



NR 14-04

NOT FOR RELEASE IN THE UNITED STATES

GOLD RESERVE MODIFIES TERMS OF THE PROPOSED US \$12 MILLION OF NEW CONVERTIBLE NOTES AND MODIFIED US \$25.3 MILLION OF EXISTING NOTES

SPOKANE, WASHINGTON, MAY 7, 2014

Gold Reserve Inc. (TSX.V:GRZ) (OTCQB:GDRZF) (“ the “Company”) announces modifications to the previously announced terms of its proposed issuance of the US \$12 million of new convertible notes and modification of nearly all of the US\$ 25.3 million outstanding principal amount of previously modified notes. Previously, the interest related to the notes would be paid in kind and convertible into common shares of the Company. After giving effect to the modifications, interest related to the notes will be accrued and be capitalized quarterly at a rate of 11% per year and be payable in cash at maturity on December 31, 2015, but will not be convertible into common shares of the Company. In addition, the conversion price of the new and modified notes will be reduced to US \$3.50 per share instead of the previously announced US \$3.75 per share. The notes will be convertible, at the option of the holder, into 285.71 shares of Class A common shares per US \$1,000 (equivalent to a conversion price of US \$3.50 per common share) at any time upon prior written notice to the Company. The terms are binding subject to TSX Venture Exchange approval and finalization of definitive documents. All other terms of the new and modified notes will be the same as previously announced. The transaction is expected to be completed in May 2014.

Doug Belanger, President stated, “The net effect of these two changes will actually result in 1.3 million fewer shares being issued upon conversion, thereby reducing the potential dilution to existing shareholders.”

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements that state Gold Reserve's or its management's intentions, hopes, beliefs, expectations or predictions for the future including without limitation statements with respect to the proposed issuance of the New Notes and modification of the Modified Notes and the arbitration proceedings. Forward-looking statements are necessarily based upon a number of estimates 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 outcomes, financial results, performance, or achievements of Gold Reserve to be materially different from our estimated outcomes, 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 risk that the Company may not receive necessary regulatory approvals for the issuance of the New Notes or modification of the Modified Notes and the risk that the Company and the current holders of the Modified Notes may not be able to reach agreement on definitive documentation for the issuance of the New Notes or modification of the Modified Notes.

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 SEC.

In addition to being subject to a number of assumptions, forward-looking statements in this release 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 those factors outlined in the "Cautionary Statement Regarding Forward-Looking Statements" and "Risks Factors" contained in Gold Reserve's filings with the Canadian provincial securities regulatory authorities and the SEC, including Gold Reserve's Annual Information Form and Annual Report on Form 40-F for the year ended December 31, 2013, filed with the Canadian provincial securities regulatory authorities and the SEC, respectively.

Further information regarding the Company can be located at www.goldreserveinc.com, www.sec.gov and www.sedar.com.

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“Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.”