

GOLD RESERVE INC
Form SC TO-I/A
October 30, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE TO/A
(Rule 13e-4)**

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Amendment No. 2)

GOLD RESERVE INC.
(Name of Subject Company (Issuer))

GOLD RESERVE INC.
(Name of Filing Persons (Offeror))

5.50% Senior Subordinated Convertible Notes due 2022
(Title of Class of Securities)

38068N AB4
(CUSIP Number of Class of Securities)

**Rockne J. Timm
Chief Executive Officer
Gold Reserve Inc.
926 West Sprague Ave., Suite 200
Spokane, Washington 99201
(509) 623-1500**

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Persons)

Copy to:

**Albert G. McGrath, Jr.
Baker & McKenzie LLP
2300 Trammell Crow Center
2001 Ross Avenue**

Dallas, TX 75201

Tel. (214) 978-3000

Fax. (214) 978-3099

CALCULATION OF FILING FEE

Transaction Valuation*
\$1,080,000

Amount of Filing Fee**
\$123.77

* Calculated solely for purposes of determining the filing fee. The amount represents the principal amount of the 5.50% Senior Subordinated Convertible Notes due 2022 to which this offer relates.

** The amount of the filing fee was calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, and equals \$114.60 for each \$1,000,000 of the value of the transaction.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	Not applicable.	Filing Party:	Not applicable.
Form or Registration No.:	Not applicable.	Date Filed:	Not applicable.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which this statement relates:

<input type="checkbox"/> third-party tender offer subject to Rule 14d-1	<input type="checkbox"/> going-private transaction subject to Rule 13e-3
<input checked="" type="checkbox"/> issuer tender offer subject to Rule 13e-4	<input type="checkbox"/> amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer.

INTRODUCTORY STATEMENT

This Amendment No. 2 (the “Amendment No. 2”) amends and supplements the Tender Offer Statement on Schedule TO originally filed with the Securities and Exchange Commission on September 18, 2012 by Gold Reserve Inc., a company incorporated under the laws of Yukon, Canada (“GR” or the “Company”) (as amended, the “**Schedule TO**”), as amended October 18, 2012. The Schedule TO relates to the offer to holders of the Company’s 5.50% Senior Subordinated Convertible Notes due 2022 issued by the Company on May 18, 2007 (the “Notes”) to tender their Notes, on the terms and subject to the conditions described in the Offer dated September 18, 2012, as amended, and in the related Letter of Transmittal, each of which has previously been filed as an exhibit to the Schedule TO. The Offer dated September 18, 2012, as amended, has been further amended as of October 29, 2012 to include additional disclosures and certain updated information, and, as so amended, has been filed as exhibit (a)(1)(E) to the Schedule TO. The Offer, as so amended (and as it may be further amended and supplemented from time to time, the “Offer”), together with the related Letter of Transmittal, constitutes the “Offer” referenced herein. This Amendment No. 2 is intended to satisfy the reporting requirements of Rule 13e-4(c)(2) under the Exchange Act. All other terms and conditions of the Offer shall remain unchanged and in full force and effect. All capitalized terms used in this Schedule TO and not otherwise defined have the respective meanings ascribed to them in the Offer, as amended or supplemented.

Item 1. Summary Term Sheet.

The information set forth under caption entitled “Summary” in the Offer is incorporated herein by reference.

Item 2. Subject Company Information.

(a) The name of the issuer is Gold Reserve Inc., and the address of its principal executive office is 926 West Sprague Avenue, Suite 200, Spokane, Washington 99201, USA. The telephone number of its principal executive office is 509-623-1500.

(b) The subject securities are the Notes, the Modified Notes (described in the Offer), the shares of the Company’s common stock (“Common Stock” or “Common Shares”) and contingent value rights (described in the Offer). As of the date hereof, there are \$85,447,000 aggregate principal amount of the Notes outstanding, \$84,367,000 of which are held by the Large Noteholders and subject to the Restructuring Agreement and \$1,080,000 of which are the subject of the Offer.

(c) The Notes are not listed on any national or regional securities exchange or quoted on any automated quotation system. Market quotations for the Notes are available. To the Company’s knowledge, the Notes are traded infrequently in transactions arranged through brokers. The Common Stock into which the Notes are convertible trades on the New York Stock Exchange Market under the symbol “GRZ”. The information set forth under “Market for the Notes and Common Stock” in the Offer is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) The principal executive office of the filing person, Gold Reserve Inc., is located at 926 West Sprague Avenue, Suite 200, Spokane, Washington 99201, USA. The telephone number of its principal executive office is 509-623-1500.

The persons listed on Annex A are directors and executive officers of the Company. No single person or group of persons controls the Company

The business address of each director and executive officer of the Company listed above is: c/o Gold Reserve Inc., 926 West Sprague Avenue, Suite 200, Spokane, Washington 99201, USA, and such person's telephone number c/o the Company is 509-623-1500.

Item 4. Terms of the Transaction.

(a) Material Terms

(1) Offer

(i)-(ii) The information set forth in the Offer under the captions entitled "Summary", "Information Concerning Gold Reserve" and "The Offer" is incorporated herein by reference.

(iii) The information set forth in the Offer under the captions entitled "Summary" and "Procedures to be Followed by Holders Electing to Participate in the Offer" is incorporated herein by reference.

(iv) Not applicable.

(v) The information set forth in the Offer under the captions entitled “Summary” is incorporated herein by reference.

(vi) The information set forth in the Offer under the captions entitled “Summary” and “Procedures to be Followed by Holders Electing to Participate in the Offer” is incorporated herein by reference.

(vii) The information set forth in the Offer under the captions entitled “Summary” and “Procedures to be Followed by Holders Electing to Participate in the Offer” is incorporated herein by reference.

(viii) The information set forth in the Offer under the captions entitled “Summary” and “Procedures to be Followed by Holders Electing to Participate in the Offer” is incorporated herein by reference.

(ix) Not applicable.

(x) The information set forth in the Offer under the caption entitled “Information Concerning Gold Reserve” is incorporated herein by reference.

(xi) The information set forth in the Offer under the caption entitled “Comparison of Rights Among the Common Stock, the Notes and the Modified Notes” is incorporated herein by reference.

(xii) The information set forth in the Offer under the captions entitled “Certain Material U.S. Federal Income Tax Considerations” and “Certain Material Canadian Federal Income Tax Considerations” is incorporated herein by reference.

Instruction to Item 1004(a)

The information set forth in the Offer under the caption entitled “Comparison of Rights between the Common Stock and the Notes and the Modified Notes” is incorporated herein by reference.

(i)-(vii) Not applicable.

(b) The information set forth in the Offer under the caption entitled “Summary” is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(e) Agreements Involving the Company’s Securities.

The Company has entered into the Restructuring Agreement in connection with the Notes described under the caption entitled “The Offer.”

Item 6. Purposes of the Transaction and Plans or Proposals.

- (a) The information set forth in the Offer under the captions entitled “Summary” and “The Offer” is incorporated herein by reference.
- (b) The information set forth in the Offer under the caption entitled “Use of Proceeds” is incorporated herein by reference.
- (c) The information set forth in the Offer under the captions entitled “Summary - Do I need to do anything if I do not wish to surrender my Notes pursuant to the Offer?”, “Summary- If I do not surrender my Notes to participate in the Offer, will I continue to be able to exercise my conversion rights?” “Information Concerning the Notes – Redemption” and under the caption “The Offer” is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

- (a) The information set forth in the Offer under the captions entitled “Summary”, “Information Concerning the Outstanding Notes” and “The Offer” is incorporated herein by reference.
- (b) The information set forth in the Offer under the captions “Summary” and “The Offer” is incorporated herein by reference.
- (d) Not applicable.

Item 8. Interest in Securities of the Subject Company.

