

GOLD RESERVE INC
Form 6-K
May 14, 2009

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, 2009

Commission File Number: 001-31819

Gold Reserve Inc.

(Exact name of registrant as specified in its charter)

**926 W. Sprague Avenue, Suite 200
Spokane, Washington 99201**

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

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

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

- 99.1 Notice of Annual and Special Meeting of Shareholders and Information Circular**
- 99.2 Form of Proxy**
- 99.3 Supplemental Mailing List Return Card**
- 99.4 Annual Report**

Forward Looking Statements

Certain statements included herein constitute forward-looking statements that may state Gold Reserve's or its management's intentions, hopes, beliefs, expectations or predictions for the future. In this report, forward-looking statements are necessarily based upon a number of estimates

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and assumptions that, while considered reasonable by management at this time, 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 risks 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; the outcome of any potential proceedings under the Venezuelan legal system or before arbitration tribunals as provided in investment treaties entered into between Venezuela, Canada and Barbados to determine the compensation due to Gold Reserve in the event that Gold Reserve and the Venezuelan government do not reach an agreement regarding construction and operation of the Brisas project, or the Brisas project is transferred to the Venezuelan government and the parties do not reach agreement on compensation; concentration of operations and assets in Venezuela; corruption and uncertain legal enforcement; requests for improper payments; competition with companies that are not subject to or do not follow Canadian and U.S. laws and regulations; regulatory, political and economic risks associated with Venezuelan operations (including changes in previously established laws, legal regimes, rules or processes); the ability to obtain, maintain or re-acquire the necessary permits or additional funding for the development of the Brisas project; the result or outcome of the trial regarding Rusoro Mining Ltd. s enjoined hostile takeover bid; significant differences or changes in any key findings or assumptions previously determined by us or our experts in conjunction with our 2005 bankable feasibility study (as updated or modified from time to time) due to actual results in our expected construction and production at the Brisas Project (including capital and operating cost estimates); the method and manner of our determination of reserves, risk that actual mineral reserves may vary considerably from estimates presently made; impact of currency, metal prices and metal production volatility; fluctuations in energy prices; changes in proposed development plans (including technology used); our dependence upon the abilities and continued participation of certain key employees; the prices, production levels and supply of and demand for gold and copper produced or held by Gold Reserve; the potential volatility of Gold Reserve s Class A common shares; the price and value of Gold Reserve s notes, including any conversion of notes into Gold Reserve s Class A common shares; the prospects for exploration and development of projects by Gold Reserve; and risks normally incident to the operation and development of mining properties.

This list is not exhaustive of the factors that may affect any of Gold Reserve s forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements. All subsequent written and oral forward-looking statements attributable to Gold Reserve or persons acting on its behalf are expressly qualified in their entirety by this notice. Gold Reserve disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to its disclosure obligations under applicable rules promulgated by the U.S. Securities and Exchange Commission (the SEC).

In addition to being subject to a number of assumptions, forward-looking statements contained herein involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements, including the risks identified under Important Note for U.S. Investors Concerning Resource Calculations as well as the risks identified in the filings by Gold Reserve with the SEC and Canadian provincial securities regulatory authorities, including Gold Reserve s annual information form for the year ended December 31, 2008, dated March 31, 2009, and Gold Reserve s Annual Report on Form 20-F for the fiscal year ended December 31, 2008 filed with the SEC on March 31, 2009.

(Signature page follows)

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.

Dated: May 14, 2009

GOLD RESERVE INC.

(Registrant)

By: s/Robert A. McGuinness
Name: Robert A. McGuinness
Title: Vice President Finance & CFO

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

GOLD RESERVE INC.

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

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting (the Meeting) of the holders of Class A common shares and Class B common shares (collectively, the Shareholders) of GOLD RESERVE INC. (the Company) will be held at the Spokane Club, located at 1002 W. Riverside, Spokane, Washington USA, on Thursday, the 11th day of June, 2009 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 auditors of the Company and to authorize the directors of the Company to fix their remuneration;
- 3) To re-approve the Company's 1997 Equity Incentive Plan;
- 4) To approve the continuation of and amendment to the Shareholder Rights Plan;
- 5) To receive the financial statements of the Company for the year ended December 31, 2008, together with the report of the auditors thereon; and
- 6) To conduct any other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person and who wish to ensure that their shares will be voted are requested to complete, sign and mail the enclosed form of proxy to Proxy Services, C/O Computershare Trust Company N.A., P.O. Box 43078, Providence, RI 02940-3078 not later than the close of business on the business day immediately preceding the Meeting or any adjournment thereof. A form of proxy, management proxy circular and a copy of the Company's Annual Report accompany this notice. The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying management proxy circular.

The Board of Directors has fixed the close of business on May 1, 2009 as the record date for the determination of Shareholders entitled to notice of the meeting and any adjournment or postponement thereof.

DATED this 23rd day of April, 2009

BY ORDER OF THE DIRECTORS

Rockne J. Timm
Chief Executive Officer

GOLD RESERVE INC.

MANAGEMENT PROXY CIRCULAR

(Containing information as of April 23, 2009)

MANAGEMENT SOLICITATION OF PROXIES

This Management Proxy Circular (Circular) is furnished in connection with the solicitation of proxies by the management of GOLD RESERVE INC. (the Company) to be voted at the Annual and Special Meeting of Shareholders of the Company (the Meeting) to be held

on Thursday, the 11th day of June, 2009 at 9:30 a.m. (Pacific daylight time), at the Spokane Club located at 1002 W. Riverside, Spokane, Washington and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders. The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone by employees of the Company. Employees will not receive any extra compensation for such activities. The Company may pay brokers, nominees or other persons holding shares of the Company in their name for others for their reasonable charges and expenses in forwarding proxies and proxy materials to beneficial owners of such shares, and obtaining their proxies. The Company may also retain independent proxy solicitation agents to assist in the solicitation of proxies for the Meeting. The cost of all solicitations of proxies will be borne by the Company. Except where otherwise stated, the information contained herein is given as of the 23rd day of April, 2009.

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 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 insert the name of the desired representative in the blank space provided in the proxy or may submit another appropriate form of proxy.**

The completed proxy must be deposited at the office of Proxy Services, C/O Computershare Trust Company N.A., P.O. Box 43078, Providence, RI 02940-3078 not later than the close of business on the business day preceding the day of the Meeting or any adjournment or postponement thereof, or with the Chairman of the Meeting immediately prior to the

1

commencement of the Meeting or any adjournment or postponement thereof, otherwise the instrument of proxy will be invalid.

You may revoke or change your proxy at any time before it is exercised at the Meeting. In the case of Shareholders appearing on the registered shareholder records of the Company, a proxy may be revoked at any time prior to its exercise by sending or depositing a written notice of revocation or another signed proxy bearing a later date to the Secretary of the Company at its principal executive office located at 926 W. Sprague Avenue, Suite 200, Spokane, Washington 99201. You may also revoke your proxy by giving notice or by voting in person at the Meeting.

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

EXERCISE OF DISCRETION BY PROXIES

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

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters which may properly be brought before the Meeting. At the time of printing this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Shareholders.

VOTING RIGHTS AND PRINCIPAL SHAREHOLDERS

The Company's issued and outstanding shares consist of Class A common shares (each, a Class A Share) and Class B common shares (each, a Class B Share). Unless otherwise noted, references to Common Shares in this Circular include both Class A Shares and Class B Shares. Holders of Common Shares (collectively, the Shareholders) are entitled to one vote per share and will vote as a single class on all matters to be considered and voted upon at the Meeting or any adjournment thereof. As of April 23, 2009, there were 57,670,555 issued and outstanding Class A Shares and 500,236 issued and outstanding Class B Shares for a total of 58,170,791 Common Shares eligible to vote.

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As of April 23, 2009, there were 1,211,500 issued and outstanding unvested restricted shares, all of which were issued under the Company's 1997 Equity Incentive Plan and Venezuelan Equity Incentive Plan. All such unvested restricted shares are Class A Shares and carry full voting rights. The terms restricted stock and restricted shares are used interchangeably in this Circular.

2

The Company has set the close of business on May 1, 2009 as the record date for the Meeting. The Company will prepare a list of Shareholders of record at such time. Shareholders will be entitled to vote the Common Shares then registered in their name at the Meeting except to the extent that (a) the holder has transferred the ownership of any of his Common Shares after that date, and (b) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he owns the shares, and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, as of April 23, 2009, the only person, firm or corporation that beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the voting rights attached to the Common Shares was:

Shareholder Name	Number of Common Shares Held (1)	Percentage of Shares Issued
Steelhead Partners, LLC-	7,251,673	12.5%

(1) Information based on Schedule 13G filings with the Securities and Exchange Commission

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

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered Shareholders at the close of business on May 1, 2009 or the persons they designate as their proxies are permitted to vote at the Meeting. In many cases, however, the Common Shares owned by a person (a non-registered holder) are registered either: (a) in the name of an intermediary (an Intermediary) that the non-registered holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of this Circular and the accompanying notice of meeting and form of proxy (collectively, the Meeting Materials) to the clearing agencies and Intermediaries for onward distribution to non-registered holders of Common Shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Very often, Intermediaries will use

3

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

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properly complete the form of proxy and deliver it as specified above under the heading Appointment and Revocation of Proxies ; or

- (b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a Voting Instruction Form) which the Intermediary must follow.

Typically, the non-registered holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own.

Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder's name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary, including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

4

BUSINESS OF THE MEETING

Item 1 Election of Directors

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

The Board held 19 formal meetings during 2008 at which attendance, in person or by phone, averaged 97%. Various matters were considered and approved by written resolution during the year. The Board also held several informal meetings throughout the year.

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 the date of the Meeting and it is proposed by management that each of them be re-elected to serve until the next annual meeting of Shareholders unless they resign or are removed from the Board in accordance with the by-laws of the Company.

The following table and notes thereto state the names of each person proposed to be nominated by management for election as a director, the province or state and country in which he is resident, his age, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company or a member of a committee of the Board and the number of Common Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

5

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

Proposed Nominee and Position in the Company	Age	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned as of April 23, 2009(1)
Rockne J. Timm (2) (3) (6)	63	Chief Executive Officer of the	March 1984	2,053,917

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Washington, USA Chief Executive Officer and Director		Company. Mr. Timm is also a Director and President of both MGC Ventures, Inc. and Great Basin Energies, Inc.		
A. Douglas Belanger (2) (3) (6) Washington, USA President and Director	55	President of the Company. Mr. Belanger is also a Director and Executive Vice President of both Great Basin Energies, Inc. and MGC Ventures, Inc.	August 1988	2,231,414
James P. Geyer Washington, USA Senior Vice-President and Director	57	Senior Vice President of the Company. Mr. Geyer is also a Director of Thompson Creek Metals Company Inc.	June 1997	788,599
James H. Coleman, Q.C. (2) (3) (6) (7) Alberta, Canada Non-Executive Chairman and Director	58	Senior Partner of the law firm of Macleod Dixon LLP of Calgary, Alberta. He is also a Director of various public companies including Great Basin Energies, Inc. and MGC Ventures, Inc.	February 1994	317,494
Patrick D. McChesney (2) (3) (5) (7) Washington, USA Director	59	Chief financial officer of Foothills Auto Group. He is also a Director of Great Basin Energies, Inc. and MGC Ventures, Inc.	August 1988	201,601
Chris D. Mikkelsen (2) (3) (4) (5) (7) Washington, USA Director	57	Principal in McDermid, Mikkelsen & Secrest, P.S. (a certified public accounting firm). Mr. Mikkelsen is also a Director of Great Basin Energies, Inc. and MGC Ventures, Inc.	June 1997	474,485
Jean Charles Potvin (4) (5) (7) Ontario, Canada Director	55	Director and Chairman of Tiomin Resources Inc.	November 1993	291,048

- (1) Includes Common Shares issuable pursuant to options exercisable as of April 23, 2009 or exercisable within 60 days of April 23, 2009 as follows: Mr. Timm, 626,666; Mr. Belanger, 580,278; Mr. Geyer, 394,444; Mr. Coleman, 134,444; Mr. McChesney, 134,444; Mr. Mikkelsen, 134,444; and Mr. Potvin, 134,444. These numbers also include unvested, restricted shares held by each of the directors that carry full voting rights as follows: Mr. Timm 216,000 shares, Mr. Belanger 200,000 shares, Mr. Geyer 152,500 shares, Mr. Coleman 27,000 shares, Mr.

McChesney 27,000 shares, Mr. Mikkelsen 27,000 shares, and Mr. Potvin 27,000 shares.

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- (2) Messrs. Timm, Belanger, Coleman, McChesney, and Mikkelsen are directors of Great Basin Energies, Inc., which owns 491,192 Common Shares, or 0.8% of the outstanding Common Shares. The foregoing individuals beneficially own 10.3%, 7.3%, 2.9%, 2.0%, and 1.8%, respectively, of the outstanding common shares of Great

6

Basin Energies, Inc. and may be deemed indirectly to have an interest in the Company through their respective management positions and/or ownership interests in Great Basin Energies, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the Common Shares owned by Great Basin Energies, Inc.

- (3) Messrs. Timm, Belanger, Coleman, McChesney, and Mr. Mikkelsen are directors of MGC Ventures, Inc., which owns 258,083 Common Shares, or 0.4% of the outstanding Common Shares. The foregoing individuals beneficially own 11.5%, 11.7%, 4.8%, 3.8%, and 2.9%, respectively, of the outstanding common shares of MGC

Ventures, Inc. and may be deemed indirectly to have an interest in the Company through their respective management positions and/or ownership interests in MGC Ventures, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the Common Shares owned by MGC Ventures, Inc.

- (4) Member of the Compensation Committee.

- (5) Member of the Audit Committee.

- (6) Member of the Executive Committee.

- (7) Member of the Nominating Committee

Each of the foregoing nominees has held his present principal occupation with his current employer or other positions with the same firm throughout the last five years, with the exception of Mr. McChesney, who in addition to assuming his current position with Foothills Auto Group, was controller for Remtech, Inc. in 2004 and 2005, and was president of LMO Test Systems, Inc. from March 1996 until December 2005.

