

GOLD RESERVE INC.

September 30, 2015

Interim Consolidated Financial Statements

U.S. Dollars

(unaudited)

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

	September 30, 2015	December 31, 2014 (Revised, Note 3)
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 5)	\$ 2,247,090	\$ 6,439,147
Marketable securities (Notes 6 and 7)	178,263	175,541
Deposits, advances and other	357,316	353,742
Total current assets	2,782,669	6,968,430
Property, plant and equipment, net (Note 8)	12,260,257	12,440,654
Total assets	\$ 15,042,926	\$ 19,409,084
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses (Note 4)	\$ 3,867,288	\$ 3,928,608
Accrued interest	16,715	2,388
Convertible notes and interest notes (Notes 11 and 12)	41,397,513	34,400,030
Total current liabilities	45,281,516	38,331,026
Convertible notes (Notes 11)	1,042,000	1,042,000
Other (Note 11)	1,012,491	1,012,491
Total liabilities	\$ 47,336,007	\$ 40,385,517
SHAREHOLDERS' EQUITY		
Serial preferred stock, without par value		
Authorized:	Unlimited	
Issued:	None	
Common shares and equity units	\$ 289,518,018	\$ 289,326,172
Class A common shares, without par value		
Authorized:	Unlimited	
Issued and outstanding:	2015... 76,142,647	2014..... 76,077,547
Equity Units		
Issued and outstanding:	2015..... -	2014..... 100
Contributed Surplus	12,226,559	11,682,644
Warrants	-	543,915
Stock options (Note 10)	20,904,923	20,669,308
Accumulated deficit	(354,962,307)	(343,215,476)
Accumulated other comprehensive income	19,726	17,004
Total shareholders' deficit	(32,293,081)	(20,976,433)
Total liabilities and shareholders' equity	\$ 15,042,926	\$ 19,409,084

Going Concern (Note 1)
Contingencies (Note 4)

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

Approved by the Board of Directors:

/s/ Patrick D. McChesney

/s/ James P. Geyer

GOLD RESERVE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited - Expressed in U.S. dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	(Revised -		(Revised -	
	Note 3)		Note 3)	
OTHER INCOME (LOSS)				
Interest	\$ 3	\$ 12	\$ 42	\$ 170
Write-down of property, plant and equipment	-	-	-	(425,010)
Loss on settlement of debt	-	-	-	(161,292)
Loss on sale of equipment	-	-	(9,432)	-
Foreign currency gain (loss)	(1,665)	(3,979)	13,582	(11,033)
	(1,662)	(3,967)	4,192	(597,165)
EXPENSES				
Corporate general and administrative	609,284	765,254	2,230,697	2,722,724
Exploration	58,747	333,152	180,809	778,269
Legal and accounting	22,656	313,614	151,102	562,982
Venezuelan operations	30,122	51,663	88,222	109,535
Arbitration (Note 4)	169,617	4,149,059	1,498,224	4,429,906
Equipment holding costs	171,195	212,617	561,503	660,873
Interest expense	2,517,763	1,962,812	7,040,466	5,091,634
	3,579,384	7,788,171	11,751,023	14,355,923
Net loss for the period	\$ (3,581,046)	\$ (7,792,138)	\$ (11,746,831)	\$ (14,953,088)
Net loss per share, basic and diluted	\$ (0.05)	\$ (0.10)	\$ (0.15)	\$ (0.20)
Weighted average common shares outstanding	76,129,267	76,070,283	76,095,043	76,056,420

GOLD RESERVE INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in U.S. dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	(Revised -		(Revised -	
	Note 3)		Note 3)	
Net loss for the period	\$ (3,581,046)	\$ (7,792,138)	\$ (11,746,831)	\$ (14,953,088)
Other comprehensive income (loss), net of tax:				
Items that may be reclassified subsequently to the consolidated statement of operations:				
Unrealized gain (loss) on marketable securities (Note 6)	(65,494)	(102,214)	2,722	(47,241)
Other comprehensive income (loss)	(65,494)	(102,214)	2,722	(47,241)
Comprehensive loss for the period	\$ (3,646,540)	\$ (7,894,352)	\$ (11,744,109)	\$ (15,000,329)