- (a) The information set forth in the Offer under the caption “The Offer” is incorporated herein by reference.
- (b) The information set forth in the Offer under the caption “Purchase of Notes by GR” is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

- (a) For information regarding the Agent, see the information set forth in Offer, which is incorporated herein by reference. No persons have been directly or indirectly employed, retained or otherwise compensated to make solicitations or recommendations in connection with the Offer, other than certain employees of the Company, none of whom will receive any special or additional compensation in connection with the Offer beyond their normal compensation.

Item 10. Financial Statements.

- (a) The information set forth in the Offer under the captions “Capitalization”, “Market for the Notes and the Common Stock” “Pro Forma Financial Information” and “Ratios of Earnings” are incorporated herein by reference. The information set forth under Item 8, Financial Statements and Supplementary Data, in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 is incorporated herein by reference and can also be accessed electronically on the Securities and Exchange Commission’s website at <http://www.sec.gov> and on SEDAR at www.sedar.com.
- (b) Not applicable.

Item 11. Additional Information.

- (a) Not applicable.
- (b) The information set forth in the Offer and the accompanying Letter of Transmittal is incorporated herein by reference.

Item 12. Exhibits.

Exhibit No.	Description
(a)(1)(A)	Notice of Offer to Holders of its 5.50% Senior Subordinated Convertible Notes due 2022, dated September 18, 2012, as amended October 29, 2012*
(a)(1)(B)	Letter of Transmittal*

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- (a)(1)(C) Form of Notice of Withdrawal*
- (a)(5)(A) Press Release issued by GR on September 18, 2012
- (a)(5)(B) Press Release issued by GR on October 16, 2012
- (a)(5)(C) Press Release issued by GR on October 29, 2012*
- (b) Not applicable
- (d)(1) Indenture, dated May 18, 2007, by and among GR, and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, incorporated by reference to Exhibit 7.1 to GR's Registration Statement on Form F-10 (File 333-142944) filed with the U.S. SEC on May 14, 2007
- (d)(2) Agreement and Plan of Merger, dated as of October 5, 1998, by and among Gold Reserve Corporation (predecessor issuer), Gold Reserve Inc. (successor issuer) and GR-Merger Corp filed as Annex I to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(3) Exchange Agreement by and among Gold Reserve Corporation, the Company, TranSecurities International, Inc. and Holders of Unit Shares, dated November 17, 1998 filed as Exhibit 4.1 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(4) Restated Articles of Incorporation of the Company filed as Exhibit 3.1 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(5) Bylaws of the Company filed as Exhibit 3.2 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(6) Form of Certificate for the Company's Class A common shares filed as Exhibit 4.4 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(7) Form of Certificate for the Unit Share filed as Exhibit 4.5 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(8) Shareholder Rights Plan Agreement, as amended, of the Company (including form of Rights Certificate) filed as Exhibit 99.1, Appendix C of the Company's Form 6-K filed with the SEC on May 14, 2009 and incorporated by reference herein
- (d)(9) Form of Change of Control Agreement entered into by and among Gold Reserve Inc., Gold Reserve Corporation and, individually, each of Rockne J. Timm and A. Douglas Belanger filed as Exhibit

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(e)(1) of the Company's Schedule 14D-9 filed with the SEC on December 30, 2008 and incorporated by reference herein

- (d)(10) Form of Change of Control Agreement entered into by and among Gold Reserve Inc., Gold Reserve Corporation and, individually, each of James P. Geyer, Robert A. McGuinness, Mary E. Smith, and David P. Onzay filed as Exhibit (e)(2) of the Company's Schedule 14D-9 filed with the SEC on December 30, 2008 and incorporated by reference herein†
- (d)(11) Gold Reserve Inc. Equity Incentive Plan filed as Exhibit 3.2 to the Company's Form 20-F (File No. 001-31819) filed with the SEC on April 3, 2006 and incorporated by reference herein†
- (d)(12) Gold Reserve Inc. Venezuelan Equity Incentive Plan filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Registration No. 333-152883) filed with the SEC on April 3, 2006 and incorporated by reference herein†
- (d)(13) Gold Reserve KSOP filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed with the SEC on August 29, 2007 and incorporated by reference herein†
- (d)(14) Gold Reserve Inc. Director and Employee Retention Plan filed as Exhibit (e)(6) of the Company's Schedule 14D-9 filed with the SEC on December 30, 2008 and incorporated by reference herein†
- (d)(15) Notice of Grant of Stock Options and Option Agreement filed as Exhibit 10.1 to the Company's Form 10-Q (File No. 001-31819) filed with the SEC on August 12, 2011 and incorporated by reference herein†
- (d)(16) First Amendment to Shareholder Rights Plan Agreement filed as Appendix B to the Company's Proxy Statement/Information Circular filed with the SEC on June 1, 2012 and incorporated herein by reference
- (d)(17) Subordinated Note Restructuring Agreement dated May 25, 2012 filed as Exhibit 99.1 to the Company's Form 6-K (File No. 001-31819) filed with the SEC on May 30, 2012 and incorporated by reference herein
- (d)(18) Amended and Restated Subordinated Note Restructuring Agreement dated July 3, 2012 filed as Exhibit 99.1 to the Company's Form 6-K (File No. 001-31819) filed with the SEC on July 5, 2012 and incorporated by reference herein
- (d)(19) Second Amended and Restated Subordinated Note Restructuring Agreement dated September 13, 2012 filed as Exhibit 99.1 to the Company's Form 6-K filed with the SEC on September 18, 2012 and incorporated by reference herein
- (g) Not applicable
- (h) Not applicable

* Filed herewith

† Management contract or compensatory plan or arrangement

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GOLD RESERVE INC.

By: /s/ Rockne J. Timm
Name: Rockne J. Timm
Title: Chief Executive Officer

Dated: October 29, 2012

EXHIBIT INDEX

Exhibit No.	Description
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(a)(1)(C)	Form of Notice of Withdrawal*
(a)(5)(A)	Press Release issued by GR on September 18, 2012
(a)(5)(B)	Press Release issued by GR on October 16, 2012
(a)(5)(C)	Press Release issued by GR on October 29, 2012*
(b)	Not applicable
(d)(1)	Indenture, dated May 18, 2007, by and among GR, and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, incorporated by reference to Exhibit 7.1 to GR's Registration Statement on Form F-10 (File 333-142944) filed with the U.S. SEC on May 14, 2007
(d)(2)	Agreement and Plan of Merger, dated as of October 5, 1998, by and among Gold Reserve Corporation (predecessor issuer), Gold Reserve Inc. (successor issuer) and GR-Merger Corp filed as Annex I to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
(d)(3)	Exchange Agreement by and among Gold Reserve Corporation, the Company, TranSecurities International, Inc. and Holders of Unit Shares, dated November 17, 1998 filed as Exhibit 4.1 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
(d)(4)	Restated Articles of Incorporation of the Company filed as Exhibit 3.1 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
(d)(5)	

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Bylaws of the Company filed as Exhibit 3.2 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein

- (d)(6) Form of Certificate for the Company's Class A common shares filed as Exhibit 4.4 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(7) Form of Certificate for the Unit Share filed as Exhibit 4.5 to the Proxy Statement/Joint Prospectus included as a part of the Company's Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein
- (d)(8) Shareholder Rights Plan Agreement, as amended, of the Company (including form of Rights Certificate) filed as Exhibit 99.1, Appendix C of the Company's Form 6-K filed with the SEC on May 14, 2009 and incorporated by reference herein
- (d)(9) Form of Change of Control Agreement entered into by and among Gold Reserve Inc., Gold Reserve Corporation and, individually, each of Rockne J. Timm and A. Douglas Belanger filed as Exhibit (e)(1) of the Company's Schedule 14D-9 filed with the SEC on December 30, 2008 and incorporated by reference herein
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- (d)(15) Notice of Grant of Stock Options and Option Agreement filed as Exhibit 10.1 to the Company's Form 10-Q (File No. 001-31819) filed with the SEC on August 12, 2011 and incorporated by reference herein†
- (d)(16) First Amendment to Shareholder Rights Plan Agreement filed as Appendix B to the Company's Proxy Statement/Information Circular filed with the SEC on June 1, 2012 and incorporated herein by reference
- (d)(17) Subordinated Note Restructuring Agreement dated May 25, 2012 filed as Exhibit 99.1 to the Company's Form 6-K (File No. 001-31819) filed with the SEC on May 30, 2012 and incorporated by reference herein