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

Item 2 Appointment of Auditors

It is proposed that the firm of PricewaterhouseCoopers LLP be re-appointed by the Shareholders as independent certified public accountants to audit the financial statements of the Company for the year ending December 31, 2009 and that the Board be authorized to fix the auditors remuneration. PricewaterhouseCoopers LLP were first appointed auditors of the Company in 1992.

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote FOR the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company until the next annual meeting of the Company's Shareholders, or until their successors are duly appointed, at a remuneration to be fixed by the Board.

Item 3 Re-approval of the Company's 1997 Equity Incentive Plan

At the Meeting, Shareholders will be asked to pass an ordinary resolution re-approving the 1997 Equity Incentive Plan as amended in 2006 (the Equity Incentive Plan). The Equity Incentive Plan provides for the issuance of up to 10% of the outstanding Common Shares of the Company on a rolling basis, through the grant of incentive stock options and non-statutory options to purchase Class A Shares, stock appreciation rights (SARS), and restricted stock.

The Equity Incentive Plan was approved by the Shareholders on March 22, 2006 and expires on January 29, 2016. The rules and regulations of the Toronto Stock Exchange (the TSX) require that, due to the 10% rolling provision, the Equity Incentive Plan be re-approved by the Shareholders every three years. As of March 22, 2009, grants were no longer allowed for

7

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issuance under the Equity Incentive Plan and the Equity Incentive Plan will remain in suspension until it is re-approved by the Shareholders.

Equity Incentive Plan as of April 23, 2009

	Total	Percentage of issued and outstanding Common Shares
Options available to grant	1,376,400	2.4
Options outstanding	4,440,679	7.6
Total available for issuance under the Equity Incentive Plan	5,817,079	10.0
Number of participants	23	N/A

Currently there are 1,151,500 shares of restricted stock issued under the Equity Incentive Plan that remain unvested, representing 1.9% of the issued and outstanding Common Shares, and no SARs have been granted.

The Equity Incentive Plan enables the Company to grant stock options, restricted stock, and SARS as a non-cash integral component of compensation, thereby assisting in the preservation of the Company's cash asset. It also exposes the recipient to the volatility of the market value of the Class A Shares which is representative of the success of the Company.

If the Equity Incentive Plan is not re-approved, the Company will have to consider other means in which it compensates employees, directors and consultants. Stock options and restricted shares that have already been granted can be exercised or issued in accordance with the current Equity Incentive Plan. If the resolution is not approved by the Shareholders, previously issued stock options that are canceled or expire will not become available for re-allocation. For a more detailed description of the Equity Incentive Plan see Equity Incentive Plan, 1997 Equity Incentive Plan.

Re-Approval of the Equity Incentive Plan

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the approval of the resolution.

The following is the form of ordinary resolution to be approved by the Shareholders at the Meeting:

BE IT RESOLVED THAT:

1. All unallocated stock options, stock appreciation rights (SARS) and restricted stock issuable pursuant to the Equity Incentive Plan are hereby ratified, reconfirmed and re-approved until June 11, 2012; and
2. Any officer or director is hereby authorized to execute and deliver any documents, instruments or other writings and to do all other acts as may be necessary or desirable to give effect to the foregoing resolution.

8

The Board has determined that the re-approval of the Equity Incentive Plan is in the best interest of the Company and recommends that the Shareholders vote in favor of the resolution authorizing such re-approval.

Item 4 - Continuation of and Amendment to the Shareholder Rights Plan

Amended and Restated Shareholder Rights Plan Agreement

Introduction

The Company originally implemented a shareholder rights plan agreement on October 5, 1998, which was first approved by Shareholders in 1999. That shareholder rights plan agreement has been amended and/or restated from time to time since then, and was last ratified, confirmed and approved by the Company's Shareholders on March 22, 2006 (the **2006 Rights Plan**). On December 18, 2008 the Board approved an amendment to the 2006 Rights Plan in response to a take-over bid made by Rusoro Mining Ltd., which is no longer outstanding. The 2006 Rights Plan will expire on June 30, 2009.

The Board has now approved an amended and restated shareholder rights plan agreement (the **2009 Rights Plan**) to continue the outstanding rights granted under the predecessor shareholder rights plan on the terms and conditions of the 2009 Rights Plan and to reconfirm the continued issuance of the rights. A summary of the material terms and conditions of the 2009 Rights Plan, followed by the full text of the form of 2009 Rights Plan, is set out in Appendix C. Shareholders will be asked at the Meeting to vote on a resolution (the **Rights Plan Resolution**) to ratify, confirm and approve the adoption of the 2009 Rights Plan. The Rights Plan Resolution must be passed by a majority of the votes cast by Independent Shareholders (as defined in the 2009 Rights Plan) at the Meeting. The TSX has taken the position that, regardless of a requirement in any shareholders rights plan that amendments to the plan be approved by a majority of Independent Shareholders, the TSX will require that in addition to such approval by Independent Shareholders, the amendment must also be approved by a majority of all votes cast by all Shareholders (including Shareholders that are not Independent Shareholders). At the date of this Circular, the Company believes that all Shareholders are Independent Shareholders.

The 2009 Rights Plan was not adopted or approved in response to or in anticipation of any pending or threatened take-over bid and the Board is not aware of any third party considering or preparing any proposal to acquire control of the Company. However, the amendment to the definition of Permitted Bid described below has been proposed as a result of a take-over bid made for the Company in December 2008 by Rusoro Mining Ltd. which is no longer outstanding. The 2009 Rights Plan does not reduce the duty of the Board to act honestly, in good faith and in the best interests of the Company and its shareholders, and to consider on that basis any bid made for the Company.

Key Differences between the 2006 Rights Plan and the 2009 Rights Plan

The key difference between the 2006 Rights Plan and the 2009 Rights Plan is the addition of a provision to the definition of a Permitted Bid that is not common to shareholder rights plans, but which the Company believes is important to enabling the 2009 Rights Plan to preserve the fair treatment of shareholders. The new provision provides that a take-over bid cannot be a Permitted Bid if, at the time the bid is made, the bidder and certain of its representatives possess confidential information regarding the Company unless the bidder and those

9

representatives have entered into a confidentiality agreement containing a standstill provision within the three months preceding the commencement of the bid.

In addition, the exercise price of the rights has been reduced from Cdn. \$70 to an amount equal to twice the market price of the Common Shares from time to time or as of the Separation Date (as defined in Appendix C), as applicable.

The Company has also made a small number of minor changes to the 2009 Rights Plan for the purpose of conforming certain provisions to current practices of Canadian companies with respect to shareholder rights plans.

Objectives of the 2009 Rights Plan

The principal purpose of the 2009 Rights Plan continues to be to encourage a bidder either to make a Permitted Bid (as defined in Appendix C) having terms and conditions designed to meet the objectives of the 2009 Rights Plan, or to negotiate the terms of the bid with the Board. If a bidder fails to do so and takes up Common Shares in a bid that is not a Permitted Bid, then holders of the rights would be entitled to exercise their rights to purchase additional Common Shares of the Company at a 50% discount to market. If the rights were exercised, this would result in a substantial dilution of the bidder's holdings of Common Shares.

The 2009 Rights Plan is intended to achieve its purpose by, among other things, addressing the following issues and concerns:

Time

Current Canadian securities law requires that a take-over bid remain open for acceptance for a minimum period of 35 days. The Board believes that 35 days may not be a sufficient amount of time to permit the Board and the shareholders to assess a bid and for the Board to take appropriate actions under the circumstances to maximize shareholder value, whether by negotiating with the bidder, soliciting competing bids or taking other actions determined by the Board to be appropriate. The 2009 Rights Plan provides that a Permitted Bid must be open for at least 60 days and must remain open for a further period of 10 business days after the bidder publicly announces that more than 50% of the outstanding Voting

Shares held by Independent Shareholders have been deposited or tendered and not withdrawn. The **Voting Shares** include the Common Shares and any other shares of the Company that at the relevant time are entitled to vote for the election of the Company's directors. Currently, the Common Shares are the only Voting Shares of the Company.

Pressure to Tender

A shareholder may feel pressure to tender to a take-over bid that the shareholder considers to be inadequate because, in failing to tender, the shareholder may be left with illiquid or minority discounted shares. This is particularly so in the case of a partial bid where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. The 2009 Rights Plan contains a shareholder approval mechanism in the Permitted Bid definition, which provides that no Voting Shares may be taken up and paid for under a bid unless more than 50% of the outstanding Voting Shares held by Independent Shareholders have been deposited or tendered to the bid and not withdrawn.

10

The 2009 Rights Plan also requires a Permitted Bid to remain open for acceptance for a period of 10 business days following a public announcement that more than 50% of the outstanding Voting Shares have been deposited to the bid. The Company believes that this provision reduces the pressure on a shareholder to tender to a bid.

Unequal Treatment of Shareholders

Under current Canadian securities law, a bidder may obtain control or effective control of the Company without paying full value, without obtaining shareholder approval and without treating all of the shareholders equally. For example, a bidder could acquire blocks of shares by private agreement from one or a small group of shareholders at a premium to market price, subject to certain limits, but not provide that premium to other shareholders of the Company. Under the 2009 Rights Plan, if a take-over bid is to qualify as a Permitted Bid, all bids to acquire 20% or more of the Company's outstanding Voting Shares must be made to all shareholders and must satisfy certain other conditions.

The Board should be able to establish a fair and equal bid process

The Board believes that a person should not be permitted to make a take-over bid for the Company at a time when that person possesses confidential information regarding the Company but has not entered into a confidentiality agreement containing a standstill provision with the Company. Without such an agreement it would be difficult for the Board to encourage or seek out alternative transactions to enhance shareholder value because other potential bidders would possess only the information regarding the Company contained in the public record or would be subject to the type of confidentiality agreement and standstill provisions that are customarily signed by potential bidders in connection with an auction process. Those other potential bidders would likely believe that they were at a disadvantage to the bidder that was able to determine a bid price on the basis of confidential information not available to other potential bidders. For this reason, the Board has included in the definition of Permitted Bid a requirement that the bid not be made by parties in possession of confidential information unless they and the Company have entered into a confidentiality agreement containing a standstill provision within the three months prior to the commencement of the bid.

Effect of the 2009 Rights Plan

It is not the intention of the Board to entrench itself or avoid a bid for control that is fair and in the best interests of shareholders. For example, shareholders may tender to a bid which meets the Permitted Bid criteria without triggering the 2009 Rights Plan, regardless of whether it is acceptable to the Board. In addition, even if a bid does not meet the Permitted Bid criteria, the Board must act honestly and in good faith with a view to the best interests of the Company and its shareholders. Generally, Canadian securities regulators do not permit the board of directors of a company confronted with an unsolicited take-over bid to maintain a shareholder rights plan indefinitely in order to keep a bid from the shareholders. However, Canadian securities regulators have indicated that so long as the board is actively and realistically seeking value-maximizing alternatives, shareholder rights plans serve a legitimate purpose. In the event of an unsolicited take-over bid that is not a Permitted Bid, the Board believes that the provisions of the 2009 Rights Plan will provide the Board with additional time to evaluate the bid and to explore and develop alternatives to maximize shareholder value, to provide for equal treatment of all shareholders and lessen the pressure on a shareholder to tender to a bid.

11

Confirmation by Shareholders

If the Rights Plan Resolution is approved at the Meeting, the Company and Computershare Investor Services Inc. (the **Rights Agent**) will enter into the 2009 Amended and Restated Shareholder Rights Plan Agreement to take effect at the end of the Meeting. The 2009 Rights Plan has a maximum term of three years unless renewed by Shareholders of the Company. If the Rights Plan Resolution is not approved at the Meeting, the rights and the 2006 Rights Plan will terminate on June 30, 2009, the proposed 2009 Rights Plan will never become effective and the Company

will no longer have any form of shareholder rights plan.

The Board reserves the right to alter any terms of or not to proceed with the 2009 Rights Plan at any time prior to the Meeting in the event that the Board determines, in light of subsequent developments, that to do so is in the best interests of the Company. A summary of, and the complete text of, the form of 2009 Rights Plan is appended to this Circular as Appendix C. The complete text of the 2009 Rights Plan is also available upon request. Shareholders wishing to receive a copy of the 2009 Rights Plan should submit their request by telephone, (509) 623-1500, by facsimile, (509) 623-1634, by e-mail, www.info@goldreserveinc.com, or by mail to 926 W. Sprague, Suite 200, Spokane, WA 99201, USA, Attention: Mary E. Smith.

Recommendation of the Board

The Board has concluded that the original reasons for the adoption of a rights plan continue to exist and the continuation of the Company's rights plan under the terms of the 2009 Rights Plan is in the best interests of the Company. Accordingly, the Board unanimously recommends that the Shareholders ratify, reconfirm and re-approve the 2009 Rights Plan by voting FOR the Rights Plan Resolution at the Meeting. **Unless instructed otherwise, management nominees named in our Form of Proxy will vote FOR the Rights Plan Resolution.**

Proposed Adoption of Amended and Restated Rights Plan Agreement

Subject to Shareholder ratification, confirmation and approval at the Meeting, the Board of Directors of the Company has authorized the 2009 Rights Plan on the terms set out in the form of the 2009 Rights Plan appended to this Circular as Appendix C. If the proposed Rights Plan Resolution is passed, the Company expects that it and the Rights Agent will enter into the 2009 Rights Plan shortly after the Meeting.

The following Rights Plan Resolution in respect of the ratification, confirmation and approval of the 2009 Rights Plan will be proposed at the Meeting:

BE IT RESOLVED THAT:

The amended and restated shareholder rights plan agreement and the rights plan contained therein originally dated October 5, 1998 and last amended and restated on March 12, 2006, be ratified, reconfirmed and re-approved, and further amended and restated in substantially the form of agreement appended as Appendix C to this Proxy Circular dated April 23, 2009.

12

In order for the 2009 Rights Plan to be approved, the Rights Plan Resolution must be passed by the affirmative vote of a majority of the votes cast on the resolution by Independent Shareholders, as defined in the 2009 Rights Plan.