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

GOLD RESERVE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Nine Months Ended September 30, 2015 and the Year Ended December 31, 2014
(Unaudited - Expressed in U.S. dollars)

	<u>Common Shares and Equity Units</u>			Contributed Surplus	Warrants	Stock Options	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)
	Common Shares	Equity Units	Amount					
						(Revised - Note 3)	(Revised - Note 3)	
Balance, December 31, 2013	75,522,411	500,236	\$ 289,149,413	\$ 5,171,603	\$ 543,915	\$ 19,849,225	\$ (317,645,497)	\$ (2,574)
Net loss							(25,569,979)	
Other comprehensive income								19,578
Stock option compensation (Note 3)						896,742		
Fair value of options exercised			76,659			(76,659)		
Equity Units converted to shares	500,136	(500,136)						
Equity component of convertible notes (Note 11)				6,511,041				
Common shares issued for:								
Option exercises	55,000		100,100					
Balance, December 31, 2014	76,077,547	100	289,326,172	11,682,644	543,915	20,669,308	(343,215,476)	17,004
Net loss							(11,746,831)	
Other comprehensive income								2,722
Stock option compensation						306,161		
Fair value of options exercised			70,546			(70,546)		
Equity Units converted to shares	100	(100)						
Warrant expiration				543,915	(543,915)			
Common shares issued for:								
Option exercises	65,000		121,300					
Balance, September 30, 2015	76,142,647	-	\$ 289,518,018	\$ 12,226,559	-	\$ 20,904,923	\$ (354,962,307)	\$ 19,726

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

GOLD RESERVE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in U.S. dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
		(Revised - Note 3)		(Revised - Note 3)
Cash Flows from Operating Activities:				
Net loss for the period	\$ (3,581,046)	\$ (7,792,138)	\$ (11,746,831)	\$ (14,953,088)
Adjustments to reconcile net loss to net cash used in operating activities:				
Stock option compensation (Note 3)	24,637	828,875	306,161	828,875
Depreciation	2,215	2,617	5,965	8,050
Loss on settlement of debt	-	-	-	161,292
Loss on sale of equipment	-	-	9,432	-
Write-down of property, plant and equipment	-	-	-	425,010
Accretion of convertible notes	2,503,435	1,948,484	6,997,483	4,401,333
Changes in non-cash working capital:				
Net (increase) decrease in deposits and advances	(179,138)	(2,448)	(3,574)	(53,710)
Net increase (decrease) in accounts payable and accrued expenses	(233,951)	3,195,768	(46,993)	3,409,215
Net cash used in operating activities	(1,463,848)	(1,818,842)	(4,478,357)	(5,773,023)
Cash Flows from Investing Activities:				
Purchase of property, plant and equipment	-	-	-	(150,000)
Proceeds from sales of equipment	-	-	165,000	-
Net cash provided by (used in) investing activities	-	-	165,000	(150,000)
Cash Flows from Financing Activities:				
Proceeds from the issuance of convertible notes	-	-	-	12,000,000
Net proceeds from the issuance of common shares	121,300	31,850	121,300	100,100
Restructure fees	-	-	-	(684,488)
Settlement of convertible notes	-	-	-	(4,000)
Net cash provided by financing activities	121,300	31,850	121,300	11,411,612
Change in Cash and Cash Equivalents:				
Net increase (decrease) in cash and cash equivalents	(1,342,548)	(1,786,992)	(4,192,057)	5,488,589
Cash and cash equivalents - beginning of period	3,589,638	10,251,418	6,439,147	2,975,837
Cash and cash equivalents - end of period	\$ 2,247,090	\$ 8,464,426	\$ 2,247,090	\$ 8,464,426

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

GOLD RESERVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)

Note 1. The Company, Going Concern and Significant Accounting Policies:

The Company. Gold Reserve Inc. ("Gold Reserve" or 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 the Yukon Territory, Canada and continued to Alberta, Canada in September 2014. The Company is the successor issuer to Gold Reserve Corporation which was incorporated in 1956. All amounts shown herein are expressed in U.S. dollars unless otherwise noted.