- (d)(18) Amended and Restated Subordinated Note Restructuring Agreement dated July 3, 2012 filed as Exhibit 99.1 to the Company's Form 6-K (File No. 001-31819) filed with the SEC on 5, 2012 and incorporated by reference herein
 - (d)(19) Second Amended and Restated Subordinated Note Restructuring Agreement dated September 13, 2012 filed as Exhibit 99.1 to the Company's Form 6-K filed with the SEC on September 18, 2012 and incorporated by reference herein
 - (g) Not applicable
 - (h) Not applicable
-

* Filed herewith

† Management contract or compensatory plan or arrangement

Exhibit (a)(1)(A)

NOTICE OF OFFER

To the Holders of

GOLD RESERVE INC.

5.50% Senior Subordinated Convertible Notes

Due June 15, 2022

CUSIP 38068N AB4

NOTICE IS GIVEN to the holders (the “Holders”) of 5.50% Senior Subordinated Convertible Notes due 2022 (the “Notes”) issued by Gold Reserve Inc. pursuant to the Indenture, dated as of May 18, 2007 (the “Indenture”), by and between Gold Reserve Inc., as Issuer (“GR”), and U.S. Bank National Association, as successor to The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee (the “Trustee” and “Agent”), and Computershare Trust Company of Canada, as successor to BNY Trust Company of Canada as the Co-Trustee named therein, that each \$1,000 principal amount of Notes surrendered by the Holder in accordance with this Notice of Offer (“Offer”) will be restructured as follows:

- \$700 principal amount of Notes shall be surrendered for
 - (i) USD \$200.00 in cash,
 - (ii) 147.06 Common Shares, and
 - (iii) a pro rata portion of the aggregate of up to a 0.07% Contingent Value Right; and
- \$300 principal amount of Notes shall remain outstanding and represent the same continuing indebtedness, subject to the amended terms set forth in a Supplemental Indenture described herein.

The cash, Common Shares, Contingent Value Right and modified Notes (“Modified Notes”) are collectively referred to as the “Offer Consideration”.

The terms are subject to the terms and conditions of the Indenture, the Notes, and this Offer. The cash and Modified Notes will be payable through the facilities of The Depository Trust Company, New York, New York (“DTC”), the Common Shares issued through ComputerShare and the Contingent Value Right will be issued by GR.

GR entered into a Second Amended and Restated Subordinated Note Restructuring Agreement dated September 13, 2012 (the “Restructuring Agreement”) with Holders of approximately 98.7% of the outstanding Notes (the “Large Noteholders”) to restructure the Notes held by such Holders on the same terms as described above. Each Holder other than the Large Noteholders (the “Other Holders”) may elect to restructure their Notes on those same terms by electing to accept this Offer and tender their Notes.

All capitalized terms used but not specifically defined herein have the meanings given to such terms in the Indenture.

To accept the Offer, you must validly deliver the enclosed Letter of Transmittal to the Agent (and not have withdrawn such Letter of Transmittal) no later than 5:00 p.m., New York City time on November 5, 2012 (the “Election Date”). Holders shall have the right to withdraw any Notes surrendered with respect to a Letter of Transmittal prior to 5:00 p.m., New York City time, on November 5, 2012.

The Notes are currently eligible for conversion. Prior to the maturity date and when the Notes are convertible, Holders may surrender Notes to U.S. Bank National Association (the “Conversion Agent”) for shares of GR’s common stock at a rate of 132.626 shares per \$1,000 face amount of the Notes (subject to adjustment in accordance with the terms of the Indenture). Notes as to which a Letter of Transmittal has been given by the Holder may be converted only if the election to repurchase has been withdrawn by the Holder in accordance with the terms of the Indenture; provided that the Notes are otherwise convertible in accordance with Section 16.01 of the Indenture.

HOLDERS THAT SURRENDER THROUGH DTC NEED NOT SUBMIT A PHYSICAL REPURCHASE NOTICE TO THE PAYING AGENT IF SUCH HOLDERS COMPLY WITH THE TRANSMITTAL PROCEDURES OF DTC.

The address for the Agent and the Conversion Agent is as follows:

By Registered and Certified Mail:

U. S. Bank National Association
West Side Flats Operations Center
Attn: William Diaz
60 Livingston Avenue
Mail Station – EP-MN-WS2N
St. Paul, MN 55107-2292
Tel: (651) 466-7150

By Overnight Courier or Regular Mail:

U. S. Bank National Association
West Side Flats Operations Center
Attn: William Diaz
60 Livingston Avenue
Mail Station – EP-MN-WS2N
St. Paul, MN 55107-2292
Tel: (651) 466-7150

By Hand Delivery:

U. S. Bank National Association
West Side Flats Operations Center
Attn: William Diaz
60 Livingston Avenue
Mail Station – EP-MN-WS2N
St. Paul, MN 55107-2292
Tel: (651) 466-7150

Additional copies of this Notice of Offer may be obtained from the Agent at its address set forth above.

Dated: September 18, 2012, as amended October 29, 2012

Gold Reserve Inc.

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Substitute Form W-9 or exemption certificate or equivalent when presenting your securities.

Table of Contents

Page	
SUMMARY.....	1
RISK FACTORS.....	4
IMPORTANT INFORMATION CONCERNING THE OFFER.....	7
1..... Information Concerning Gold Reserve.....	7
1.1..... Use of Proceeds.....	7
1.2..... Ratios of Earnings.....	7
1.3..... Market for the Notes and Common Stock.....	7
1.4..... Capitalization.....	8
1.5..... Pro Forma Financial Information.....	9
1.6..... Summary Selected Financial Data.....	12
2..... Information Concerning the Outstanding Notes.....	18
2.1..... GR’s Obligation to Repurchase the Notes.....	18
2.2..... Conversion Rights of the Notes.....	18
2.3..... Redemption.....	18
2.4..... Fundamental Change.....	18
2.5..... Ranking.....	18
3..... Procedures to be Followed by Holders Electing to Accept the Offer.....	18

3.1..... Method of Delivery.....	19
3.2..... Delivery of Notes.....	19
3.3..... Withdrawal Rights.....	20
4..... The Offer.....	20
5..... Interests of Directors, Executive Officers and Affiliates of GR in the Notes.....	23
6..... Comparison of Rights Among the Notes, the Modified Notes, the Common Stock and the CVRs	24
7..... Purchases of Notes by GR.....	26
8..... Certain Material U.S. Federal Income Tax Considerations for U.S. Holders.....	27
9..... Certain Material Canadian Federal Income Tax Considerations.....	34
10..... Additional Information.....	38
11..... No Solicitations.....	38
12..... Definitions.....	38
13..... Conflicts.....	38
14..... Certain Securities Law Considerations.....	38

We are relying on Section 3(a)(9) of the Securities Act of 1933, as amended (the “Securities Act”), to exempt the Offer to the Other Holders (as defined herein) from the registration requirements of the Securities Act. We are also relying on Sections 18(b)(1)(A) and 18(b)(4)(C) of the Securities Act to exempt the Offer to the Other Holders from the registration and qualification requirements of state securities laws. We have no contract, arrangement or understanding relating to the payment of, and will not, directly or indirectly, pay, any commission or other remuneration to any broker, dealer, salesperson, agent or other person for soliciting tenders in the offer. In addition, neither any financial advisor nor any broker, dealer, salesperson, agent or other person is engaged or authorized to solicit tenders in the Offer or to express any statement, opinion, recommendation or judgment with respect to the relative merits and risks of the Offer. Our officers, directors and employees may solicit tenders from holders of our Notes and will answer inquiries concerning the Notes,

but they will not receive additional compensation for soliciting tenders or answering any such inquiries.