Item 5 Consolidated Financial Statements

A copy of the consolidated financial statements of the Company for the year ended December 31, 2008 and the report of the auditors on the consolidated financial statements are included in the Annual Report and will be submitted at the Meeting. Copies of the consolidated financial statements can also be obtained on www.sedar.com.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Committee

The Company's compensation program was administered during 2008 by the Compensation Committee of the Board (the Compensation Committee), composed of Mr. Mikkelsen and Mr. Potvin. The function of the Compensation Committee was to evaluate the Company's performance and the performance of the Chief Executive Officer, the Chief Financial Officer and each of the next three most highly compensated executive officers (collectively, the Named Executive Officers). The Compensation Committee approves the cash and equity-based compensation of the Named Executive Officers and submits such approvals to the full Board for ratification. The Board has complete discretion over the amount and composition of each Named Executive Officer's compensation. Compensation matters relating to the directors were administered by the full Board.

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 vehicles.

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The following objectives are considered in setting the compensation programs for the Named Executive Officers:

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

The Company evaluates the extent to which strategic and business goals are met and measures individual performance, albeit subjectively, against development objectives 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.

13

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 reviews survey data and 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, Named Executive Officers receive both short and long-term incentives. Short-term incentives focus on the achievement of certain objectives for the upcoming year, while stock options and stock bonus awards create a focus on share price appreciation over the long term.

Compensation Benchmarking

The Company in the past established base salaries by using an extensive internal survey of base salaries paid to officers of mining companies with similar experience, similar size mining projects, small to medium size producing companies and other development stage mining companies with large mining projects. All of the participants of the internally generated survey are listed on the NYSE Amex, TSX or TSX-Venture Exchange. For these reasons the Company believes the survey is a very good representation of appropriate mining companies average salaries and a good basis on which to make comparisons to the Company.

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 executive officer of the Company and to consider various factors, including individual performance, experience, time in position, future potential, responsibility, and the executive's current salary in relation to the executive salary range at other mining companies. These factors are considered subjectively and none are accorded a specific weight.

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

Equity. The Compensation Committee from time-to-time recommends to the Board grants of options and/or restricted stock share awards to executives and selected employees. In addition, the Compensation Committee annually determines the contribution to the KSOP Plan for allocation to individual participants. Participation in the KSOP Plan by individual employees, including officers, is governed by the terms of the KSOP Plan. See Incentive Plan Awards KSOP Plan .

14

Chief Executive Officer's Compensation

It is the responsibility of the Compensation Committee to review and recommend the compensation package for the Chief Executive Officer based on the same factors as those used in determining the base salaries for the other Named Executive Officers listed above.

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

The Company relies on Board discussions without any formal objectives criteria and analysis. As a consequence, the determination of the Chief Executive Officer's compensation in 2008 was based on an internal survey of other companies, was subjective, and based on the advancement of the Brisas project, efforts to restore the Permit to Affect at the Brisas project, acquisition of other permits, compliance of Brisas project rights, advancement of financing goals and the identifying and analyzing of new corporate opportunities.

Other Named Executive Officers' Compensation

In determining the compensation of the other Named Executive Officers, the compensation in 2008 was also based on an internal survey of other companies, was subjective, and based on the advancement of the Brisas project, efforts to restore the Permit to Affect at the Brisas project, acquisition of other permits, compliance of Brisas project rights, advancement of financing goals and the identifying and analyzing of new corporate opportunities.

Change of Control Agreements

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

The Board believes these individuals' familiarity and long-standing involvement with the Brisas project are important assets to the Company and their continued employment is important. The loss of their continued services could have a detrimental impact on future operations of the Company. The Board based the change of control time period of 24 months compared to 36 months primarily on seniority of position and responsibility and length of service with the Company.

15

See Termination and Change of Control Benefits .

Performance Graph

The following chart compares the total cumulative shareholder return (assuming re-investment of dividends) for \$100 invested in shares of the Company with the cumulative total return of the Nasdaq Market and the S & P Gold and Precious Metals Mining Index for the period commencing on December 31, 2003 and ending on December 31, 2008.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Gold Reserve Inc, The NASDAQ Composite Index
And The S&P Gold Index

16

EXECUTIVE COMPENSATION

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Summary Compensation Tables

The following table discloses the compensation paid or granted by the Company, in accordance with the provisions of National Instrument 51-102, to the Named Executive Officers.

The Share Based Awards set forth in the table represents the number of restricted shares granted during the year and the value of the share based award is calculated based on the value of the Class A Shares on the date of grant multiplied by the total number of restricted shares granted.

The Option Based Awards set forth in the table represent the number of options granted during the year and the value of the option based award is calculated based on the Black-Scholes model for options granted during the year.

The amount related to Share Based Awards and Option Based Awards does not necessarily represent the value of the shares when vesting occurs, the value of the options when exercised, or value the employee may realize from the sale of the shares.

		Salary		Share Based Awards		Option Based Awards		Non-equity incentive plans compensation		All Other Compensation	Total compensation
		\$		#	\$	#	\$	Annual incentive plans (\$)	Long-term incentive plans \$	KSOP Contribution (\$) ⁽¹⁾	Cash Bonus
Rockne J. Timm	2008	300,000	150,000	40,500	245,000	48,577	-	-	30,500	43,825	463,401
Chief Executive Officer	2007	250,000	150,000	708,000	300,000	664,720	-	-	44,995	125,075	1,792,790
	2006	250,000	20,000	97,600	250,000	596,655	-	-	38,763	80,000	1,063,018
Robert A. McGuinness	2008	198,000	150,000	64,500	81,668	16,193	-	-	29,407	32,158	340,258
Vice President Finance	2007	140,000	12,500	59,000	62,500	138,482	-	-	44,995	37,575	420,052
and CFO	2006	140,000	10,000	48,800	100,000	229,392	-	-	34,880	47,500	500,492
A. Douglas Belanger	2008	270,000	135,000	36,450	213,336	42,299	-	-	30,500	40,250	419,499
President	2007	225,000	135,000	637,200	275,000	609,325	-	-	44,995	115,075	1,631,595
	2006	225,000	20,000	97,600	250,000	652,337	-	-	38,763	75,000	1,088,700
James P. Geyer	2008	240,000	90,000	24,300	158,336	31,394	-	-	30,500	37,075	363,269
Senior Vice President	2007	200,000	90,000	424,800	200,000	443,145	-	-	44,995	100,075	1,213,015
	2006	200,000	15,000	73,200	150,000	411,113	-	-	38,763	55,000	778,076

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Douglas E. Stewart	2008	169,993	60,000	16,200	70,000	13,879	-	-	27,049	17,575	244,703	
Vice President	Project	2007	149,000	60,000	283,200	75,000	166,180	-	-	44,995	50,075	693,450
Development		2006	139,833	7,500	36,600	50,000	117,143	-	-	33,007	40,000	366,583

- (1) Represents the Company's contribution in the form of cash allocated to the KSOP Plan for 2008 and the dollar value of the following number of Class A Shares purchased under the Company's KSOP Plan and allocated to the account of each Named Executive Officer during 2007 and 2006, respectively as follows: Mr. Timm: 9,043 and 18,318; Mr. McGuinness: 9,043 and 16,445; Mr. Belanger: 9,043 and 18,318; Mr. Geyer: 9,043 and 18,318; and Mr. Stewart: 9,043 and 15,598.

17

INCENTIVE PLAN AWARDS

Outstanding Share Based Awards and Option Based Awards

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares and unvested restricted shares to the Named Executive Officers pursuant to the rules and policies of the TSX and the regulations of the NYSE Amex as of December 31, 2008:

Name	Number of securities underlying unexercised options	Option Based Awards			Share Based Awards	
		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 (#) ⁽²⁾	Market or payout value of share based awards that have not vested (\$) ⁽³⁾
Rockne J. Timm	50,000	4.834	5/27/2009	-	-	-
	45,000	3.390	7/26/2009	-	-	-
	50,000	4.834	11/27/2009	-	-	-
	50,000	4.834	5/27/2010	-	-	-
	50,000	4.834	11/27/2010	-	-	-
	50,000	4.834	5/27/2011	-	-	-
	75,000	3.954	10/5/2011	-	-	-
	50,000	4.085	10/24/2011	-	-	-
	50,000	4.296	11/7/2011	-	-	-

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	50,000	4.608	11/14/2011	-	-	-
	25,000	5.073	11/24/2011	-	-	-
	245,000	0.290	12/5/2013	159,250	-	-
Total	790,000			159,250	150,000	141,000
Robert A. McGuinness	10,417	4.834	5/27/2009	-	-	-
	10,000	3.390	7/26/2009	-	-	-
	10,417	4.834	11/27/2009	-	-	-
	10,417	4.834	5/17/2010	-	-	-
	10,416	4.834	11/27/2010	-	-	-
	10,416	4.834	5/27/2011	-	-	-
	52,000	4.190	9/27/2011	-	-	-
	24,000	4.000	10/3/2011	-	-	-
	24,000	4.024	10/19/2011	-	-	-
	81,668	0.290	12/5/2013	53,084	-	-
Total	243,751			53,084	90,000	84,600
A. Douglas Belanger	45,834	4.834	5/27/2009	-	-	-
	30,000	3.390	7/26/2009	-	-	-
	45,833	4.834	11/27/2009	-	-	-
	45,833	4.834	5/27/2010	-	-	-
	45,833	4.834	11/27/2010	-	-	-
	45,833	4.834	5/27/2011	-	-	-
	75,000	4.031	10/27/2011	-	-	-

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	50,000	4.618	11/16/2011	-	-	-
	75,000	5.074	11/24/2011	-	-	-
	50,000	5.244	11/29/2011	-	-	-
	213,336	0.290	12/5/2013	138,668	-	-
Total	722,502			138,668	135,000	126,900
James P. Geyer	33,334	4.834	5/27/2009	-	-	-
	25,000	3.390	7/26/2009	-	-	-
	33,333	4.834	11/27/2009	-	-	-
	33,333	4.834	5/27/2010	-	-	-
	33,333	4.834	11/27/2010	-	-	-
	33,333	4.834	5/27/2011	-	-	-
	11,000	4.190	9/27/2011	-	-	-

18

Name	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 (#) ⁽²⁾	Market or payout value of share based awards that have not vested (\$) ⁽³⁾
	25,000	3.966	11/1/2011	-	-	-
	25,000	5.074	11/24/2011	-	-	-
	50,000	5.363	12/4/2011	-	-	-
	25,000	5,290	12/7/2011	-	-	-

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	14,000	5.096	12/11/2011	-	-	-
	158,336	0.290	12/5/2013	102,918		-
Total	500,002			102,918	90,000	84,600
Douglas E. Stewart	12,500	4.834	5/27/2009	-		
	20,000	3.390	7/26/2009	-		
	12,500	4.834	11/27/2009	-		
	40,000	3.690	3/31/2010	-		
	12,500	4.834	5/27/2010	-		
	12,500	4.834	11/27/2010	-		
	12,500	4.834	5/27/2011	-		
	50,000	4.190	9/27/2011	-		
	70,000	0.290	12/5/2013	45,500		
Total	242,500			45,500	60,000	56,400

- (1) The Value of unexercised in-the-money options was calculated by determining the difference between the market value of the securities underlying the option at the end of the financial year and the exercise price of such options. At December 31, 2008, the closing price of the Class A Shares on the NYSE Amex was \$0.94.
- (2) Represents the number of unvested restricted shares at December 31, 2008.
- (3) The Market or payout value was calculated by multiplying the total number of unvested restricted shares times \$0.94, the closing price of the shares on the NYSE Amex on December 31, 2008.

Incentive Plan Awards Value vested or earned during the year

Name	Option Based Awards Value vested during the year (\$) ⁽¹⁾	Share Based Awards Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation Value earned during the year (\$)
Rockne J. Timm Chief Executive Officer and Director	36,408	68,250	-

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Robert A. McGuinness Vice President Finance and CFO	10,798	24,600	-
A. Douglas Belanger President and Director	20,035	64,000	-
James P. Geyer Senior Vice President and Director	6,523	44,925	-
Douglas E. Stewart Vice President Project Development	2,375	16,400	-

- (1) Represents the aggregate market value that would have been realized if the options vesting during 2008 had been exercised on the vest date. The value was calculated by determining the difference between the market value of the securities underlying the option on the vest date and the exercise price of such options.
- (2) Represents the aggregate market value of share based awards that vested during 2008. The market or payout value was calculated by multiplying the total number of restricted shares vesting times the closing price of the Class A Shares on the NYSE

Amex on the vest date.

19

Equity Incentive Plans

The Company presently has two stock option plans, the Equity Incentive Plan and the Venezuelan Equity Incentive Plan summarized as follows:

Equity Incentive Plan

The Equity Incentive Plan provides for the issuance of up to a rolling 10% of the outstanding Common Shares of the Company, through the grant of incentive stock options and non statutory options to purchase Class A Shares, SARs, and restricted shares. Pursuant to TSX requirements the Plan must be re-approved every three years.

The purpose of the Equity Incentive Plan is to advance the interests of the Company and its subsidiaries and promote continuity of management by encouraging and providing employees, directors and consultants with the opportunity to acquire an equity interest in the Company and to participate in shareholder value. It also assists in the Company's ability to attract and retain the services of employees, directors, and consultants upon whose judgment, interest, skills, and special effort the successful conduct of its operations is largely dependent.

Employees and consultants of the Company and its subsidiaries are eligible to receive grants under the Plan. The Board or a committee of the Board is responsible for the administration of the Plan.

Options, SARs, and restricted shares granted under the Plan are generally granted at the fair market value of the Class A Shares. For purposes of the Plan, the fair market value is, subject to any applicable rules of the TSX or the NYSE Amex, the volume weighted average trading price or the U.S. dollar equivalent of the Class A Shares calculated by dividing the total value by the total volume of Class A Shares on the exchange where the majority of the trading volume and value of the Class A Shares occurs, for the five trading days immediately preceding the relevant date.

A SAR entitles the holder of the related option, upon exercise of the SAR, to surrender all or any portion of the option to the extent unexercised, and to receive payment of an amount determined by multiplying (i) the excess of the fair market value of the Class A Shares immediately preceding the date of exercise of the SAR over the option price under the related option, by (ii) the number of shares as to which such SAR has been exercised. However, the agreement under which the SAR is granted may limit in any manner the amount payable with respect to any SAR. Payment may be made by the Company in the form of Class A Shares, cash or a combination of Class A Shares and cash.

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The maximum number of Class A Shares issuable to insiders:

- a) at any time, under all security based compensation arrangements, cannot exceed 10% of the outstanding Common Shares of the Company on the date of grant; and
- b) within any one year period, under all security based compensation arrangements, cannot exceed 10% of the outstanding Common Shares on the date of grant.