In February 1999 each Gold Reserve Corporation shareholder exchanged its shares for an equal number of Gold Reserve Inc. Class A common shares except in the case of certain U.S. holders who for tax reasons elected to receive equity units which are comprised of one Gold Reserve Inc. Class B common share and one Gold Reserve Corporation Class B common share and substantially equivalent to a Class A common share. As of September 30, 2015, all equity units had been converted to Class A common shares.

Going Concern. As of September 30, 2015, the Company had financial resources comprised of cash, cash equivalents and marketable securities totaling approximately \$2.4 million and Brisas Project related equipment, which is being marketed for sale, with an estimated fair value of approximately \$12.2 million (See Note 8, Property, Plant and Equipment). The Company's current financial liabilities included notes of \$42.9 million (face value) which mature December 31, 2015 and accounts payable and accrued expenses due in the normal course of approximately \$3.9 million.

The Company has no revenue producing operations at this time and its working capital position, cash burn rate and debt maturity schedule requires that the Company seek additional sources of funding to ensure the Company's ability to continue its activities in the normal course. To address its funding requirements in addition to its convertible notes due in December 2015 (see Note 12 to the consolidated financial statements), the Company is continuing its efforts to dispose of the remaining Brisas Project related assets, pursue a timely and successful collection of the Arbitral Award and the sale of the Brisas Project Technical Mining Data.

The Company's efforts to address its longer-term funding requirements may be adversely impacted by financial market conditions, industry conditions, regulatory approvals or other unknown or unpredictable conditions and, as a result, there can be no assurance that additional funding will be available or, if available, offered on acceptable terms. In view of these uncertainties there is substantial doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect potentially material adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

Basis of Presentation and Principles of Consolidation. These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The statements include the accounts of the Company, Gold Reserve Corporation, four Venezuelan subsidiaries, a Mexican subsidiary and four other subsidiaries which were formed to hold the Company's interest in its foreign subsidiaries or for future transactions. All subsidiaries are wholly owned. All intercompany accounts and transactions have been eliminated on consolidation. The Company's policy is to consolidate those subsidiaries where control exists.

Cash and Cash Equivalents. The Company considers short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents for purposes of reporting cash equivalents and cash flows. The cost of these investments approximates fair value. The Company manages the exposure of its cash and cash equivalents to credit risk by diversifying its holdings into major Canadian and U.S. financial institutions.

GOLD RESERVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)

Exploration and Development Costs. Exploration costs incurred in locating areas of potential mineralization or evaluating properties or working interests with specific areas of potential mineralization are expensed as incurred. Development costs of proven mining properties not yet producing are capitalized at cost and classified as capitalized exploration costs under property, plant and equipment. Property holding costs are charged to operations during the period if no significant exploration or development activities are being conducted on the related properties. Upon commencement of production, capitalized exploration and development costs would be amortized based on the estimated proven and probable reserves benefited. Properties determined to be impaired or that are abandoned are written-down to the estimated fair value. Carrying values do not necessarily reflect present or future values.

Property, Plant and Equipment. Included in property, plant and equipment is certain equipment which was originally purchased for the Brisas Project at a cost of approximately \$24.6 million. The carrying value of this equipment has been adjusted to its estimated fair value of \$12.2 million and it is not being depreciated. The recoverable value of this equipment may be different than management's current estimate.

The Company has additional property, plant and equipment which are recorded at the lower of cost less accumulated depreciation or estimated net realizable value. Replacements and major improvements are capitalized. Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets retired or sold are removed from the accounts and any resulting gain or loss is reflected in operations. Depreciation is provided using straight-line and accelerated methods over the lesser of the useful life or lease term of the related asset.