No person has been authorized to give any information or to make any representations other than those contained in this Offer and accompanying Notice and, if given or made, such information or representations must not be relied upon as having been authorized. This Offer and the accompanying Letter of Transmittal do not constitute an offer to buy or the solicitation of an offer to sell securities in any circumstances or jurisdiction in which such offer or solicitation is unlawful. The delivery of this Offer shall not under any circumstances, create any implication that the information contained herein is current as of any time subsequent to the date of such information. None of GR or its board of directors or employees are making any representation or recommendation to any Holder as to whether or not to surrender such Holder's Notes. You should consult your own legal, financial and tax advisors and must make your own decision as to whether to surrender your Notes for repurchase and, if so, the amount of Notes to surrender.

SUMMARY

The following are answers to some of the questions that you may have about the Offer. To understand the Offer fully and for a more complete description of the terms of the Offer, we urge you to read carefully the remainder of this Notice of Offer (“Offer”) and the accompanying Letter of Transmittal, as they may be amended, because those documents contain additional important information. We have included page references to direct you to a more complete description of the topics in this summary.

- **Who is making the Offer?**

Gold Reserve Inc., a company incorporated under the laws of Yukon, Canada (“GR” or the “Company”), is offering to restructure your validly surrendered 5.50% Senior Subordinated Convertible Notes due 2022 (the “Notes”). (Page 7)

- **What securities are subject to the Offer?**

GR is offering to restructure all of the Notes surrendered at the option of the Holder thereof (the “Holder”). As of September 18, 2012, there was \$85,447,000 aggregate principal amount of Notes outstanding. The Notes were issued pursuant to an Indenture (the “Indenture”), dated May 18, 2007, by and between GR and U.S. Bank National Association, as successor to The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee, and Computershare Trust Company of Canada, as successor to BNY Trust Company of Canada as the Co-Trustee named therein. U.S. Bank National Association also acts as Agent (“Agent”). (Page 18) Holders of \$84,367,000 of principal amount of Notes (the “Large Noteholders”) have agreed not to tender their Notes into this Offer but have agreed to modify their Notes on the same terms as those offered pursuant to the Offer. (Page 20) Accordingly, this Offer is intended to be made to Holders of approximately \$1,080,000 of Notes (the “Other Holders”).

- **What are you offering to pay and what is the form of consideration?**

If you elect to participate in the Offer and deliver a Letter of Transmittal and your Notes, you will receive for each \$1,000 of Notes that are delivered to the Company (collectively the “Offer Consideration”):

- \$200.00 in cash,
- 147.06 Common Shares,

- a pro rata portion of an aggregate up to 0.07% Contingent Value Right (“CVR”), and
- \$300 principal amount of Notes that will remain outstanding and represent the same continuing indebtedness, subject to the amended terms set forth in a Supplemental Indenture (as defined in the Restructuring Agreement).

You will receive the same consideration as the Company has agreed to pay to the Large Noteholders. Together with the Large Noteholders, you will be eligible to participate pro rata in a CVR. The CVR will be increased proportionately for any Other Holders that elect to participate in the Offer and the CVR amounts will be shared pro rata with holders of the Notes who participate in the Restructuring Transaction based on the principal amount of Notes delivered to the Company by all participating holders of Notes. The Other Noteholders could receive a pro rata share of up to a 0.07% CVR. The Company cannot estimate the value of the CVR. You may assume the CVR may not have any value. See Risk Factors - You may not receive any payment on the CVR. The CVR may not have any value if the Company does not receive any payments with respect to its arbitration proceeding against the Bolivarian Republic of Venezuela (Page 4).

- **How can I determine the market value of the Notes?**

There is no established reporting system or market for trading in the Notes. Market quotations for the Notes are available. To the extent that the Notes are traded, prices of the Notes may fluctuate widely depending on trading volume, the balance between buy and sell orders, prevailing interest rates, GR’s operating results and the market for similar securities. To the extent available, Holders are urged to obtain current market quotations for the Notes before making any decision with respect to the Offer. (Page 8)

- **Why are you making the Offer?**

The Company is making the Offer to provide Holders of \$1,080,000 of Notes that are not a party to the Restructuring Agreement the opportunity to participate in a restructuring of all of the Notes and receive the same consideration as the Company has agreed to deliver to the Large Noteholders pursuant to the Restructuring Agreement. The Company entered into the Restructuring Agreement in order to preserve the Company’s cash and minimize the dilution that could occur if the Company issued common shares to satisfy all or a portion of the Notes. (Page 20)

- **What does the board of directors of GR think of the Offer?**

The Board concluded that the approval of the Restructuring Transaction, as set forth in the Restructuring Agreement, and consummation of the transactions described therein, is in the best interests of the Company and submitted the Restructuring Transaction to the Company's shareholders for a vote. (Page 23) The Company's shareholders overwhelmingly approved the Restructuring Transaction at a meeting held on June 27, 2012.

- **When does the Offer expire?**

The Offer expires at 5:00 p.m., New York City time, on November 5, 2012. (Page 19)

- **What are the conditions to the acceptance by GR of the Notes pursuant to the Offer?**

Provided that the acceptance by GR of the validly surrendered Notes is not unlawful, such acceptance will not be subject to any other conditions. (Page 19)

- **How do I deliver a Letter of Transmittal and surrender my Notes?**

To surrender your Notes for participation in the Offer, you must deliver the Letter of Transmittal and related documents to the Agent no later than 5:00 p.m., New York City time, on November 5, 2012, unless such time is extended. **HOLDERS THAT SURRENDER THROUGH THE DEPOSITORY TRUST COMPANY ("DTC") NEED NOT SUBMIT A PHYSICAL REPURCHASE NOTICE TO THE PAYING AGENT IF SUCH HOLDERS COMPLY WITH THE TRANSMITTAL PROCEDURES OF DTC.**

- A Holder whose Notes are held in certificated form must properly complete and execute the Letter of Transmittal, and deliver such Letter of Transmittal to the Agent, with any other required documents, no later than 5:00 p.m., New York City time, on November 5, 2012. The Holder is required to deliver to the Agent the certificate representing the Notes surrendered prior to receiving the Offer Consideration.

- A Holder whose Notes are held by a broker, dealer, commercial bank, trust company or other nominee must contact such nominee if such Holder desires to surrender his, her or its Notes and instruct such nominee to surrender the Notes on the Holder's behalf.