Each option grant is limited to a maximum duration of 10 years from the time it is granted, except that an incentive stock option granted to a 10% Shareholder shall have a maximum duration of five years from the time it is granted and the vesting period is discretionary.

20

Restricted shares issued under the Plan may be subject to restrictions imposed by the Board, including restrictions on the sale, transfer, pledge or assignment of such shares. During the period of restriction, persons holding restricted shares granted pursuant to the Plan may exercise full voting rights and be entitled to all dividends and other distributions paid with respect to such shares.

No option shall be transferable by the optionee except by (i) will or by the laws of descent and distribution; (ii) a qualified domestic relations order (as defined in the Code or Title 1 of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder); or (iii) gift to the optionholder's child(ren) or grandchild(ren), whether directly or indirectly or by means of a trust, partnership or otherwise.

All options are exercisable, during the optionholder's lifetime, only by the optionholder or by the optionholder's guardian, legal representative, or alternative payee pursuant to a qualified domestic relations order. References to optionholder in this description include the optionholder's guardian and legal representative named in the option agreement and any person to whom an option is transferred by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order or a gift permitted by the Plan. Unlike the transfer provisions governing our other options, incentive stock options are only transferable by will or by the laws of descent and distribution.

The Plan also provides the following upon termination of employment with regard to the options outstanding at the date of termination:

Retirement - any then outstanding options under the Plan may be exercised at any time prior to the earlier of the expiration date of the outstanding options or 12 months after the date of retirement;

For cause - any then outstanding options become null and void;

Involuntary termination of employment - any then outstanding options that are vested at the time of termination may be exercised at any time prior to the earlier of the expiration date of the vested outstanding options or 30 days after the date of termination;

Voluntary termination of employment - any then outstanding options that are vested at the time of termination may be exercised at any time prior to the earlier of the expiration date of the vested outstanding options or 90 days after the date of termination.

The Board may, at any time and from time to time, modify, amend, suspend or terminate the Plan in any respect. Amendments to the Plan are subject to Shareholder approval to the extent required to comply with any rules and regulations of any stock exchange on which the Class A Shares are listed. Shareholder approval for the following types of amendments is not required:

- (a) amendments of a housekeeping nature;
- (b) a change in the vesting provisions of a security issued pursuant to the Equity Incentive Plan;
- (c) a change in the termination provisions of a security issued pursuant to the Equity Incentive Plan, which does not entail an extension beyond the original expiry date; and

21

- (d) the addition of a cashless exercise feature, payable in cash or securities, which provides for a net deduction of the number of underlying securities from the Equity Incentive Plan reserve.

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The following table sets forth the information regarding the Equity Incentive Plan as of December 31, 2008:

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 equity compensation plans
Equity compensation plans approved by Shareholders	3,968,179	\$3.20	1,793,750
Equity compensation plans not approved by Shareholders	-	-	-
Total	3,968,179	\$3.20	1,793,750

Venezuelan Equity Incentive Plan

The Venezuelan Equity Incentive Plan (the "Venezuelan Plan") provides for the issuance of up to a rolling 10% of the outstanding Common Shares of the Company, through the grant of incentive stock options and non-statutory options to purchase Class A Shares, SARs and restricted shares. The Venezuelan Plan was approved by the Shareholders on June 10, 2008 and expires on April 10, 2018.

As of April 23, 2009 options for the purchase of 1,039,752 Class A Shares remained outstanding and 4,777,327 Class A Shares remained available for grant under the Venezuelan Plan. The combined total available for issuance under the Venezuelan Plan is 5,817,079. Since inception, 96,000 restricted shares have been granted from the Venezuelan Plan, 60,000 of which remain unvested, and no SARs have been granted.

Employees and consultants of the Company's Venezuelan subsidiaries are eligible to receive grants under the Venezuelan Plan. The Board or a committee of the Board is responsible for the administration of the Venezuelan Plan.

Options, SARs, and restricted shares granted under the Plan are generally granted at the fair market value of the Class A Shares. For purposes of the Plan, the fair market value is, subject to any applicable rules of the TSX or the NYSE Amex, the volume weighted average trading price or the U.S. dollar equivalent of the Class A Shares calculated by dividing the total value by the total volume of Class A Shares on the exchange where the majority of the trading volume and value of the Class A Shares occurs, for the five trading days immediately preceding the relevant date.

A SAR entitles the holder of the related option, upon exercise of the SAR, to surrender all or any portion of the option to the extent unexercised, and to receive payment of an amount determined by multiplying (i) the excess of the fair market value of the Class A Shares immediately preceding the date of exercise of the SAR over the option price under the related option, by (ii) the number of shares as to which the SAR has been exercised. However, the agreement under which the SAR is granted may limit in any manner the amount payable with respect to any SAR.

22

Payment may be made by the Company in the form of Class A Shares, cash or a combination of Class A Shares and cash.

Each option grant is limited to a maximum duration of 10 years from the time it is granted and the vesting period is discretionary.

Restricted shares issued under the Venezuelan Plan may be subject to restrictions imposed by the Board, including restrictions on the sale, transfer, pledge or assignment of such shares. During the period of restriction, persons holding restricted shares granted pursuant to the Venezuelan Plan may exercise full voting rights and be entitled to all dividends and other distributions paid with respect to such shares.

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No option can be transferable by the optionholder. All options are exercisable during the optionholder's lifetime, only by the optionholder or by the guardian or legal representative of the optionholder or its alternative payee pursuant to such qualified domestic relations order. For purposes of the description of the Venezuelan Plan the terms holder and optionee include the guardian and legal representative of the optionholder named in the option agreement.

The Venezuelan Plan provides the following for termination of employment with regard to the options outstanding at the date of termination:

Retirement - any then outstanding options under the Venezuelan Plan may be exercised at any time prior to the earlier of the expiration date of the outstanding options or 12 months after the date of retirement.

For cause - any then outstanding options become null and void.

Involuntary termination of employment - any then outstanding options that are vested at the time of termination may be exercised at any time prior to the earlier of the expiration date of the vested outstanding options or 30 days after the date of termination.

Voluntary termination of employment - any then outstanding options that are vested at the time of termination may be exercised at any time prior to the earlier of the expiration date of the vested outstanding options or 90 days after the date of termination.

The Board may, at any time and from time to time, modify, amend, suspend or terminate the Venezuelan Plan without Shareholder approval. Amendments to the Venezuelan Plan are subject to Shareholder approval to the extent required to comply with any rules and regulations of any stock exchange on which the Class A Shares are listed. Shareholder approval for the following types of amendments is not required:

- (a) amendments of a housekeeping nature;
- (b) a change in the vesting provisions of a security issued pursuant to the Venezuelan Plan;
- (c) a change in the termination provisions of a security issued pursuant to the Venezuelan Plan, which does not entail an extension beyond the original expiry date; and

23

- (d) the addition of a cashless exercise feature, payable in cash or securities, which provides for a net deduction of the number of underlying securities from the Venezuelan Plan reserve.

The following table sets forth the information regarding the Venezuelan Equity Incentive Plan as of December 31, 2008:

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 equity compensation plans
Equity compensation plans approved by securityholders	1,039,752	\$3.12	4,722,177
Equity compensation plans not approved by securityholders	-	-	-
Total	1,039,752	\$3.12	4,722,177

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Report on Re-pricing of Options in Last Ten Completed Fiscal Years (2000 and 2001)

During the last ten years the Shareholders approved two re-pricings of certain options held by the Named Executive Officers. The first re-pricing, dated April 3, 2000 and approved on June 2, 2000, was re-priced at a 25% premium to the market price of the Company's Class A Shares. The second re-pricing, dated December 20, 2000 and approved June 8, 2001, was re-priced at a 50% premium to the market price of the Company's Class A Shares and 50% of all vested options, or immediately exercisable options, were unvested for the following twelve-month period. **All re-priced options had five-year lives from the date of approval by Shareholders and were exercised or expired by December 31, 2006.** The following table details the repricing information for options held by Named Executive Officers for the last ten years:

10-YEAR TABLE OF OPTIONS AND SAR RE-PRICINGS

Name	Date of Re-pricing	Securities Under Options/SARs Re-priced Or Amended (#)	Market Price of Securities at Time of Re-pricing or Amendment (\$/Security)	Exercise Price at Time of Re-pricing or Amendment (\$/Security)	New Exercise Price (\$/Security)	Length of Original Option Term Remaining at Date of Re-pricing or Amendment
Rockne J. Timm	June 2, 2000	209,833	0.73	3.75	1.00	2.8 years
	June 8, 2001	27,200	0.47	1.13	0.72	1.7 years
		40,000	0.47	1.50	0.72	3.1 years
		50,000	0.47	2.59	0.72	2.2 years
		125,000	0.47	3.25	0.72	2.3 years
		244,667	0.47	3.75	0.72	2.2 years
Robert A. McGuinness	June 2, 2000	92,207	0.73	3.75	1.00	2.8 years
	June 8, 2001	30,000	0.47	1.50	0.72	3.1 years
		68,417	0.47	2.59	0.72	2.2 years
		115,998	0.47	3.75	0.72	2.2 years
A. Douglas Belanger	June 2, 2000	172,652	0.73	3.75	1.00	2.8 years
	June 8, 2001	26,000	0.47	1.13	0.72	1.7 years
		30,000	0.47	1.50	0.72	3.1 years
		65,000	0.47	2.59	0.72	2.2 years
		50,000	0.47	3.25	0.72	2.3 years
		230,303	0.47	3.75	0.72	2.2 years

Securities Under Options/SARs	Market Price of Securities at Time of Re-pricing or Amendment (\$/Security)	Exercise Price at Time of Re-pricing or Amendment (\$/Security)	New Exercise Price (\$/Security)	Length of Original Option Term Remaining at Date of Re-
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Name	Date of Re- pricing	Re-priced Or Amended (#)	Amendment (\$/Security)	Amendment (\$/Security)	Price (\$/Security)	pricing or Amendment
James P. Geyer	June 2, 2000	84,736	0.73	3.75	1.00	2.8 years
	June 8, 2001	30,000	0.47	1.50	0.72	3.1 years
		64,209	0.47	2.59	0.72	2.2 years
		5,000	0.47	2.88	0.72	7.0 years
		100,264	0.47	3.75	0.72	2.2 years
Douglas E. Stewart	June 8, 2001	79,367	0.47	1.50	0.72	3.1 years

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—a salary reduction component (401(k)) and stock ownership component (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 2009 to \$16,500 (\$22,000 limit for participants who are 50 or more years of age, or who turn 50 during 2009).

Employer contributions, stated as a percentage of eligible compensation, are determined each year by the Board and allocations are made in the form of Class A Shares or by cash. The number of Class A Shares released for allocation is determined by multiplying the total eligible compensation by the contribution percentage approved by the Board and dividing that number by the average price of the Class A Shares remaining in the KSOP Plan for distribution. Employer contributions do not represent pension compensation. The employer contributions are disclosed under Executive Compensation Summary Compensation Tables, under the column All Other Compensation—KSOP Contributions. 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 2009) to a maximum of \$49,000 (\$54,500 limit for participants who are 50 or more years of age or who turn 50 during 2009). The annual dollar limit is an aggregate limit which applies to all contributions made under this plan or any other cash or deferral arrangements. For KSOP Plan year 2009 the Company has adopted a 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, except in the case of death, disability, termination of employment by the Company or financial hardship. The employee stock ownership component of the KSOP Plan is qualified under Sections 421 and 423 of the U.S. Internal Revenue Code of 1986, as amended.

Allocated contributions to eligible KSOP Plan participants (15 participants for 2008) for plan years 2008, 2007, and 2006 were \$269,679 (paid in cash); \$386,930 (77,765 Class A Shares at

25

\$0.4976 per share), and \$272,412 (128,731 Class A Shares at \$2.116 per share), respectively. The aggregate number of Class A Shares for the three-year period is 206,496, which represents 0.35% of the current issued and outstanding Common Shares. As of December 31, 2008, 22,246 Class A Shares remained in the KSOP Plan to be allocated to KSOP Plan participants, representing less than 0.01% of the issued and outstanding Common Shares of the Company at that time.

Retention Units

The Company maintains the Gold Reserve Director and Employee Retention Plan (the Retention Plan). Under the Retention Plan, the Board or a committee thereof may grant retention units (the Units) to directors and certain key employees of the Company or its subsidiaries.

Employees become eligible to participate if the Board or a committee thereof determines that the employee may have a significant opportunity to influence the growth of the Company or that the employee's performance warrants further incentive or reward. Current participants in the

Retention Plan include all directors of the Company, the officers and the other participants, all of whom have signed award agreements.

Vesting of the Units is based upon the occurrence of certain major corporate milestones: 50% upon successfully financing the Brisas project and 50% upon placing the Brisas project into production. The Units also become fully vested and payable upon a change of control. Subject to vesting provision, each Unit granted to participating directors and employees entitles such persons to receive a cash payment equal to the fair market value of one Class A Share (a) on the date the Unit was granted or (b) on the date any such participant becomes entitled to payment, whichever is greater.

No Units were granted to directors, executive officers and affiliates in 2008. As of December 31, 2008, an aggregate of 1,732,500 unvested Units have been granted to directors, executive officers and affiliates of the Company and 315,000 Units have been granted to other Retention Plan participants. The aggregate value of the aggregate awards as of December 31, 2008 was \$8,935,200.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Termination of Employment, Change in Responsibilities and Employment Contracts

At this time, there are no written contracts of employment between the Company and the Named Executive Officers.

The Company does maintain Change of Control Agreements with each of the Named Executive Officers, which were implemented by the Board to induce the Named Executive Officers to remain with the Company in the event of a change of control. The Board believes these individuals familiarity and long-standing involvement with the Brisas project are important assets to the Company and their continued employment is important. The loss of their continued services could have a detrimental impact on future operations of the Company.

26

Existing Change of Control Arrangements with Executive Officers

The Company entered into Change of Control Agreements, beginning in 2003, with each of the Named Executive Officers and four other participants. Other than as disclosed herein, no other executive officers, directors or affiliates of the Company have Change of Control Agreements with Gold Reserve.

A Change of Control means one of 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 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.