Impairment of Long Lived Assets. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the expected future net cash flows to be generated from the use or disposition of a long-lived asset (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized and the asset is written down to fair value. Fair value is generally determined by discounting estimated cash flows, using quoted market prices where available or making estimates based on the best information available.

Foreign Currency. The U.S. dollar is the Company's (and its foreign subsidiaries') functional currency. Monetary assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the rates of exchange in effect at the balance sheet dates. Non-monetary assets and liabilities are translated at historical rates and revenue and expense items are translated at average exchange rates during the reporting period, except for depreciation which is translated at historical rates. Translation gains and losses are included in the statement of operations.

Stock Based Compensation. The Company maintains the 2012 Equity Incentive Plan (the "2012 Plan") which provides for the grant of stock options to purchase Class A common shares of the Company. The Company uses the fair value method of accounting for stock options. The fair value of options granted to employees is computed using the Black-Scholes method as described in Note 10 and is expensed over the vesting period of the option. For non-employees, the fair value of stock based compensation is recorded as an expense over the vesting period or upon completion of performance. Consideration paid for shares on exercise of share options, in addition to the fair value attributable to stock options granted, is credited to capital stock. The Company also maintains the Gold Reserve Director and Employee Retention Plan. Each Unit granted under the Retention Plan to a participant entitles such person to receive a cash payment equal to the fair market value of one Gold Reserve Class A common Share (1) on the date the Unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater. The Company will not accrue a liability for these units until and unless events required for vesting of the units occur. Stock options and Units granted under the respective plans become fully vested and exercisable upon a change of control.

Income Taxes. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and those amounts reported in the financial statements. The deferred tax assets or liabilities are calculated using the enacted tax rates expected to apply in the periods in which the differences are expected to be settled. Deferred tax assets are recognized to the extent that they are considered more likely than not to be realized.

GOLD RESERVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Loss Per Share. Net loss per share is computed by dividing net loss by the combined weighted average number of Class A common shares and equity units outstanding during each year. In periods in which a loss is incurred, the effect of potential issuances of shares under options and convertible notes would be anti-dilutive, and therefore basic and diluted losses per share are the same.

Convertible Notes. Convertible notes are initially recorded at estimated fair value and subsequently measured at amortized cost. The fair value is allocated between the equity and debt component parts based on their respective fair values at the time of issuance and recorded net of transaction costs. The equity portion of the notes is estimated using the residual value method. The fair value of the debt component is accreted to the face value of the notes using the effective interest rate method over the expected life of the notes, with the resulting charge recorded as interest expense.

Comprehensive Loss. Comprehensive loss includes net loss and other comprehensive income or loss. Other comprehensive loss may include unrealized gains and losses on available-for-sale securities. The Company presents comprehensive loss and its components in the consolidated statements of comprehensive loss.

Financial Instruments. Marketable equity securities are classified as available for sale with any unrealized gain or loss recorded in other comprehensive income. If a decline in fair value of a security is determined to be other than temporary, an impairment loss is recognized. Cash and cash equivalents, deposits and advances are accounted for at cost which approximates fair value. Accounts payable, convertible notes and interest notes are recorded at amortized cost. Amortized cost of accounts payable approximates fair value.

Contingent Value Rights. Contingent value rights ("CVR") are obligations arising from the disposition of a portion of the rights to future proceeds of the Arbitral Award against Venezuela and/or the sale of the Brisas Project Technical Mining Data that was compiled by the Company.

Warrants. Common share purchase warrants ("Warrants") issued by the Company entitle the holder to acquire common shares of the company at a specific price within a certain time period. The fair value of warrants issued is calculated using the Black-Scholes method.

Note 2. New Accounting Policies:

Adopted in the year

In April 2014, the FASB issued Accounting Standards update ("ASU") 2014-08 which changes the criteria for reporting discontinued operations and adds new disclosure requirements for discontinued operations and individually significant components of an entity that are disposed of or classified as held for sale but do not meet the definition of a discontinued operation. The updated guidance requires an entity to only classify dispositions as discontinued operations due to a major strategic shift or a major effect on an entity's operations in the financial statements. This update was effective for the Company commencing with the reporting period beginning January 1, 2015. Adoption of these requirements did not have a significant impact on the Company's financial statements.