- A Holder electronically transmitting his, her or its acceptance through DTC's Automatic Tenders over the Participant Terminal System ("PTS") should do so no later than 5:00 p.m., New York City time, on November 5, 2012, subject to the terms and procedures of that system. In surrendering through PTS, the electronic instructions sent to DTC by the Holder, and transmitted by DTC to the Paying Agent will acknowledge, on behalf of DTC and the Holder, receipt by the Holder of and agreement to be bound by the Letter of Transmittal. (Page 19)

- **If I accept the Offer and surrender my Notes, when will I receive the Offer Consideration?**

GR will promptly forward to the Agent, before 10:00 a.m., New York City time, November 5, 2012, the funds required to pay the cash portion of the Offer Consideration for the surrendered Notes received by that time and the Agent will distribute such funds to the Holders promptly following the later of the expiration of the Offer and the time of delivery of the Note to the Agent by the Holder thereof. (Page 22)

- **Until what time can I withdraw a previously delivered Letter of Transmittal?**

You can withdraw a previously delivered Letter of Transmittal at any time until 5:00 p.m., New York City time, on November 5, 2012, unless such time is extended. (Page 20)

- **How do I withdraw a previously delivered Letter of Transmittal?**

To withdraw a previously delivered Letter of Transmittal, you must deliver an executed written notice of withdrawal substantially in the form attached, or a facsimile of one, to the Agent no later than 5:00 p.m., New York City time, on November 5, 2012. (Page 20)

HOLDERS THAT WITHDRAW THROUGH DTC NEED NOT SUBMIT A NOTICE OF WITHDRAWAL TO THE AGENT IF SUCH HOLDERS COMPLY WITH THE WITHDRAWAL PROCEDURES OF DTC. (Page 20)

- **Do I need to do anything if I do not wish to surrender my Notes pursuant to the Offer?**

No. If you do not deliver a properly completed and duly executed Letter of Transmittal before the expiration of the Offer, GR will not restructure your Notes and such Notes will remain outstanding, subject to their existing terms. However, the Company intends to redeem outstanding Notes of Holders who do not participate in the Offer, subject to applicable legal requirements and compliance with the Indenture. (Page 18)

- **If I choose to surrender my Notes to participate in the Offer, do I have to surrender all of my Notes?**

No. You may surrender all of your Notes, a portion of your Notes or none of your Notes. If you wish to surrender a portion of your Notes, however, you must surrender your Notes in a principal amount of \$1,000 or an integral multiple thereof. (Page 23)

- **If I do not surrender my Notes to participate in the Offer, will I continue to be able to exercise my conversion rights?**

Yes. If you do not surrender your Notes, your conversion rights will not be affected. You will continue to have the right under the Indenture to convert your Notes at any time into Class A common shares of the Company at the conversion rate of 132.626 shares per \$1,000 principal amount (equivalent to a conversion price of \$7.54), subject to the terms, conditions and adjustments specified in the Indenture. The Company intends to redeem any Notes of Other Holders that are not tendered pursuant to the Offer, subject to applicable legal requirements and compliance with the Indenture (Page 18)

- **If I am a U.S. resident for U.S. federal income tax purposes, will I have to pay taxes if I surrender my Notes to participate in the Offer?**

The receipt of cash, Common Shares, CVR, and Modified Notes pursuant to the Offer will be a taxable transaction. However, the amount of gain or loss a U.S. Holder recognizes as a result of participating in the Offer, and the timing of such gain or loss, depends in part on the U.S. federal income tax treatment of the CVRs, with respect to which there is substantial uncertainty. Please see "Certain Material U.S. Federal Income Tax Considerations for U.S. Holders." You should consult with your own tax advisor regarding the actual tax consequences to you. (Pages 27-34)

- **Who is the Agent?**

U.S. Bank National Association, the trustee for the Notes, is serving as Agent in connection with the Offer. Its address and telephone number are set forth on the front cover page of this Offer.

- **Who can I talk to if I have questions?**

Questions and requests for assistance in connection with the surrender of the Notes may be directed to Mr. William Diaz at U.S. Bank National Association, at (651) 466-7150; however, questions involving the Offer may also be directed to Doug Belanger at the Company at (509) 623-1500.

RISK FACTORS

Failure to prevail in the arbitration proceedings and obtain compensation from Venezuela for the Brisas Project and Choco 5 property could materially adversely affect the Company.

In October 2009 we filed a Request for Arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes (“ICSID”), against the Bolivarian Republic of Venezuela (“Respondent”) seeking compensation for all of the loss and damage resulting from Venezuela’s wrongful conduct, including the expropriation of the Brisas Project. Our claim includes the full market value of the legal rights to develop the Brisas Project as of the date of the Tribunals decision, the value of the Choco 5 Property and interest on the claim calculated since the loss. Our claim as last updated in our July 2011 Reply totals approximately \$2.1 billion which includes interest from April 14, 2008 (the date of the loss) to July 29, 2011 (the date of our last filing) of approximately \$400 million. The cost of prosecuting our arbitration claim is substantial, and there is no assurance that we will be successful in establishing Venezuela’s liability or, if successful, will collect any award by the Tribunal for compensation from Venezuela.

Expenses associated with the arbitration proceedings could materially adversely affect the values of any award and the CVR to be issued by the Company.

Costs associated with the Company’s arbitration have historically been a function of legal expenses and expert analysis and testimony related to the Company’s filing of its original memorial, subsequent responses to the respondent’s filings and the hearing held in early 2012. More recently, costs have been a function of responding to inquiries by the arbitration tribunal. Arbitration costs are paid currently as invoiced and for the twelve months ended December 2011 and three months ended March 31, 2012 and June 2012 such costs totaled approximately \$6.6 million, \$2.6 million and \$0.2 million, respectively. The Company anticipates this trend of substantially lower expenditures to continue until the final decision by the arbitration tribunal. The Company does not anticipate future costs associated with the arbitration, including the Company’s obligation to pay to its legal counsel a success-based contingent fee of approximately \$5 million, to represent a material risk to the value of an arbitration award or the value of the CVR.

The conversion, repurchase or restructure of our outstanding convertible notes could result in the issuance of a significant number of our common shares causing significant dilution to existing shareholders and, in certain circumstances, could result in a change of control.

In May 2007, we issued \$103,500,000 aggregate principal amount of 5.50% convertible notes due on June 15, 2022. Holders had a one time option to require the Company to repurchase the notes at a price equal to 100% of the principal amount of the Notes plus unpaid interest. The Company entered into a Restructuring Agreement dated May 25, 2012 (which was amended and restated on July 3, 2012 and on September 13, 2012) to restructure the Notes as an alternative to satisfying our obligation to repurchase the outstanding notes by delivering common shares which would have required us to issue shares based on the Daily VWAP (as defined in Indenture) for ten days ending three days prior to the Repurchase Date, likely resulting in significant dilution to existing shareholders and a potential change of control of the Company which could result in the payment of severance compensation pursuant to change of control agreements with certain employees.

Our ability to obtain the resources required for continued servicing or restructuring of our notes or to meet other obligations as they come due depends on numerous factors, some of which are beyond our control.

Unless and until we successfully collect an arbitral award, if any, or acquire and/or develop other operating properties which provide positive cash flow, our ability to meet our obligations as they come due or redeem in whole or part or otherwise restructure the notes will be limited to our cash on hand and/or our ability to issue additional equity or debt securities in the future. Such transactions could potentially cause substantial dilution to the then existing shareholders and, in certain circumstances, could result in a change of control.

Failure to acquire or invest in another mining project could adversely affect future results including continued listing on the NYSE MKT or TSX Venture.

We are actively pursuing alternative mining prospects. However, the identification of a viable mining project takes time, and a substantial amount of management's attention has been focused on the Brisas arbitration proceeding. Even if a new mining project is identified, there is no guarantee that we could adequately finance or successfully construct and operate the project. In addition, the Company is subject to a plan to regain compliance with the continued listing rules of the NYSE MKT and is required to maintain compliance with the TSX Venture listing rules. No assurances can be given that the Company will be able to achieve compliance with the rules of the NYSE MKT within the required time frame and/or maintain continued compliance with the TSX Venture Company Manual and, as a result, could be subject to future delisting actions.

Industry competition for new properties could limit the Company's ability to grow in the future

There is strong competition from other mining companies in connection with the acquisition of future properties considered to have commercial potential. Many of these companies have greater financial resources, operational experience and technical capabilities. As a result, we may be unable to acquire additional mining properties, thereby limiting future growth.