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

- An amount equal to 24 times his or her monthly salary (36 times for Messrs. Timm and Belanger), determined as of the date immediately prior to termination or the Change of Control, whichever is greater, plus any amounts required to be paid in connection with unpaid vacation time;
- An amount equal to two years of the Company's KSOP contributions (based upon the maximum allowable allocation pursuant to applicable law and the participant's annual salary immediately prior to his or her termination date or the Change of Control, whichever is greater);
- An amount equal to the aggregate of all bonuses received during the 12 months prior to his or her termination date;
- A payment equal to two times the monthly premium for maintenance of health and insurance benefits for a period of 36 months;
- Cause all equity awards or equity-based awards (including options and restricted shares) granted to the participant to become fully vested and unrestricted;
- At the election of the participant, the buy-out of the cash value of any unexercised options based upon the amount by which the weighted average trading price of the Class A Shares for the last five days preceding the date the participant makes such election exceeds the exercise price of the options; and
- A payment equal to the value of the participant's vested retention units in accordance with the Retention Plan.

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As further discussed in the following two paragraphs, the participants are entitled to receive certain "gross-up payments" (that is, an excess parachute gross-up payment and a deferred compensation gross-up payment) if payments that he or she receives are subject to the excise tax

27

under Code Section 4999 on excess parachute payments or the additional tax and interest factor tax under Code Section 409A on deferred compensation. The intent of these gross-up payments is to put the participant in the same position, after tax, that he or she would have been in if the payments that the participant received had not been subject to the excise and additional taxes.

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

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

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

Participants would have been entitled to collectively receive an aggregate of approximately \$14,482,530 should a Change of Control have occurred on December 31, 2008. This amount assumes all persons with Change of Control Agreements elect the buy-out of their options as described above. For purposes of such calculation, Gold Reserve assumed the election was made on December 31, 2008, which resulted in share price of \$0.94 per share. This amount was determined exclusive of any gross-up payments, which payments could be substantial depending on the tax position of each individual.

The following table represents the estimated payout for employees (9) holding Change of Control Agreements at December 31, 2008. These amounts were determined exclusive of any gross-up payments, which could be substantial depending on the tax position of each individual.

Name	Compensation (\$) ⁽¹⁾	Payout of Stock Options (\$) ⁽²⁾	Payout of Restricted Shares (\$) ⁽³⁾	Payout of Retention Units (\$) (4)	Total
Rockne J. Timm	1,250,880	159,250	141,000	1,502,000	3,053,130
Robert A. McGuinness	579,256	53,084	84,600	589,000	1,305,940
A. Douglas Belanger	1,209,435	168,668	126,900	1,502,000	3,007,003
James P. Geyer	773,430	102,918	84,600	972,000	1,932,948
Douglas E. Stewart	612,343	45,500	56,400	711,000	1,425,243
Other participants	1,540,573	165,753	160,740	1,891,200	3,758,266
Total	5,965,917	695,173	654,240	7,167,200	14,482,530

28

(1) Represents the estimated payout as of December 31, 2008 of the associated salary, vacation, KSOP contribution, bonus and insurance.

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- (2) Represents the payout of stock options.
- (3) Represents the payout associated with the immediate vesting of unvested restricted shares at December 31, 2008.
- (4) Represents the payment associated with the value of the Retention Unit on December 31, 2008 and does not include 400,000 retention units for non-employee directors equal to \$1,768,000.

DIRECTOR COMPENSATION

Summary Director Fee Tables

During 2008, the Board agreed to pay \$25,000 to each non-employee director and 16,000 Class A Shares, to be issued in installments of 4,000 per quarter, and \$98,459 to Mr. Coleman for his role as Chairman.

The following table discloses the compensation paid or granted by the Company, in accordance with the provisions of National Instrument 51-102 to the non-employee directors during the fiscal year ended December 31, 2008.

The Share Based Awards set forth in the table represent the number of restricted shares granted during the year and the value of the share based award is calculated based on the value of the Class A Shares on the date of grant multiplied by the total number of restricted shares granted.

The Option Based Awards set forth in the table represent the number of options granted during the year and the value of the option based award is calculated based on the Black-Scholes model for options granted during the year.

The amount related to Share Based Awards and Option Based Awards does not necessarily represent the value of the shares when vesting occurs, the value of the options when exercised, or value the director may realize from the sale of the shares.

	Fees Earned		Share Based Awards		Option Based Awards		Total compensation
	Chairman \$(1)	Director \$ (2)	#	\$	#	\$	\$
James H. Coleman	98,459	25,000	16,000	65,600	53,336	10,575	199,634
Patrick D. McChesney		25,000	16,000	65,600	53,336	10,575	101,175
Chris D. Mikkelsen		25,000	16,000	65,600	53,336	10,575	101,175
Jean Charles Potvin		25,000	16,000	65,600	53,336	10,575	101,175

- (1) Represents cash fees earned as Chairman during the year.
- (2) Represents cash fees earned as director during the year.
- (3) There are no non-equity incentive compensation plans or pension plans for non-employee directors.

The non-employee directors each received 4,000 Class A Shares per quarter during 2008 valued at \$5.42, \$3.99, \$1.43 and \$.56, respectively totaling \$45,600.

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

29

Director s Outstanding Share Based Awards and Option-Based Awards

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares and unvested restricted shares to the Directors pursuant to the rules and policies of the TSX and the regulations of the NYSE Amex as of December 31, 2008:

Name	Number of securities underlying unexercised options	Option-based awards		Value of unexercised in-the-money options (\$) ⁽¹⁾	Share-based Awards	
		Option exercise price (\$)	Option expiration date		Number of shares or units of shares that have not vested (#) ⁽²⁾	Market or payout value of share-based awards that have not vested (\$) ⁽³⁾
James H. Coleman	75,000	4.000	1/21/2009	-	-	-
	13,334	4.834	5/27/2009	-	-	-
	13,333	4.834	11/27/2009	-	-	-
	13,333	4.834	5/27/2010	-	-	-
	13,333	4.834	11/27/2010	-	-	-
	13,333	4.834	5/27/2011	-	-	-
	50,000	4.190	9/27/2011	-	-	-
	53,336	0.290	12/5/2013	34,668	-	-
Total	245,002			34,668	4,000	3,760
Patrick D. McChesney	13,334	4.834	5/27/2009	-	-	-
	13,333	4.834	11/27/2009	-	-	-
	13,333	4.834	5/27/2010	-	-	-
	13,333	4.834	11/27/2010	-	-	-

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	13,333	4.834	5/27/2011	-	-	-
	50,000	4.190	9/27/2011	-	-	-
	53,336	0.290	12/5/2013	34,668	-	-
Total	170,002			34,668	4,000	3,760
Chris D. Mikkelsen	13,334	4.834	5/27/2009	-	-	-
	13,333	4.834	11/27/2009	-	-	-
	13,333	4.834	5/27/2010	-	-	-
	13,333	4.834	11/27/2010	-	-	-
	13,333	4.834	5/27/2011	-	-	-
	50,000	4.190	9/27/2011	-	-	-
	53,336	0.290	12/5/2013	34,668	-	-
Total	170,002			34,668	4,000	3,760
J.C. Potvin	13,334	4.834	5/27/2009	-	-	-
	13,333	4.834	11/27/2009	-	-	-
	13,333	4.834	5/27/2010	-	-	-
	13,333	4.834	11/27/2010	-	-	-
	13,333	4.834	5/27/2011	-	-	-
	50,000	4.190	9/27/2011	-	-	-
	53,336	0.290	12/5/2013	34,668	-	-
Total	170,002			34,668	4,000	3,760

- (1) The Value of unexercised in-the-money options was calculated by determining the difference between the market value of the securities underlying the option at the end of the financial year and the exercise price of such options. At December 31, 2008, the closing price of the Class A Shares on the NYSE Amex was \$0.94.

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- (2) Represents the number of unvested restricted shares at December 31, 2008.
- (3) The Market or payout value was calculated by multiplying the total number of unvested restricted shares times \$0.94, the closing price of the Class A Shares on the NYSE Amex on December 31, 2008.

30

Incentive Plan Awards

Name	Option-based awards Value vested during the year (\$) ⁽¹⁾	Share-based awards Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation Value earned during the year (\$) ⁽²⁾
James H. Coleman	-	45,600	-
Patrick D. McChesney	-	45,600	-
Chris D. Mikkelsen	-	45,600	-
Jean Charles Potvin	-	45,600	-

(1) Represents the aggregate market value that would have been realized if the options vesting during 2008 had been exercised on the vest date. The value was calculated by determining the difference between the market value of the securities underlying the option on the vest date and the exercise price of such options.

(2) Represents the aggregate market value of share-based awards that vested during 2008. The market or payout value was calculated by multiplying the total number of restricted shares vesting times the closing price of the Class A Shares on the NYSE

Amex on the vest date.

Directors and Officers Insurance

The Company carries directors and officers liability insurance which is subject to a total aggregate limit of \$25,000,000 and deductibles of up to \$250,000 for each claim. The premium for the latest policy period is \$244,153.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee is currently comprised of Messrs. Mikkelsen and Potvin. The Compensation Committee is responsible for establishing and administering the compensation philosophy, policies, and plans for the Company's non-employee directors and executive officers.

The Compensation Committee hereby reports as follows:

- The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management; and
- Based upon such review, the related discussions and such other matters deemed relevant and appropriate by the Compensation Committee, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Circular to be delivered to Shareholders.

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

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

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

None of the directors, officers of the Company, nor any person or corporation owning more than 10% or any class of voting securities of the Company, nor any associates or affiliates of any of them, had or has any material interest in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

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

Composition of the Audit Committee

The Audit Committee is composed of the following 3 directors:

Chris D. Mikkelsen (Chair)

Jean Charles Potvin

Patrick D. McChesney

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. In addition, the Chair of the Committee, Mr. Mikkelsen, is considered by the Board to qualify as an audit committee financial expert as defined by the U.S. Securities and Exchange Commission. The Board has made these determinations based on the education and experience of each member of the Committee, as outlined below.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee:

Mr. Mikkelsen is a Principal in McDirmid, Mikkelsen & Secrest, P.S., a certified public accounting firm. Mr. Mikkelsen has a Professional Accounting degree from Eastern Washington University. After working for a national accounting firm, he left in 1976 to form McDirmid, Mikkelsen and Secrest, P.S. He has extensive technical audit and accounting experience related to a variety of industries. Mr. Mikkelsen has been Chair of, and a member of, this Committee since August 1998.

Mr. Potvin is Director and Chairman of Tiomin Resources Inc., a company involved in the development of the Kwale titanium-bearing mineral sands deposit in Kenya and which holds a 49 percent interest in the Pukaqaqa copper gold deposit in Peru. 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.). He is also a member of the audit committee of Polaris Energy Corporation, a publicly-listed geothermal-based power producer and of Azimut Exploration Ltd also a publicly listed mineral exploration company. He is also a director of Cadiscor Resources and of Gobimin which operates in China. Mr. Potvin has been a member of this Committee since August 2003.

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Mr. McChesney is chief financial officer of Foothills Auto Group, an operator of franchised auto dealerships, where he is responsible for the financial statements. He was President of LMO Test Systems, Inc., a manufacturer of automated test equipment for the semiconductor industry, from March 1996 until December 2005. Mr. McChesney graduated from the University of Portland, with a Bachelor degree in Accounting. For his entire 32 year working career, he has prepared and analyzed financial statements in the mining, public accounting, retail, electronics and construction industries. Mr. McChesney has been a member of this Committee since August 1998.

External Auditor Service Fees

Fees paid to the Company's independent external auditor, PricewaterhouseCoopers LLP, for the fiscal years ended December 31, 2008 and 2007 are detailed in the following table:

Fee Category	Year Ended 2008	Year Ended 2007
Audit (1)	\$301,560	\$219,917
Audit related (2)	47,641	121,206
Tax (3)	15,699	13,317
All other fees	-	-
Total	\$364,900	\$354,440

(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.

33

(3) Tax fees were for services outside of the audit scope and represented consultations for tax compliance and advisory services relating to common forms of domestic and international taxation.

Pre-approval Policies and Procedures

The Company's Audit Committee has adopted policies and procedures for the pre-approval of services performed by the Company's external auditors, with the objective of maintaining the independence of the external auditors. The Company's policy requires that the Audit Committee pre-approve all audit, audit-related, tax and other permissible non-audit services to be performed by the external auditors, including all engagements of the external auditors with respect to the Company's subsidiaries. Prior approval of engagements for services other than the annual audit may, as required, be approved by the Chair of the Committee with the provision that such approvals be brought before the full Committee at its next regular meeting. The Company's policy sets out the details of the permissible non-audit services consistent with the independence requirements of the United States Sarbanes-Oxley Act of 2002 and the Canadian independence standards for auditors. The Chief Financial Officer presents the details of any proposed assignments of the external auditor for consideration by the Audit Committee. The procedures do not include delegation of the Audit Committee's responsibilities to management of the Company.

CORPORATE GOVERNANCE

The TSX requires 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.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, 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.

ANY OTHER MATTERS

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

34

ADDITIONAL INFORMATION

Additional information about the Company may be found on the SEDAR website at www.sedar.com, on the U.S. Securities and Exchange Commission's website at www.sec.gov and on the Company's website at www.goldreserveinc.com. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for its year ended December 31, 2008, as contained in the 2008 Annual Report. A copy of this document and other public documents of the Company are available upon request to:

Gold Reserve Inc.

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

APPROVAL AND CERTIFICATION

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

The forgoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made.

Dated at Spokane, Washington, this 23rd day of April, 2009

Rockne J. Timm

Robert A. McGuinness

Chief Executive Officer

Vice President Finance and Chief Financial Officer

35

APPENDIX A

**CHARTER OF THE
AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS**

Purpose

The primary purposes of the Audit Committee (the "Committee") are to oversee on behalf of the Board of Directors ("Board") of Gold Reserve Inc. (the "Company"):

- the Company's accounting and financial reporting processes and the integrity of its financial statements;
- the audits of the Company's financial statements and the appointment, compensation, qualifications, independence and performance of the Company's independent auditors and
- the Company's compliance with legal and regulatory requirements.

The Committee also has the purpose of preparing the financial report that rules of the U.S. Securities and Exchange Commission (the SEC) or the Ontario Securities Commission (the OSC) require the Company to include in its annual proxy or information statement and Form 20-F filed with the SEC and/or its equivalent filed with the OSC.