Recently issued accounting pronouncements

In April 2015, the FASB issued ASU 2015-03, Interest – Imputation of interest. This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in this update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company does not expect the adoption of this ASU to have a significant impact on its financial statements.

GOLD RESERVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)

In August 2014, the FASB issued ASU 2014-15 which provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This update is effective for the Company commencing with the annual period ending after December 15, 2016. The Company is still in the process of evaluating the impact of this standard.

Note 3. Revision of Prior Period Financial Statements:

In connection with the preparation of the Company's consolidated financial statements for the three and nine months ended September 30, 2015, an error was identified in the amount of non-cash stock option compensation expense recorded in the comparative period ended September 30, 2014. Additional compensation expense related to options granted in 2011 should have been recognized in the three and nine months ended September 30, 2014 as a result of the vesting conditions that were contingent upon the issuance of the Arbitral Award, which occurred on September 22, 2014. In accordance with the guidance in SEC Staff Accounting Bulletin No. 99, Materiality, the Company assessed the materiality of the error and concluded that it was not material to any of our previously issued consolidated financial statements but that the error should be corrected by revising the previously issued financial statements when such amounts are presented for comparative purposes. As such, in accordance with the guidance in ASC 250, Accounting Changes and Error Corrections, the Company has revised its comparative consolidated financial statements to correct the effect of this error in the comparative period. This non-cash revision did not impact net cash flows or total shareholders' equity for any prior period.

The following table presents the effect of this revision on the individual line items within the Company's Consolidated Statements of Operations, Consolidated Statements of Comprehensive Loss and Balance Sheets.

	Three Months Ended September 30, 2014			Nine Months Ended September 30, 2014			Year Ended December 31, 2014		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Arbitration (stock option compensation)	\$3,459,850	\$689,209	\$4,149,059	\$3,740,697	\$689,209	\$4,429,906	\$4,267,230	\$689,209	\$4,956,439
Net loss for the period	7,102,929	689,209	7,792,138	14,263,879	689,209	14,953,088	24,880,770	689,209	25,569,979
Net loss per share, basic and diluted	0.09	0.01	0.10	0.19	0.01	0.20	0.33	0.01	0.34
Comprehensive loss for the period	\$7,205,143	\$689,209	\$7,894,352	\$14,311,120	\$689,209	\$15,000,329	\$24,861,192	\$689,209	\$25,550,401

	As at December 31, 2014		
	As Previously Reported	Adjustment	As Revised
Stock options	\$ 19,980,099	\$ 689,209	\$ 20,669,308
Accumulated deficit	\$(342,526,267)	\$ (689,209)	\$(343,215,476)

GOLD RESERVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)

Note 4. Arbitral Award Enforcement:

In October 2009, Gold Reserve initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the ICSID of the World Bank. The Company filed its claim to obtain compensation for the losses caused by the wrongful actions of Venezuela that terminated the Brisas Project in violation of the terms of the Treaty between the Government of Canada and the Government of Venezuela for the Promotion and Protection of Investments (the "Canada-Venezuela BIT"). (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1)).

The September 22, 2014 ICSID Arbitral Award

On September 22, 2014, the ICSID Tribunal unanimously awarded to the Company the Arbitral Award (the "Award") totaling (i) \$713 million in damages, plus (ii) pre-award interest from April 2008 through the date of the Award based on the U.S. Government Treasury Bill Rate, compounded annually totaling, as of the date of the Award, approximately \$22.3 million and (iii) \$5 million for legal costs and expenses, for a total, as of September 22, 2014, of \$740.3 million. The Award (less legal costs and expenses) accrues post-award interest at a rate of LIBOR plus 2%, compounded annually (approximately \$58,000 per day) for a total estimated Award as of the date of this report of \$760 million. An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards.