The outcome of the litigation regarding the enjoined hostile takeover bid may adversely affect our business.

In December 2008, the Company filed an action in the Ontario Superior Court of Justice against Rusoro and Rusoro's financial advisor Endeavour Financial International Corporation ("Endeavour") seeking an injunction restraining Rusoro and Endeavour from proceeding with an unsolicited offer by Rusoro to acquire all of the Company's outstanding shares, significant monetary damages, and various other items. Endeavour was the Company's financial advisor from 2004 until shortly after the commencement of Rusoro's offer. The Company was subsequently granted an interlocutory injunction restraining Rusoro and Endeavour from proceeding with any hostile bid until the conclusion and disposition at trial of our original legal action. A subsequent appeal by Rusoro was denied and thereafter Rusoro and Endeavour filed counterclaims against the Company for, among other things, damages of Cdn \$102.5 million and \$0.5 million, respectively. Our legal action is ongoing and there can be no assurances as to its ultimate outcome, whether Rusoro and or Endeavour will pursue any other legal course of action or, if successful, whether Rusoro will initiate another unsolicited offer for the Company.

Failure to retain and attract key personnel could adversely affect the Company.

We are dependent upon the abilities and continued participation of key personnel to manage the Brisas arbitration and identify, acquire and develop new opportunities. Substantially all key management personnel have been employed by the Company for over 15 years. The loss of key employees (in particular those long time key management personnel possessing important historical knowledge related to the Brisas Project which is relevant to our arbitration claims) or an inability to obtain personnel necessary to execute our plan to acquire and develop a new project could have a material adverse effect on our future operations.

Operating losses are expected to continue.

We have no commercial production at this time and, as a result, we have not recorded revenue or cash flows from mining operations and have experienced losses from operations for each of the last five years, a trend we expect to continue unless and until the investment dispute regarding Brisas is resolved favorably to the Company and/or we acquire or invest in an alternative project and achieve commercial production.

We may issue additional common shares, debt instruments convertible into common shares or other equity-based instruments to fund future operations.

We cannot predict the size of any such future issuances of securities, or the effect, if any, that future issuances and sales of our securities will have on the market price of our common shares or the fair market value of the notes. Any transaction involving the issuance of previously authorized but unissued shares, or securities convertible into shares, will result in dilution, possibly of a substantial nature, to present and prospective holders of shares and in certain circumstances could result in a Change of Control.

The price and liquidity of our common shares may be volatile.

The market price of our common shares may fluctuate based on a number of factors, some of which are beyond our control, including:

- the result of our arbitration and litigation proceedings;
- economic and political developments in Venezuela;
- our operating performance and financial condition;
- continued listing of our common shares on Canadian and US stock exchanges;
- the public's reaction to announcements or filings by ourselves or other companies;
- the price of gold and copper and other metal prices, as well as metal production volatility;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving us or other companies.

Risks inherent in the mining industry could adversely impact future operations.

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

U.S. Internal Revenue Service designation as a “passive foreign investment company” may result in adverse U.S. tax consequences to U.S. Holders.

U.S. persons should be aware that we have determined that we were a "passive foreign investment company" (a "PFIC") under Section 1297(a) of the Internal Revenue Code of 1986, as amended (the "Code"), for the taxable year ended December 31, 2007, when we issued the Notes, we have continued to be a PFIC since that time, and we expect to be a PFIC for the taxable year ending December 31, 2012. As a result, U.S. persons will generally be subject to various adverse U.S. federal income tax consequences in connection with the ownership of the Notes, Modified Notes, and Commons Shares as described in "Certain Material U.S. Federal Income Tax Considerations for U.S. Holders."

The U.S. federal income tax treatment of the Contingent Value Right is unclear.

There is substantial uncertainty as to the tax treatment of the CVR. The receipt of the CVR may be treated as a "closed transaction" or as an "open transaction" for U.S. federal income tax purposes, which affects the amount of gain or loss, if any, that may be recognized at the time of the issuance by the Company. Please see "Certain Material U.S. Federal Income Tax Considerations for U.S. Holders."

It may be difficult to bring certain actions or enforce judgments against the Company and/or its directors and executive officers.

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

You may not receive any payment on the CVR.

Your right to receive any payment on, or other consideration for, the CVR will be contingent upon the Company receiving an arbitration award or negotiating a settlement and receiving the proceeds of such award or settlement. The actual value of the CVR could vary based on the form of payment potentially received by the Company. Further, there can be no assurances that any value will be received by the Company with respect to its mining data. Accordingly, the value, if any, of the CVR is speculative, and the CVR may ultimately have no value. Further, CVR holders will have no greater rights than those accorded to general unsecured creditors under applicable law. Accordingly, even if the Company receives value for its arbitration claim or mining data, any value received by the Company will be subject to claims of the Company's creditors.

There will be no established market for the CVR.

There is no established reporting system or market for trading in the CVR. Accordingly, it may be difficult or impossible for you to resell your CVR.

The SEC notified the Company of the SEC staff view the Company did not comply with certain U.S. securities laws relating to tender offers.

The SEC has notified the Company of the SEC staff view that the Company's finalization of its agreement with the three largest Large Noteholders and the subsequent amendment of that agreement to include the fourth largest Large Noteholder were not in compliance with Rule 14e-5 under the Securities Exchange Act of 1934. The Company responded by noting its disagreement with the SEC's staff's view but, nonetheless, has amended this Offer to (i) clarify and confirm that all holders of the Company's Notes will receive the same consideration and (ii) confirm the Company's view that the Other Holders are not being treated differently than the Large Noteholders. There can be no assurance that the SEC will not take any action against the Company with respect to such matters.

IMPORTANT INFORMATION CONCERNING THE OFFER

1. Information Concerning Gold Reserve. Gold Reserve Inc., a company incorporated under the laws of Yukon, Canada (“GR” or the “Company” or “We”), is offering to restructure its 5.50% Senior Subordinated Convertible Notes due 2022 (the “Notes”) as required by the Indenture (the “Indenture”), dated May 18, 2007, by and among the Company and U.S. Bank National Association, as successor to The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee, and Computershare Trust Company of Canada, as successor to BNY Trust Company of Canada, as the Co-Trustee named therein.

The Company is engaged in the business of acquiring, exploring and developing mining projects. The Company is an exploration stage company incorporated in 1998 under the laws of Yukon, Canada and is the successor issuer to Gold Reserve Corporation which was incorporated in 1956. From 1992 to 2008 the Company focused substantially all of its management and financial resources on the development of the Brisas gold and copper project located in the Kilometer 88 mining district of the State of Bolivar in south-eastern Venezuela (the “Brisas Project” or “Brisas”). The Brisas Project was expropriated by the Venezuelan government in 2008.

As previously disclosed in its Annual Report on Form 10-K/A filed with the Commission, the Company determined as of June 30, 2011 (the last business day of its most recently completed second fiscal quarter), that less than 50 percent of its outstanding voting securities were directly or indirectly held of record by residents of the United States. Because the share ownership percentage of United States residents of the Company is less than 50% and the Company is organized under the laws of Yukon, Canada, the Company is a “foreign private issuer” pursuant to Rule 3b-4 under the Securities Exchange Act of 1934, as amended. The Company previously reported as a foreign private issuer for many years prior to its annual report on Form 10-K for the fiscal year ended December 31, 2009, as during 2009 its shareholder composition changed such that more than 50 percent of its outstanding voting securities were directly or indirectly held of record by residents of the United States. The Company has returned to foreign private issuer reporting for administrative ease and as a cost-savings measure.

The Company’s administrative office is located at 926 West Sprague Avenue, Suite 200, Spokane, WA 99201, U.S.A. and its telephone and fax numbers are 509.623.1500 and 509.623.1634, respectively.