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.

All Committee members shall be independent, as defined and to the extent required in the applicable SEC and OSC rules and NYSE Amex and Toronto Stock Exchange (TSX) listing standards and applicable laws and regulations, as they may be amended from time to time (collectively, such SEC, OSC and exchange requirements are referred to as the listing standards), for purposes of audit committee membership.

Notwithstanding the foregoing, one director who is not independent as defined by the NYSE Amex listing standards, but who satisfies the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, and is not a current officer or employee or an immediate family member of such officer or employee, may be appointed to the Committee if the Board, under exceptional and limited circumstances, determines that membership on the Committee by the individual is in the best interests of the Company and its Shareholders, and the Board discloses, in the next periodic filing made with the SEC subsequent to such determination, the nature of the relationship and the reasons for that determination; provided, however, that any such non-independent Committee member may only serve on the Committee for two (2) years and may not serve as the chairperson of the Committee.

36

Each Committee member shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cashflow statement upon appointment to the Committee. At all times there shall be at least one member of the Committee who, in the Board's business judgment, is an audit committee financial expert as defined in the SEC rules and is financially sophisticated as defined in the NYSE Amex listing standards. Subject to the requirements of the listing standards, the Board may appoint and remove Committee members in accordance with the Company's by-laws. 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 have the sole authority and direct responsibility for the appointment, compensation, retention, termination, evaluation and oversight of the work of the independent auditors engaged by the Company for purposes of preparing or issuing an audit 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 Committee may establish pre-approval policies and procedures in compliance with applicable listing standards. 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 issues 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:

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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 the applicable listing standards) management's assessment of internal control over financial reporting.
2. Timely request and receive from the independent auditors the report required (along with any required update thereto) pursuant to applicable listing standards prior to the filing of an audit report, concerning:

all critical accounting policies and practices to be used;

37

- 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 are required to be reported under SEC rules.
 4. Review and discuss with appropriate members of management the Company's intended disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations (or equivalent disclosures) to be included in the Company's annual report on Form 20-F filed with the SEC and its equivalent filed with the OSC.
 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's quarterly review shall normally include:

1. Review and discuss the quarterly financial statements of the Company and the results of the independent auditors' review of these financial statements with appropriate members of management.
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 SEC rules.
3. Review and discuss with appropriate members of management the Company's intended disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations (or equivalent disclosures) to be included in the Company's quarterly reports prepared in accordance with Canadian requirements and filed on Form 6-K with the SEC and its equivalent filed with the OSC.

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 by the listing standards, certify annually to any NYSE Amex, TSX or other listing market that the Committee reviewed and assessed the adequacy of the charter.

The Committee shall discuss with management earnings 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 earnings guidance provided to analysts and rating agencies. 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.

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. It is the Company's policy that the Company shall not enter into transactions required to be disclosed under item 404 of the Securities and Exchange Commission's Regulation S-K or other applicable Canadian requirements unless the

Committee first reviews and approves such transactions.

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 or 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 applicable listing standards, laws and regulations 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 independent auditors. 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 by-laws or the listing standards. 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 by-laws or the listing standards. 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.

The Committee shall prepare any audit committee report required to be included in the Company's annual meeting proxy or information statement, and report to the Board on the other matters relating to the Committee or its purposes, as required by the listing standards. 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 financial statements, 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

40

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, 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 provided under corporation law for good faith reliance by members of the Committee on reports or other information provided by others.

41

APPENDIX B

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STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In this Appendix are the Company's corporate governance practices in accordance with National Instrument 58-101 Disclosure of Corporate Governance Practices (NI 58-101), and National Policy 58-201 Corporate Governance Guidelines (NP 58-201), which came into force in Canada on June 30, 2005. The Company's Board has reviewed this disclosure of the Company's corporate governance practices.

Disclosure Requirement under Form 58-101F1	Company's Governance Practices
1. (a) Disclose the identity of directors who are independent.	The Board of Directors (the Board) of the Company believes that Messrs. Coleman, McChesney, Mikkelsen, and Potvin are independent within the meaning of section 1.4 of Multilateral instrument 52-110 Audit Committees (MI 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.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Three Directors, Messrs. Timm, Belanger and Geyer, are employees of the Company and therefore not considered independent.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying	Four of seven, approximately 57.1% of the Company's current Directors, are independent.

Disclosure Requirement under Form 58-101F1	Company's Governance Practices
out its responsibilities.	
(d) 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 Item 1 - Election of Directors section of this Circular.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	The Board has not adopted a formal policy for the independent Directors to meet without management present before and after each regularly scheduled meeting of the Board. Without management present, the independent Directors met on four occasions, in person or by telephone during 2008 and are expected to continue to meet on a regular basis. These sessions are of no fixed duration and participating Directors are encouraged to raise and discuss any issues of concern.
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	The Board has appointed James H. Coleman as its Chairman. Mr. Coleman is an independent director of the Company. One of his responsibilities is to oversee the Board processes so that it operates efficiently and effectively in carrying out its duties and to act as liaison between the Board and management.
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the	The Board held 19 meetings during 2008 at which attendance, in person or by phone, averaged 97%. Various

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issuer's most recently completed financial year.

matters were considered and approved by written resolution during the year. Messrs. Geyer, Mikkelsen, and McChesney attended all 19 meetings. Messrs Belanger, Coleman, Potvin and

43

**Disclosure Requirement under
Form 58-101F1**

Company's Governance Practices

2. Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

Timm each attended 18 of the 19 meetings.

The Board is responsible for supervising the conduct of the Company's affairs and the management of its business. To assist the Board in implementing key policies, the Board delegates some of its responsibility to committees. Although the Board has delegated to management responsibility for the day-to-day operations of the Company, the Board has ultimate responsibility for the stewardship of the Company. Strategic planning is at the forefront of deliberations at meetings of the Board. Management is responsible for the development of overall corporate strategies. These strategies are under constant review by the Board and senior management. The Board's duties include overseeing strategic planning, reviewing and assessing principal risks to the Company's business and approving risk management strategies. The Board ensures that an appropriate risk assessment process is in place to identify, assess and manage the principal risks of the Company's business. Management reports regularly to the Board in relation to principal risks, which potentially could affect the Company's business activities. The Board reviews and approves, for

release to Shareholders, quarterly and annual reports on the performance of the Company. It seeks to ensure that the Company communicates effectively with its Shareholders, respective investors and the public, including dissemination of information on a timely basis. Through its officers, the Company responds to questions and provides information to individual Shareholders, institutional investors,

44

**Disclosure Requirement under
Form 58-101F1**

Company's Governance Practices

3. (a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

financial analysts and the media. The Board's duties include supervising and evaluating management, authorizing significant expenditures, and overseeing the Company's internal controls and information systems.

The Board has not developed a written position description for the Chair. The responsibilities of the Chair include presiding over Board meetings, assuming principal responsibility for the Board's operation and functioning, and ensuring that Board functions are effectively carried out.

The Board has not developed written position descriptions for the chair of any committee of the Board.

The responsibilities of committee chairs include presiding over committee meetings, ensuring that the committee is properly organized and effectively discharges its duties, reporting to the Board with respect to the activities of the committee, and leading the committee in reviewing and assessing on an annual basis, the adequacy of the committee's mandate and its effectiveness in fulfilling its mandate.

- (b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.
- The board has not developed a written position description for the CEO. The CEO reports to the Board and has general supervision and control over the business and affairs of the Company. The CEO's responsibilities include:
- (a) fostering a corporate culture that promotes ethical practices, encourages individual integrity and fulfills social responsibility;
 - (b) developing and recommending to the Board a long-term strategy and vision for the Company that leads to creation of Shareholder value;

45

Disclosure Requirement under Form 58-101F1	Company's Governance Practices
4. (a) Briefly describe what measures the board takes to orient new directors regarding the role of the board, its committees and its directors, and the nature and operation of the issuer's business.	(c) developing and recommending to the Board annual business plans and budgets that support the Company's long-term strategy; and
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and	(d) consistently striving to achieve the Company's financial and operating goals and objectives. Due to its current size, the Board does not currently provide an orientation and education program for specifically training new recruits to the Board. Due to its current size, 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

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knowledge necessary to meet their obligations as directors.

Board believes that each of its Directors maintain the skills and knowledge necessary to meet their obligations as Directors.

5. (a) (i) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code, disclose how a person or company may obtain a copy of the code.

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.

(a) (ii) Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code.

The Compliance Officer, as well as other officers, Directors and the Company's legal and other advisors, have the full power and authority to investigate any evidence of improper conduct, violations of laws, rules, regulations or the Code, and to determine what steps, if any, should be taken to resolve the problem and avoid the likelihood of its recurrence.

46

**Disclosure Requirement under
Form 58-101F1**

Company's Governance Practices

(a) (iii) Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

The Company has not filed any material change reports since the beginning of the 2008 financial year that pertains to any conduct of a Director or executive officer of the Company that constitutes a departure from the Code.

(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Each Director must possess and exhibit the highest degree of integrity, professionalism and values, and must never be in a conflict of interest with the Company. A Director who has a conflict of interest regarding any particular matter under consideration must advise the Board, refrain from debate on the

matter and abstain from any vote regarding it.
 All Company employees, including officers, and Directors are expected to use sound judgment to help maintain appropriate compliance procedures and to carry out the Company's business with honesty and in compliance with laws and high ethical standards. Each employee and Director is expected to read the Code and demonstrate personal commitment to the standards set forth in the Code.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

The Company will not tolerate retaliation against an employee or Director for reporting in good faith any violations of the Code and any such retaliation is against Company policy. Employees and Directors who violate the Code may be subject to disciplinary action, including termination of employment.
 Knowledge of a violation and failure to promptly report or correct the violation may also subject an employee or Director to disciplinary action up to and including immediate discharge from employment.

Disclosure Requirement under Form 58-101F1	Company's Governance Practices
6. (a) Describe the process by which the board identifies new candidates for board nomination.	In considering and identifying new candidates for Board nomination, the Board, where relevant: <ul style="list-style-type: none"> (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.

(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Nominating Committee, which was formed in 2009, consists of Messrs. Coleman, Mikkelsen, McChesney and J.C. Potvin, all of whom are independent directors.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

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.

7. (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.

The Board reviews from time to time the compensation paid to directors 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.

**Disclosure Requirement under
Form 58-101F1**

Company's Governance Practices

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.

The Company evaluates the extent to which strategic and business goals are met and measures individual performance, albeit subjectively, against development objectives 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.

(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Compensation Committee, which met seven times during 2008 in person and by phone, consists of Messrs. Mikkelsen (Chair) and Potvin, both of whom are independent directors.

(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The function of the Compensation Committee is to evaluate the Company's performance and the performance of its executive officers, approve the cash and equity-based compensation of such executive officers and submit such approvals to the full Board for ratification. 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. As a consequence, the determination of the CEO's compensation in 2008 was largely subjective, and based on the Company's progress in addressing its more immediate concerns, continued exploration, and identifying and analyzing new corporate opportunities.

(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

A compensation consultant has not been engaged by the Company since the beginning of the Company's most recent financial year to assist in determining compensation for the directors or officers of the Company.

8. If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Executive Committee, which is comprised of Messrs. Coleman, Timm and Belanger, meets in person or by phone on a regular basis. Mr. Coleman is considered an independent director. Messrs. Timm and Belanger are not considered independent directors within the definition in MI 52-110.

The Executive Committee facilitates the Company's activities from an administrative perspective, but does not supplant the full Board in the consideration of significant issues facing the Company. The Audit Committee, the Compensation Committee and the

Disclosure Requirement under Form 58-101F1	Company's Governance Practices
<p>9. Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>Executive Committee are the only committees of the Board.</p> <p>Due to its current size, the Board does not currently have a separate committee for assessing the effectiveness of the Board as a whole, the committees of the Board, or the contribution of individual directors. The Board as a whole bears these responsibilities.</p> <p>The Board chair meets annually with each director individually to discuss personal contributions and overall Board effectiveness.</p>

APPENDIX C

SHAREHOLDER RIGHTS PLAN

This Appendix C contains both a short summary of certain key provisions of the 2009 Rights Plan as well as the full text of the proposed form of the 2009 Rights Plan.

Summary of the 2009 Rights Plan

The following is a summary of the principal terms of the 2009 Rights Plan, which is qualified in its entirety by reference to the text of the 2009 Rights Plan, the form of which is attached to this Circular as Appendix C. All capitalized terms that are used but not defined in this summary have the meanings given to them in the 2009 Rights Plan.

Effective Time: The Rights were first issued under the Company's rights plan on February 4, 1999, which is defined as the **Effective Time** under the 2009 Rights Plan.

Term: The term of the 2009 Rights Plan, if ratified, confirmed and approved at the Meeting, will expire on June 30, 2012. This is defined as the **Expiration Time** under the 2009 Rights Plan.

If Shareholders do not ratify, confirm and approve the 2009 Rights Plan at the Meeting, then the Rights and the 2006 Rights Plan will expire at the close of business on June 30, 2009, and the 2009 Rights Plan will never come into effect.

Issue of Rights: Immediately following the Effective Time, one right (a "**Right**") was issued and attached to each outstanding Common Share. One Right has also been issued and attached to each Common Share issued since the Effective Time. Under the terms of the 2009 Rights Plan, the Rights that have been issued under the predecessor shareholder rights plan agreements will remain outstanding. In addition, the Company will continue to issue one Right for each Common Share issued prior to the earlier of the Separation Time (as defined below) and the Expiration Time.

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Exercise Price: Until the Separation Time, the exercise price (**Exercise Price**) of each Right is two times the market price, from time to time, of the Common Shares. From and after the Separation Time, the Exercise Price is two times the market price, as at the Separation Time, per Common Share. The Exercise Price is subject to adjustment as set out in the 2009 Rights Plan.

Separation Time: The Rights are not exercisable and do not trade separately from their associated Common Shares until the Separation Time . The **Separation Time** is the close of business on the 10th trading day after the earliest of:

- (i) the Stock Acquisition Date, which is the first date of public announcement of facts indicating that a person has become an Acquiring Person (Subject to certain exceptions that are described in the 2009 Rights Plan, an **Acquiring Person** is any person who is the beneficial owner of 20% or more of the outstanding Common Shares);
- (ii) the date of the commencement of, or first public announcement of the current intention of any person (other than the Company or any subsidiary of the Company) to commence, a take-over bid (other than a Permitted Bid or a Competing Permitted Bid, each as defined in the 2009 Rights Plan); and

52

- (iii) the date on which a Permitted Bid or a Competing Permitted Bid ceases to be a Permitted Bid or a Competing Permitted Bid, as applicable.

