NLEAV1 to the east and the 32-hectare NLSAV1 to the south. GRI has received the contract for mineral rights on NLEAV1 and NLSAV1 and is in the process of applying for conversion to a concession for each. GRI expects the rights for NLNAV1 will be granted in the near future.

Additionally, in 1999, GRI acquired the 1433-hectare (3541 acres) El Pauji concession and contracts with Corporation Venezolana de Guyana (CVG) for the 4,950-hectare (12,232 acres) Barbara property, the 847-hectare (2,162 acres) Zuleima property and the 1644-hectare (4062 acres) Lucia property. GRI has applied with MEM to convert the Barbara, Zuleima and Lucia properties to concessions as provided for in the new Venezuela mining law that was enacted late in 1999. Early in 2004 Gold Reserve obtained contracts for the 499-hectare (1232 acres) Esperanza and the 50-hectare (123 acres) Yusmari properties. Barbara is located approximately 2.6 km (1.6 miles) south of the Brisas concession and will be the site for tailings and waste rock disposal facilities. Lucia, EL Pauji and Zuleima are located 1.8 km (1.1 miles) southwest of the Brisas concession. Their use for mining is yet to be determined. The Yusmari property is within the ultimate pit boundary while the Esperanza property will be used for waste rock disposal.

1.3 Geology

The Brisas Project is within the Guayana Shield in northern South America. The shield covers easternmost Colombia, southeastern Venezuela, Guyana, Suriname, French Guiana and northeastern Brazil. The Venezuelan portion of the shield is subdivided into five geological provinces with different petrological, structural and metallogenic characteristics. The provinces are, from oldest to youngest, Imataca, Pastora, Cuchivero, Roraima, and Parguaza. Only Imataca, Pastora and Roraima provinces are found in the vicinity of the Brisas deposit.

The Brisas concession itself lies within a portion of the lower Caballape Formation volcanic and volcanic-related sedimentary rocks. The units present are (1) andesitic to rhyolitic tuffaceous volcanic beds, (2) related sedimentary beds, and (3) a tonalitic intrusive body. All rocks have been tilted and subjected to lower greenschist facies metamorphism. In the main mineralized trend, moderate to strong foliation is oriented N 10 E and dipping 30 to 55 NW. This foliation appears to be parallel to the original bedding, and tends to be strongest in the finer-grained rocks. A much weaker foliation orientation appears in outcrop exposures, striking NNW and dipping to the SW.

Dikes and quartz veins cut the lower Caballape Formation. The strata and intrusive rocks are cut by N30W-striking mafic dikes emplaced at regular intervals (200-600 meters), some of which have displacement on the order of tens of meters. Quartz veins populate the concession and have been noted both in outcrop and in drill intersections. The most common are sets of thick, boudinaged, and en echelon vein structures that follow foliation/bedding orientation. They are thought to relate in part to movement of quartz during metamorphism. Other quartz veins exist in various orientations within the property.

1.4 Mineralization

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There are four distinct types of Au and Cu mineralization present in the concession, defined by geometry, associated minerals, and the Au/Cu ratio. These zones are the Blue Whale body, disseminated gold+pyrite+/-Cu, disseminated high Cu, and shear-hosted Au.

The Blue Whale mineralized body is a discrete, sharply bounded, flattened, cigar-shaped feature that trends more or less parallel to the local schistosity and plunges about 35 SW along foliation. It is 20 meters in diameter at its widest point, and tapers off at depth. It is volumetrically a small fraction of the economically mineralized ground in the Brisas Project, but it possesses the highest Au and Cu grades.

The bulk of ore mineralization occurs in disseminated, coalescing, lensoid bodies, high in Au and in most cases low in Cu. These bodies lie almost exclusively in the lapilli-rich, rapidly alternating sequence of tuffaceous units and are clearly aligned along foliation. Together, these lenses form a generally well defined mineralized band which mimics the dip of the foliation/bedding and remains open at depth. It remains at a similar thickness from the northern concession boundary for a distance of 1.4 km south, after which it tapers rapidly. Alteration minerals characteristic of these lenses are epidote, chlorite, secondary biotite, and sericite.

The Au in the stratiform lenses is highly disseminated but only roughly associated with high occurrences of pyrite. Fine-scale sub-sampling of three meter assay intervals indicates good correlation between Au and small (