1.1 Use of Proceeds.

We will not receive any cash proceeds in connection with the Offer. We will pay all of the fees and expenses related to the Offer that we incur. We will not pay any commissions or concessions of any broker dealer or any other costs or expenses you may incur in participating in the Offer. Any Notes that are properly tendered pursuant to the Offer will be retired.

1.2 Ratios of Earnings.

The following table sets forth information regarding our ratio of earnings to fixed charges. For purposes of determining the below ratio, earnings consist of pre-tax income or loss from continuing operations before adjustment

for non-controlling interests in consolidated subsidiaries or income or loss from fixed charges. Fixed charges consist of interest expenses, amortization of debt issuance costs and accretion of debt discount.

	Twelve months ended December 31,		Six months ended June 30,	
Ratio of Earnings	2011	2010	2012	2011
Net loss before income taxes and fixed charges	\$ (16,902,140)	\$ (14,995,253)	\$ (9,340,380)	\$ (8,718,216)
Fixed charges	(6,710,253)	(6,641,877)	(3,289,322)	(3,318,817)
Coverage deficit	(23,612,393)	(21,637,130)	(12,629,702)	(12,037,033)
Ratio of earnings to fixed charges	(2.52)	(2.26)	(2.84)	(2.63)

1.3 Market for the Notes and Common Stock.

There is no established reporting system or trading market for trading in the Notes. However, quotations of prices for the Notes are available. We will not receive any cash proceeds from the restructuring of our Notes. We will pay all of the fees and expenses that we incur. We will not pay any commissions or concessions of any broker dealer or any other costs or expenses you may incur in participating in the Offer. To the extent that the Notes are traded, prices of the Notes may fluctuate widely depending on trading volume, the balance between buy and sell orders, prevailing interest rates, GR's operating results and the market for similar securities. To the extent available, Holders are urged to obtain current market quotations for the Notes before making any decision with respect to the Offer. The Notes are held through the Depository Trust Company ("DTC"). As of September 18, 2012, there was \$85,477,000 aggregate principal amount of Notes outstanding, and DTC was and is the sole record Holder of the Notes.

The Common Stock into which the Notes are convertible is traded in Canada on the TSX Venture symbol “GRZ.V”. Prior to February 1, 2012, the shares of Common Stock were traded on the TSX. The shares are also traded in the United States on the NYSE MKT under the symbol “GRZ.” The Notes are not listed for trading on any exchange. The following table sets forth, for the fiscal quarters indicated, the high and low sales prices of the Common Stock as reported on the TSX Venture and NYSE MKT.

	TSX VENTURE/TSX		NYSE MKT	
	<i>Canadian dollars</i>		<i>U.S. dollars</i>	
	High	Low	High	Low
2012				
October (through October 19, 2012)	\$3.50	\$3.09	\$3.54	\$3.14
September	3.88	2.75	3.90	2.88
August	4.05	3.12	4.11	3.17
July	4.19	3.36	3.95	3.27
June	4.60	3.28	4.50	3.15
May	4.55	3.26	4.53	3.22
April	4.30	3.50	4.35	3.53
March	3.99	2.77	3.98	2.90
February	3.09	2.73	3.11	2.83
January	3.03	2.69	3.05	2.68
2011				
Fourth Quarter	\$3.10	\$2.35	\$3.05	\$2.02
Third Quarter	3.10	2.03	3.14	2.10
Second Quarter	2.85	1.61	2.99	1.66
First Quarter	1.88	1.65	1.87	1.67
2010				
Fourth Quarter	\$1.84	\$1.39	\$1.84	\$1.37
Third Quarter	1.32	0.82	1.28	0.80
Second Quarter	1.25	0.76	1.24	0.71
First Quarter	1.63	1.01	1.58	0.98

On October 22, 2012, the closing price for the Common Stock was Cdn \$3.12 per share on the TSX Venture and U.S. \$3.12 per share on the NYSE MKT. As of October 22, 2012, there were a total of 59,798,972 Class A common shares and 500,236 Class B common shares issued and outstanding. The number of holders of Class A and Class B common shares of record on October 22, 2012 was approximately 760. As of June 30, 2012, based on information received from our transfer agent and other service providers, we believe our common shares are owned beneficially by approximately 7,800 shareholders.

GR urges you to obtain current market information for the Notes, to the extent available, and the Common Stock before making any decision to surrender your Notes pursuant to the Offer.

1.4 Capitalization.

The following table sets forth our cash and cash equivalents and our combined capitalization as of June 30, 2012 (i) on an actual basis and (ii) on an as-adjusted basis to reflect the transactions described below. The as-adjusted information assumes that the relevant transactions were consummated on June 30, 2012.

On May 16, 2012, the Company notified the Holders that pursuant to the Indenture they have the right to require the Company to purchase all or a portion of their Notes on or before June 15, 2012 (the “Put Option”) and that the Company would pay, in cash, any notes validly surrendered. A total of \$16,900,000 of notes were validly surrendered by Holders and redeemed for cash by the Company.

The Company has entered into the Second Amended and Restated Restructuring Agreement, covering 98.7% of the Company’s remaining outstanding Notes. The Offer represents the remaining \$1,080,000 of Notes (1.3% of the outstanding Notes) not already surrendered pursuant to the Put Option or pursuant to the Second Amended and Restated Restructuring Agreement. The table below assumes that all other remaining outstanding Notes elect to participate in the Offer.

	ACTUAL	Large Noteholders Restructuring	OFFER	AS ADJUSTED June 30, 2012
Cash and cash equivalents	\$30,548,624	\$(16,875,500)	\$(216,000)	\$13,457,124
Borrowings:				
Short-term borrowing	17,955,500	(16,875,500)	(216,000) (1) (864,000)	-
Long-term borrowing	67,491,500	(42,183,500)	(540,000) (1) 864,000	25,632,000
Total borrowing	85,447,000	(59,059,000)	(756,000)	25,632,000
Equity:				
Common shares and equity units	246,296,902	42,183,500	540,000	289,020,402
Contributed Surplus	5,171,603			5,171,603
Stock options	18,937,131			18,937,131
Accumulated deficit	(304,813,634)			(304,813,634)
Accumulated other comprehensive income	(232,780)			(232,780)
Total shareholders' deficit	(34,640,778)	42,183,500	540,000	8,082,722
Total Capitalization	50,806,222	\$(16,875,500)	\$(216,000)	\$33,714,722
Change in shares issued and outstanding				
Class A common shares, without par value	59,798,972	12,406,912	158,824	72,364,708
Equity Units	500,236			500,236
	60,299,208			72,864,944

(1) Short/long –term reclassification

1.5 Pro Forma Financial Information.

The following proforma financial statements set forth our financial position and results of operations as of June 30, 2012 (i) on an actual basis and (ii) on an as-adjusted basis to reflect the transactions described below. The as-adjusted information assumes that the relevant transactions were consummated on September 30, 2012.

On May 16, 2012, the Company notified the Holders that pursuant to the Indenture they have the right to require the Company to purchase all or a portion of their Notes on or before June 15, 2012 (the “Put Option”) and that the Company would pay, in cash, any notes validly surrendered. A total of \$16,900,000 of notes were validly surrendered by Holders and redeemed for cash by the Company.

The Company has entered into the Second Amended and Restated Restructuring Agreement, covering 98.7% of the Company’s remaining outstanding Notes. The Offer represents the remaining \$1,080,000 of Notes (1.3% of the outstanding Notes) not already surrendered pursuant to the Put Option or pursuant to the Second Amended and Restated Restructuring Agreement. The table below assumes that all other remaining outstanding Notes elect to participate in the Offer.