The Separation Time can also be such later date as may from time to time be determined by the Board.

Rights Exercise Privilege: The Rights will separate from the Common Shares to which they are attached and will become exercisable at the Separation Time.

A **Flip-in Event** occurs when any person becomes an Acquiring Person. On the 10th trading day after a Flip-in Event occurs, all Rights (except those that are held by the Acquiring Person) will permit the holder to purchase a number of Class A Shares of the Company that have a market value equal to twice the Exercise Price of the Rights for an amount in cash equal to the Exercise Price.

For example, if Rights are exercised on a date on which the Exercise Price is equal to Cdn. \$10, then each Right would permit the holder to purchase the number of Class A Shares with a total market value of Cdn. \$20 by paying the Exercise Price of Cdn. \$10; i.e., at a 50% discount.

Dilution: The issue of the Rights is not initially dilutive. However, if a Flip-in Event occurs and the Rights separate from the Common Shares, reported earnings per Common Share on a fully diluted or non-diluted basis may be affected. In addition, holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Certificates and Transferability: Until the Separation Time, the Rights will be evidenced by the certificates representing Common Shares and will be transferable only together with the associated Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Common Shares.

Permitted Bid Requirements: In order for a take-over bid to be a permitted bid (a **Permitted Bid**) it must meet the following requirements:

- (i) the take-over bid must be made by way of a take-over bid circular;
- (ii) the take-over bid must be made to all holders of Common Shares other than the

bidder (the 2009 Rights Plan allows a partial bid to be a Permitted Bid);

(iii) the take-over bid must not expire, and Common Shares tendered pursuant to the take-over bid must not be taken up, until the take-over bid has been open for tenders for at least 60 days. In addition, no Common Shares can be taken up and paid for under the take-over bid unless, at that time they are taken up, more than 50% of the Common Shares held by Independent Shareholders have been tendered pursuant to the take-over bid and not withdrawn (**Independent Shareholders** are shareholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder). The take-over bid must also provide that any Common Shares deposited pursuant to the bid may be withdrawn until taken up and paid for;

(iv) if, on the date that Common Shares may be taken up and paid for, more than 50% of the Common Shares held by Independent Shareholders are tendered to the take-over bid and not withdrawn, the bidder must make a public announcement of that fact and the

take-over bid must remain open for deposits of Common Shares for not less than 10 business days from the date of such public announcement; and

(v) the take-over bid must not be made if, at the commencement of the take-over bid the bidder, or any of its affiliates, associates, advisors or any directors, officers, employees, agents or representatives (collectively the **Representatives**) of any of them or any person acting jointly or in concert with the bidder or any of its affiliates, associates, advisors or such Representatives in connection with the take-over bid, possessed confidential information, unless the bidder and those affiliates, associates, advisors or Representatives and any person acting jointly or in concert with any of them shall have entered into a confidentiality agreement with the Company within three months prior to the commencement of the take-over bid.

The 2009 Rights Plan allows a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid as long as the Competing Permitted Bid is outstanding for a minimum period of 21 days.

Permitted Lock-Up Agreement: A **Permitted Lock-Up Agreement** is an agreement by a Shareholder to deposit or tender Common Shares to a take-over bid and that meets certain requirements. These requirements are essentially that:

- (i) the terms of the agreement must be publicly disclosed and a copy of the agreement must be publicly available;
- (ii) the Shareholder who agrees to tender Common Shares to a take-over bid made by the other party to the agreement (the **lock-up bid**) must be allowed to terminate its obligations under the agreement in order to tender the Common Shares to another take-over bid or support another transaction where the bid price under the other bid or transaction is equal to or greater than a specified minimum which is not more than 7% higher than the bid price under the lock-up bid; and
- (iii) if the Shareholder fails to tender its Common Shares to the lock-up bid the Shareholder cannot be required to pay break-up fees or other penalties that exceed in the aggregate the greater of 2.5% of the price or value payable under the lock-up bid and 50% of the increase in the consideration resulting from another take-over bid or transaction.

Waiver and Redemption: If a potential bidder does not wish to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a bid by take-over bid circular to all Shareholders on terms which the Board considers fair to all Shareholders. In those circumstances, the Board may, prior to a Flip-in Event, waive the dilutive effects of the 2009 Rights Plan in respect of that transaction and allow the bid to proceed without dilution. Under the terms of the 2009 Rights Plan, that waiver would be deemed also to be a waiver in respect of all other contemporaneous bids made by way of a take-over bid circular. The Board may also waive the 2009 Rights Plan in respect of a particular Flip-in Event that has occurred unintentionally if the Acquiring Person that inadvertently triggered that Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Voting Shares of the Company. Other waivers of the 2009 Rights Plan require approval of the holders of Common Shares or Rights. At any time prior to the occurrence of a Flip-in Event, the Board may with the prior consent of the holders of Common Shares or Rights redeem all, but not less than all, of the outstanding Rights, as the case may be, at a price of Cdn. \$0.00001 each.

Exemptions for Investment Advisors: Investment advisors (for client accounts) and trust companies (acting in their capacity as trustees and administrators) acquiring more than 20% of the Common Shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Supplements and Amendments: The Company is authorized to make amendments to the 2009 Rights Plan to correct any clerical or typographical error or, subject to subsequent reconfirmation by Shareholders or Rights Holders, to maintain the validity of the 2009 Rights Plan as a result of changes in law or regulation. Other amendments or supplements to the 2009 Rights Plan may be made with the prior approval of Shareholders or Rights Holders.

The TSX has taken the position that, regardless of a requirement in any shareholders rights plan that amendments to the plan be approved by a majority of Independent Shareholders, the TSX will require that in addition to such approval by Independent Shareholders, the amendment must also be approved by a majority of all votes cast by all Shareholders (including Shareholders that are not Independent Shareholders).

Form of 2009 Rights Plan

AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

Dated as of <*>, 2009 BETWEEN GOLD RESERVE INC.

- and -

COMPUTERSHARE INVESTOR SERVICES INC. as Rights Agent

(amending and restating the Shareholder Rights Plan Agreement dated as of October 5, 1998, as amended as of March 20, 2000 and June 2, 2000, and amended and restated as of March 14, 2003, and as further amended and restated as of January 29, 2006)

FASKEN MARTINEAU DUMOULIN LLP

Toronto-Dominion Bank Tower

Box 20, Suite 4200

Toronto Dominion Centre

Toronto, Canada M5K 1N6

AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT, dated as of <*>, 2009 between Gold Reserve Inc. (the **Corporation**), a corporation incorporated under the laws of the Yukon Territory, and Computershare Investor Services Inc., a company incorporated under the laws of Canada (the **Rights Agent**), amending and restating the Shareholder Rights Plan Agreement dated as of October 5, 1998, amended as of March 20, 2000 and June 2, 2000, and amended and restated as of March 14, 2003, and amended and restated as of January 29, 2006.

WHEREAS the Corporation and the Rights Agent entered into a shareholder rights plan agreement dated as of October 5, 1998 (the **Original Plan**); and

WHEREAS the Original Plan was amended by the Corporation and the Rights Agent by amendments dated as of March 20, 2000 and June 2, 2000 (as so amended, the **2000 Rights Plan**); and

WHEREAS the 2000 Rights Plan was amended and restated by the Corporation and the Rights Agent by agreement as of March 14, 2003 (the **2003 Rights Plan**); and

WHEREAS the 2003 Rights Plan was further amended and restated by the Corporation and the Rights Agent by agreement dated as of January 29, 2006 (the **2006 Rights Plan**) and the 2006 Rights Plan is effective until June 30, 2009; and

WHEREAS the Board of Directors of the Corporation, in the exercise of its fiduciary duties to the Corporation, has determined that it is advisable for the Corporation to continue the 2006 Rights Plan by adopting an amended and restated shareholder rights plan agreement (the **Rights Plan**) to prevent, to the extent possible, a creeping takeover of the Corporation and ensure that any offer to acquire shares of the Corporation is made to all shareholders for all of their shares and cannot be completed unless shareholders holding at least 50 per cent (50%) of the outstanding shares (other than the offeror and related parties) are tendered in favour of the offer, to ensure, to the extent possible, the fair treatment of all shareholders in connection with any take-over bid for the securities of the Corporation, and to ensure that the Board of Directors is provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to enhance shareholder value; and

WHEREAS in order to implement the adoption of the Rights Plan established by this Agreement, the board of directors of the Corporation has:

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(a) authorized the issuance, effective immediately following the Effective Time (as hereinafter defined), of one Right (as hereinafter defined) in respect of each Common Share (as hereinafter defined) outstanding immediately following the Effective Time (the **Record Time**); and

(b) authorized the issuance of one Right in respect of each Common Share of the Corporation issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and

WHEREAS each Right, when issued, will entitle the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein; and

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 2

WHEREAS the Corporation desires to appoint the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, and subject to such covenants and agreements, the parties hereby agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

(a) **Acquiring Person** shall mean any Person who is the Beneficial Owner of 20 per cent (20%) or more of the outstanding Voting Shares; provided, however, that the term **Acquiring Person** shall not include:

(i) the Corporation or any Subsidiary of the Corporation;

(ii) any Person who becomes the Beneficial Owner of 20 per cent (20%) or more of the outstanding Voting Shares as a result of one or any combination of:

(A) a Voting Share Reduction,

(B) Permitted Bid Acquisitions,

(C) an Exempt Acquisition or

(D) a Pro Rata Acquisition;

provided, however, that if a Person becomes the Beneficial Owner of 20 per cent (20%) or more of the outstanding Voting Shares by reason of one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition and thereafter, while such Person is the Beneficial Owner of 20% or more of the Voting Shares then outstanding, such Person's Beneficial Ownership of Voting Shares increases by more than 1 per cent (1%) of the number of Voting Shares then outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition), then as of the date such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an **Acquiring Person**;

(iii)

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for a period of ten days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20 per cent (20%) or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Clause 1.1(g)(B) because such Person makes or announces a current intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 3

purposes of this definition, **Disqualification Date** means the first date of public announcement that any Person is making or intends to make a Take-over Bid;

- (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20 per cent (20%) or more of the Voting Shares in connection with a distribution to the public of securities of the Corporation; or
- (v) a Grandfathered Person, provided, however, that if after 12:01 a.m. (Toronto time) on the Agreement Date such Person becomes the Beneficial Owner of an additional 1 per cent (1%) or more of the Voting Shares then outstanding (other than pursuant to any one or a combination of a Permitted Bid Acquisition, an Exempt Acquisition, a Voting Share Reduction, or a Pro Rata Acquisition), then as of the date and time that such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an Acquiring Person;
- (b) **Affiliate** : when used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (c) **Agreement** shall mean this shareholder rights plan agreement dated as of <*>, 2009 between the Corporation and the Rights Agent, as amended or supplemented from time to time; hereof , herein , hereto and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;
- (d) **Agreement Date** means <*>, 2009;
- (e) **Annual Cash Dividend** shall mean cash dividends paid in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:
 - (i) 200 per cent (200%) of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300 per cent (300%) of the arithmetic mean of the aggregate amounts of the annual cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
 - (iii) 100 per cent (100%) of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;
- (f) **Associate** means, when used to indicate a relationship with a specified Person, a spouse of that Person, any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, a child of that Person or a relative of that Person if that relative has the same residence as that Person;
- (g) A Person shall be deemed the **Beneficial Owner** of, and to have **Beneficial Ownership** of, and to **Beneficially Own** ,
 - (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 4

- (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to acquire (whether such right is exercisable immediately or within a period of 60 days thereafter and whether or not on condition or the happening of any contingency) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (x) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities by the Corporation, and (y) pledges of securities in the ordinary course of business), or upon the exercise of any conversion right, exchange right, share purchase right (other than the Rights), or other exchangeable or convertible security, warrant or option;
- (iii) any securities owned through a trustee, legal representative, agent or other intermediary;
- (iv) any securities which are Beneficially Owned within the meaning of Clauses 1.1(g)(i), (ii) or (iii) by any other Person with which such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the Beneficial Owner of, or to have Beneficial Ownership of, or to Beneficially Own, any security:

- (A) where such security has been deposited or tendered pursuant to any Take-over Bid or where the holder of such security has agreed pursuant to a Permitted Lock-Up Agreement to deposit or tender such security pursuant to a Take-over Bid, in each case made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person, until such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (B) where such Person, any of such Person's Affiliates or Associates or any other Person referred to in Clause 1.1(g)(iv), holds such security provided that (1) the ordinary business of any such Person (the **Investment Manager**) includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person or Persons (a **Client**); or (2) such Person (the **Trust Company**) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an **Estate Account**) or in relation to other accounts (each an **Other Account**) and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such Other Accounts, (3) such Person is a pension plan or fund (a **Plan**) or is a Person established by statute for purposes that include, and the ordinary business or activity of such Person (the **Statutory Body**) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies; or (4) such Person (the **Administrator**) is the administrator or trustee of one or more Plans; provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Administrator or the Plan, as the case may be, is not then making or has not then announced an intention to make a

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 5

Take-over Bid, (other than an Offer to Acquire Voting Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over-the-counter market) alone or by acting jointly or in concert with any other Person;

- (C) where such Person or any of such Person's Affiliates or Associates is (1) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (2) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds or exercises voting or dispositive power over such security, or (3) a Plan with the same Administrators as another Plan on whose account the Administrator holds such security;
- (D) where such Person is (1) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (2) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (3) a Plan and such security is owned at law or in equity by the Administrator of the Plan; or
- (E) where such person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