GOLD RESERVE INC. PROFORMA Balance Sheet	As Reported June 30, 2012 (a)	Large Noteholders Restructuring (b)	OFFER (c)	As Adjusted June 30, 2012
ASSETS				
Cash and cash equivalents (1)	\$30,548,624	\$(16,875,500)	\$(216,000)	\$13,457,124
Other assets	3,070,479			3,070,479
Property, plant and equipment, net	19,165,683			19,165,683
Total assets	\$52,784,786	\$(16,875,500)	\$(216,000)	\$35,693,286
LIABILITIES & SHAREHOLDERS' EQUITY				
Accounts payable and accrued expenses	\$1,978,564			\$1,978,564
Convertible notes:				
Short-term	17,955,500	(16,875,500)	(216,000) (d) (864,000)	-
Long-term	67,491,500	(42,183,500) (e) (25,308,000)	(540,000) (324,000) (d) 864,000	-
	85,447,000	(84,367,000)	(1,080,000)	-
Amended/Modified Convertible Notes- Note (1)		(e) 25,308,000	324,000	25,632,000
Total liabilities	87,425,564	(59,059,000)	(756,000)	27,610,564
Common shares and equity units:	251,468,505	42,183,500	540,000	294,192,005
Stock options	18,937,131			18,937,131
Accumulated deficit	(305,046,414)			(305,046,414)
Total shareholders' equity	(34,640,778)	42,183,500	540,000	8,082,722
Total liabilities and shareholders' equity	\$52,784,786	\$(16,875,500)	\$(216,000)	\$35,693,286
Shares Issued (No Par Value)- Note (1)				
Serial Preferred, Authorized: Unlimited; Issued: None	-			-
Class A Common- Authorized: Unlimited; Issued:	59,798,972	12,406,912	158,824	72,364,708
Class B Common- Authorized: 500,236; Issued:	500,236			500,236
	60,299,208			72,864,944
Book Value Per Share	\$(0.57)			\$0.11

(a) include the June Put Option as actually tendered and accepted.

- (b) giving effect to the Restructuring as actually tendered pursuant to the agreed-upon participation with the Large Noteholders.
- (c) giving effect to the remaining untendered notes assumed to be tendered for the Offer.
- (d) short / long-term reclassification.
- (e) 30% of Notes redeemed for amended/modified notes.

Consistent with the terms negotiated with the Large Noteholders, the Offer provides that each \$1,000 of Notes tendered is restructured in consideration for 20% cash, 50% equity and 30% Modified Notes which equates to \$200 cash, 147.0588 shares ($\$1,000 \times 50\% / \text{Shares Price of } \3.40) and \$300 Modified Notes. A total face value of \$84,367,000 in Notes were tendered pursuant to agreed upon participation by the Large Noteholders and the remaining \$1,080,000 in Notes are assumed tendered pursuant to the Offer by holders other than Large Noteholders.

Note (1)	Large		As Adjusted June 30, 2012
	Noteholders Restructuring	OFFER	
Notes tendered	\$84,367,000	\$1,080,000	\$85,447,000
Percent exchanged for cash	20%	20%	20%
Amount tendered exchanged for cash (a)	16,875,500	216,000	17,091,500
Notes tendered	84,367,000	1,080,000	85,447,000
Percent exchanged for Amended Convertible Notes	30%	30%	30%
Amount tendered exchanged for equity (a)	25,308,000	324,000	25,632,000
Notes tendered	84,367,000	1,080,000	85,447,000
Percent exchanged for equity	50%	50%	50%
Amount tendered exchanged for equity	42,183,500	540,000	42,723,500
Share Price	\$3.40	\$3.40	\$3.40
New shares issued on a proforma basis	12,406,912	158,824	12,565,736

(a) Cash rounded to make Amended/Modified Convertible Notes divisible by \$1,000

GOLD RESERVE INC. PROFORMA Statement of Operations	As Reported		As Adjusted		As Reported June 30, 2012	Interest Large Noteholders Restructuring	Adjustment OFFER	As Ad June 20
	December 31, 2011	Interest Adjustment	December 31, 2011	June 30, 2012				
OTHER INCOME	\$2,358,514		\$2,358,514	\$14,054				\$
EXPENSES								
General and administrative	12,601,295		12,601,295	6,487,517				6,4
Arbitration	6,659,359		6,659,359	2,866,863				2,8
Interest (#)	6,710,253	(5,029,723)	1,680,530	3,289,322	(2,434,372)	(31,165)		8
Net loss for the period	\$(23,612,393)	\$5,029,723	\$(18,582,670)	\$(12,629,648)	\$2,434,372	\$31,165	(10,16	
Ratio of earnings to fixed charges	\$(2.52)		\$(10.06)	\$(2.84)				\$
Earnings per share:								
Net loss per share	\$(0.40)	\$0.08	\$(0.31)	\$(0.21)	-	-		\$
Weighted average shares outstanding	59,470,615	59,470,615	59,470,615	60,281,104	60,281,104	60,281,104	60,2	60,2

(#) Interest expense has been adjusted to consider the consummation of the transactions (the Restructuring pursuant to the Second Amended and Restated Restructuring Agreement and the redemption of the remaining Notes pursuant to the Offer) at the beginning of the period presented, the total of which represents an approximately 75% reduction in outstanding convertible notes. Accordingly interest expense for the year ended December 31, 2011 and the six months ended June 30, 2012 as originally reported is reduced by approximately 75%.

			Large Noteholders			June 30, 2012
			Put Option	Restructuring	OFFER	
Total Notes	102,347,000	100%	16,900,000	84,367,000	1,080,000	102,347,000
Net notes tendered	76,715,000	75%	(16,900,000)	(59,059,000)	(756,000)	(76,715,000)
Notes Remaining	25,632,000	25%		25,308,000	324,000	25,632,000

1.6 Summary Selected Financial Data.

The following tables present summary selected financial data for the Company and its subsidiaries on a consolidated basis as of the dates and for the periods indicated. The summary historical statement of operations data and balance sheet data have been derived from our historical audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is incorporated herein by reference.

Our historical results are not necessarily indicative of future operating results. The following tables should be read in conjunction with, and are qualified in their entirety by reference to, our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

You can review our Annual Report, including the incorporated financial statements beginning on page 24 of the Annual Report, on the SEC's Internet site at <http://www.sec.gov>. You can also request a copy of the Annual Report by contacting the Company.

SUMMARY CONSOLIDATED BALANCE SHEETS

December 31, 2011 and 2010

(Expressed in U.S. dollars)

Audited

		2011		2010
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	57,677,370	\$	58,186,478
Other		1,537,073		11,740,558
Property, plant and equipment, net		19,125,626		28,503,330
Total assets	\$	78,340,069	\$	98,430,366
LIABILITIES				
Current Liabilities:				
Accounts payable, accrued expenses and interest	\$	2,310,676	\$	1,867,700
Convertible notes		101,833,491		100,754,404
Total liabilities		104,144,167		102,622,104
SHAREHOLDERS' EQUITY				
Common shares and equity units		249,194,868		248,754,061
Accumulated deficit		(292,183,986)		(268,571,593)
Stock options and other		17,185,020		15,625,794
Total shareholders' deficit		(25,804,098)		(4,191,738)
Total liabilities and shareholders' deficit	\$	78,340,069	\$	98,430,366
Book Value Per Share	\$	(0.43)	\$	(0.07)

SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. dollars)

Audited

	For the Years Ended December 31,	
	2011	2010
OTHER INCOME	2,358,514	1,355,874
EXPENSES		
Corporate general and administrative	10,719,336	7,542,684
Write-down of machinery and equipment	1,881,959	2,518,796
Arbitration	6,659,359	6,289,647
	19,260,654	16,351,127
Loss before interest expense	(16,902,140)	(14,995,253)
Interest expense	(6,710,253)	(6,641,877)
Net loss for the period	\$	