- (h) **Board Of Directors** shall mean the board of directors of the Corporation or any duly constituted and empowered committee thereof;
- (i) **Business Day** shall mean any day other than a Saturday, Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law to close;
- (j) **Canadian Dollar Equivalent** of any amount which is expressed in United States Dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate in effect on such date;
- (k) **Canadian - U.S. Exchange Rate** means, on any date, the inverse of the U.S. - Canadian Exchange Rate in effect on such date;
- (l) **Class A Shares** means the class A common shares in the capital of the Corporation;
- (m) **Class B Shares** means the class B common shares in the capital of the Corporation;
- (n) **Close of Business** on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the transfer office of the transfer agent (or co-transfer agent) for the Common Shares in the City of Toronto (or, after the Separation Time, the office of the Rights Agent in the City of Toronto) is closed to the public;
- (o) **Common Shares** shall mean the Class A Shares and the Class B Shares in the capital of the Corporation and, for the purposes of this Agreement, except as specifically otherwise provided herein, the Class A Shares and the Class B Shares shall be treated as a single class of common shares;

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 6

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- (p) **Competing Permitted Bid** means a Take-over Bid that:
 - (i) is made after a Permitted Bid has been made and prior to the expiry of that Permitted Bid;
 - (ii) satisfies all of the provisions of a Permitted Bid other than the condition set forth in Clause (ii) of the definition of a Permitted Bid; and
 - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the later of (A) 35 days after the date of the Take-over Bid constituting the Competing Permitted Bid; and (B) 60 days following the date on which the earliest Permitted Bid which preceded the Competing Permitting Bid was made; and then only if at the date that the Voting Shares are to be taken up more than 50 per cent (50%) of the then outstanding Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Competing Permitted Bid and not withdrawn;
 - (q) **Confidentiality Agreement** means a confidentiality agreement that contains a standstill provision that restricts, for a period of at least 18 months (or such shorter period as may be approved by the Corporation) from the effective date of such confidentiality agreement, the Offeror, its Affiliates, associates, advisors, Representatives and any Person acting jointly or in concert with any of them from: (i) acquiring or agreeing to acquire or making any proposal to acquire, in any manner, any bank or other senior debt, shares or other securities, assets or property of the Corporation or its Affiliates; (ii) assisting, advising or encouraging any other Person to acquire or agree to acquire, in any manner, any bank or other senior debt, shares or other securities, assets or property of the Company or its Affiliates; (iii) soliciting proxies of the Company's shareholders, or forming, joining or in any way participating in a proxy group; or (iv) making any public announcement with respect to the foregoing, except as may be required by applicable law or regulatory authorities;
 - (r) **Confidential Information** means any and all information in any form, not publicly disclosed by the Corporation, relating to the Corporation or any of its Affiliates or their respective businesses, operations, assets or interests including, without limitation, financial statements, financial data, business plans, financial projections or forecasts, and any and all geological, geophysical, geochemical,

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metallurgical, sample and valuation data and other technical information, data, plans, reports, records, studies, drawings, maps, charts, models, logs, calculations, compilations, analysis, evaluations and interpretations, and whether or not specifically identified by the Corporation as confidential, and shall include any such information disclosed to the Offeror, or any of its Affiliates, associates, advisors or any of their Representatives or to any Person acting jointly or in concert with any of them, or to which access was permitted or granted to any of them, by any Person that is at the time of such disclosure or access required by contract with, or fiduciary or any other duties to, the Corporation or any of its Affiliates to keep such information confidential;

- (s) **Controlled** : a Person shall be deemed to be controlled by another Person if:
- (i) in the case of a Person that is a corporation or body corporate, (A) securities entitled to vote in the election of directors carrying more than 50 per cent (50%) of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 7

Person; and (B) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation; and

- (ii) in the case of a Person that is not a corporation or a body corporate, more than 50 per cent (50%) of the voting or equity interests of such Person are held, directly or indirectly, by or for the benefit of the other Person or Persons;

and controls, controlling and under common control with shall be interpreted accordingly;

- (t) **Co-Rights Agents** shall have the meaning ascribed thereto in Subsection 4.1(a);
- (u) **Dividend Reinvestment Acquisition** shall mean an acquisition of Voting Shares of any class pursuant to a Dividend Reinvestment Plan;
- (v) **Dividend Reinvestment Plan** means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:
- (i) dividends paid in respect of shares of any class of the Corporation;
- (ii) proceeds of redemption of shares of the Corporation;
- (iii) interest paid on evidences of indebtedness of the Corporation; or
- (iv) optional cash payments;
- be applied to the purchase from the Corporation of Common Shares;
- (w) **Effective Time** means <*>, 2009;
- (x) **Election To Exercise** shall have the meaning ascribed thereto in Clause 2.2(d)(ii);
- (y) **Exempt Acquisition** means a share acquisition in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Subsection 5.1(b), (c) or (d);
- (z) **Exercise Price** shall mean, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right in accordance with the terms hereof and, subject to adjustment thereof in accordance with the terms hereof, the Exercise Price shall be:

- (i)

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until the Separation Time, an amount equal to two times the Market Price, from time to time, per Common Share; and

(ii) from and after the Separation Time, an amount equal to two times the Market Price, as at the Separation Time, per Common Share.;

(aa) **Expansion Factor** shall have the meaning ascribed thereto in Clause 2.3(a)(x);

(bb) **Expiration Time** shall mean 5:00 p.m. Toronto time on June 30, 2012 unless such time is extended for an additional three-year period pursuant to Section 5.15;

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 8

(cc) **Flip-In Event** shall mean a transaction in or pursuant to which any Person becomes an Acquiring Person;

(dd) **Grandfathered Person** shall mean any Person who is the Beneficial Owner of 20 per cent (20%) or more of the outstanding Voting Shares of the Corporation determined as of 12:01 am (Toronto time) on the Agreement Date, provided, however, that a Person shall cease to be a Grandfathered Person if such Person ceases to Beneficially Own 20% or more of the outstanding Voting Shares at any time after 12:01 am (Toronto time) on the Agreement Date;

(ee) **Holder** shall have the meaning ascribed thereto in Section 2.8;

(ff) **Independent Shareholders** shall mean holders of Voting Shares, other than:

(i) any Acquiring Person;

(ii) any Offeror, other than a Person referred to in Clause 1.1(g)(B);

(iii) any Affiliate or Associate of any Acquiring Person or Offeror;

(iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and

(v) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;

(gg) **Market Price** per share of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:

(i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal Canadian stock exchange on which such securities are listed or admitted to trading;

(ii) if for any reason none of such prices is available on such day or the securities are not listed or posted for trading on a Canadian stock exchange, the last sale price or, in case

no such sale takes place on such date, the average of the closing bid and asked prices for

Approved by the Board of Directors on April 21, 2009 Expiry date: June 30, 2012

Page 9

each of such securities as reported by the principal national United States securities exchange or market on which such securities are listed or admitted to trading;

- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or market, the last sale price or, in case no sale takes place on such date, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as quoted by any reporting system then in use; or
- (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or market or quoted by any such reporting system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities;

provided, however, that if for any reason none of such prices is available on such day, the closing price per share of such securities on such date means the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof.

(hh) **Nominee** shall have the meaning ascribed thereto in Subsection 2.2(c);

(ii) **Offer To Acquire** shall include:

- (i) an offer to purchase or a solicitation of an offer to sell; and
- (ii) an acceptance of an offer to sell, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;

(jj) **Offeror** shall mean a Person who has announced an intention to make or who is making a Take-over Bid;

(kk) **Permitted Bid** means a Take-over Bid made by an Offeror by way of take-over bid circular which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of Voting Shares as registered on the books of the Corporation, other than the Offeror;
- (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than 60 days following the date of the Take-over Bid and then only if at such date more than 50 per cent (50%) of the Voting Shares held by

Approved by the Board of Directors on April 21, 2009
Expiry date: June 30, 2012

Page 10

Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

(iii) the Take-over Bid contains an irrevocable and unqualified provision that unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time between the date of the Take-over Bid and the date on which Voting Shares may be taken up and paid for and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for;

(iv) the Take-over Bid contains an irrevocable and unqualified provision that if, on the date on which Voting Shares may be taken up and paid for, more than 50 per cent (50%) of the Voting Shares held by Independent Shareholders shall have been deposited pursuant to the Take-over Bid and not withdrawn, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than ten Business Days from the date of such public announcement; and

(v) the Take-over Bid shall not have been made if, at the commencement of the Take-over Bid the Offeror, or any of its Affiliates, associates, advisors or any directors, officers, employees, agents or representatives (collectively the **Representatives**) of any of them or any Person acting jointly or in concert with the Offeror or any of its Affiliates, associates, advisors or such Representatives in connection with the Take-over Bid, possessed Confidential Information, unless the Offeror and any such Affiliates, associates, advisors or Representatives and any such Person acting jointly or in concert with any of them shall have entered into a Confidentiality Agreement with the Corporation within three months prior to the commencement of the Take-over Bid;

(ll) **Permitted Bid Acquisition** shall mean an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;

(mm) **Permitted Lock-Up Agreement** shall mean an agreement between a Person and one or more holders of Voting Shares pursuant to which such holders (each a **Locked-Up Person**) agree to deposit or tender Voting Shares to a Take-over Bid (the **Lock-Up Bid**) made or to be made by such Person or any of such Person's Affiliates or Associates or any other Person with which such Person is acting jointly or in concert, provided that:

(i) the terms of such agreement are reduced to writing and publicly disclosed and a copy of such agreement is made available to the public (including the Corporation) not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such agreement is entered into, not later than the date of such agreement;

(ii) the agreement permits a Locked-Up Person to terminate its obligation to deposit or tender Voting Shares to or not to withdraw such Voting Shares from the Lock-Up Bid, and to terminate any obligation with respect to the voting of such Voting Shares, in order to tender or deposit the Voting Shares to another Take-over Bid or to support another transaction where the price or value of the consideration per Voting Share offered under such other Take-over Bid or transaction is:

Approved by the Board of Directors on April 21, 2009

Page 11

Expiry date: June 30, 2012

(A) greater than the price or value of the consideration per Voting Share at which the

Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid; or

(B) equal to or greater than a minimum price or value specified in the agreement, which specified minimum is not more than 7 per cent

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(7%) higher than the price or value of the consideration per Voting Share at which the Locked-Up Person has agreed to deposit or tender Voting Shares to the Lock-Up Bid; and

(iii) no break-up fees, top-up fees, penalties, expenses or other amounts that exceed in aggregate the greater of:

(A) 2.5 per cent (2.5%) of the price or value of the consideration payable under the Lock-Up Bid to a Locked-Up Person; and

(B) 50 per cent (50%) of the amount by which the price or value of the consideration received by a Locked-Up Person under another Take-over Bid or transaction exceeds the price or value of the consideration that the Locked-Up Person would have received under the Lock-Up Bid,

shall be payable by such Locked-Up Person if the Locked-Up Person fails to deposit or tender Voting Shares to the Lock-Up Bid, withdraws Voting Shares previously tendered thereto or supports another transaction;

(nn) **Person** shall include an individual, body corporate, firm, partnership, limited partnership, limited liability company, syndicate or other form of unincorporated association, trust, trustee, executor, administrator, legal personal representative, group, unincorporated organization, a government and its agencies or instrumentalities, any entity or group whether or not having legal personality;

(oo) **Privacy Laws** shall have the meaning ascribed thereto in Section 4.6;

(pp) **Pro Rata Acquisition** shall mean an acquisition by a Person of Voting Shares pursuant to:

(i) a Dividend Reinvestment Acquisition;

(ii) a stock dividend, stock split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of securities of the particular class, classes or series;

(iii) the acquisition or the exercise by the Person of rights to purchase Voting Shares issued by the Corporation to all holders of securities of the Corporation of one or more particular classes or series pursuant to a rights offering or pursuant to a prospectus, provided that such rights are acquired directly from the Corporation and not from any other Person; or

(iv) a distribution of Voting Shares, or securities convertible into or exchangeable for Voting Shares (and the conversion or exchange of such convertible or exchangeable securities),

Approved by the Board of Directors on April 21, 2009

Page 12

Expiry date: June 30, 2012

made pursuant to a prospectus or by way of a private placement by the Corporation provided that the Person does not thereby acquire beneficial ownership of a greater percentage of such Voting Shares or securities convertible into or exchangeable for Voting Shares so offered than the Person's percentage of Voting Shares beneficially owned immediately prior to such acquisition;

(qq) **Record Time** has the meaning set forth in the recitals hereto;

(rr) **Right** means a right to purchase a Class A Share of the Corporation, upon the terms and subject to the conditions set forth in this Agreement;

(ss) **Rights Certificate** means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1;

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- (tt) **Rights Register** shall have the meaning ascribed thereto in Subsection 2.6(a);
- (uu) **Securities Act (Ontario)** shall mean the Securities Act, R.S.O. 1990, c.S.5, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;
- (vv) **Separation Time** shall mean, subject to Subsection 5.1(d), the later of
- (i) the close of business on the tenth Trading Day after the earlier of:
- (A) the Stock Acquisition Date;
- (B) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
- (C) the date on which a permitted Bid or Competing Permitted Bid ceases to be a Permitted Bid or a Competing Permitted Bid, as applicable,
- or such later time as may be determined by the Board of Directors, provided that, if any Take-over Bid referred to in clause (B) above expires, is not made, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been commenced, made or announced; and
- (ii) the Record Time;
- (ww) **Stock Acquisition Date** shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a news release issued or a report filed pursuant to Section 102.1 of the Securities Act (Ontario) or Section 13(d) of the 1934 Exchange Act) by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person;
- (xx) **Subsidiary** : a corporation shall be deemed to be a Subsidiary of another Person (other than a natural person) if:

Approved by the Board of Directors on April 21, 2009

Page 13

Expiry date: June 30, 2012

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- (i) it is controlled by:
- (ii) that other Person; or
- (iii) that other Person and one or more other Persons (other than natural persons) each of which is controlled by that other Person; or
- (iv) two or more other Persons (other than natural persons) each of which is controlled by that other Person; or
- (v) it is a Subsidiary of a Person (other than a natural Person) that is that other Person's Subsidiary;
- (yy) **Take-Over Bid** shall mean an Offer to Acquire Voting Shares or other securities of the Corporation, if (x) the Voting Shares or other securities subject to the Offer to Acquire, together with (y) the aggregate of the Voting Shares and such other securities Beneficially Owned on the date of the Offer to Acquire by the Person making such Offer to Acquire, would constitute in the aggregate 20 per cent (20%) or more of the outstanding Voting Shares at the date of the Offer to Acquire;

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(zz) **Trading Day** , when used with respect to any securities, shall mean a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;

(aaa) **U.S.-Canadian Exchange Rate** means, on any date:

- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith;

(bbb)