Although the process of getting an Award recognized and enforced is different in each jurisdiction, the process in general is- the Company files a petition or application to confirm the Award with the competent court; Venezuela has the right to oppose such petition for confirmation or recognition; thereafter there are a number of filings made by both parties and in some cases hearings before the court. If the court subsequently confirms the enforcement of the Award then the court will issue a judgement against Venezuela. Thereafter the Company will begin the process of executing the judgment by identifying and attaching specific property owned by Venezuela that is not protected by sovereign immunity.

The December 15, 2014 Reconfirmation of Arbitral Award

Subsequent to the issuance of the Award, Venezuela and the Company filed requests for the ICSID Tribunal to correct what each party identified as "clerical, arithmetical or similar errors" in the Award as is permitted by the rules of ICSID's Additional Facility. The Company identified what it considered an inadvertent arithmetic error that warranted an increase in the Award of approximately \$50 million and Venezuela identified what it contended were significant inadvertent arithmetic errors that supported a reduction of the Award by approximately \$361 million. On December 15, 2014, the Tribunal denied both parties' requests for correction and reaffirmed the Award originally rendered in favor of Gold Reserve on September 22, 2014 (the "December 15th Decision"). This proceeding marked the end of the Tribunal's jurisdiction with respect to the Award.

Legal Activities in France

The Award was issued by a Tribunal constituted pursuant to the arbitration rules of ICSID's Additional Facility and, by agreement of the parties the seat of the Tribunal was in Paris. As a consequence, the Award is subject to review by the French courts.

Venezuela's Requests for Annulment

Application for Annulment of the September 22, 2014 ICSID Arbitral Award

In late October 2014, Venezuela filed an application before the Paris Court of Appeal, declaring its intent to have the Award annulled or set aside. According to the initial schedule established by the Paris Court of Appeal, written pleadings were supposed to be closed by October 15, 2015 and the hearing of Venezuela's application to annul was to take place on November 3, 2015. Because the president of the section who was to rule on the case has been promoted to become a judge at the French Supreme Court, the Paris Court of Appeal decided to postpone the hearing from November 3, 2015 to February 4, 2016, and subsequently postponed the date of the closure of the proceedings from October 15, 2015 to December 3, 2015, upon Venezuela's request. At this stage, the Company expects that a judgment on Venezuela's application will be rendered in spring 2016, although this is a matter over which the Company has no control.

GOLD RESERVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. dollars)

Application for Annulment of the December 15, 2014 Reconfirmation of Arbitral Award

Venezuela also filed an application before the Paris Court of Appeal to annul the December 15th Decision whereby the Tribunal dismissed Venezuela's motion to correct the Award (see December 15, 2014 Reconfirmation of Arbitral Award above). Venezuela filed its brief on this matter on May 5, 2015 and on May 7, 2015 the Paris Court of Appeal accepted a proposal by both parties to follow the same procedural schedule established for the initial application for annulment discussed above. Following the same procedural schedule could allow a decision on both of Venezuela's annulment applications in spring 2016. Although, similar to the initial application for annulment, this is a matter over which the Company has no control. Neither annulment proceedings discussed herein affect the finality of the Award or its enforceability in the interim.

Application for Exequatur

On October 31, 2014, the Company filed an application before the Paris Court of Appeal to obtain an order of *exequatur* for the recognition of the Award in France. Venezuela opposed the Company's application and requested a stay of execution pending the determination of its application for annulment of the Award discussed above. On January 29, 2015, the Paris Court of Appeal granted the Company's application for *exequatur* and dismissed Venezuela's request to stay the execution of the Award pending the outcome of its application to annul the Award. Since Venezuela was denied its motion to stay the execution of the Award, the *exequatur* or recognition of the Company's ICSID Award granted on January 29, 2015, is not appealable and remains in full force and effect.

Legal Activities in US District Court for the District of Columbia

On November 26, 2014, the Company filed in the U.S. District Court for the District of Columbia a petition to confirm the Award that had been rendered by an arbitral tribunal constituted under the Additional Facility Rules of the International Center for the Settlement of Investment Disputes ("ICSID") of the World Bank.

Venezuela initially avoided service related to the filing, refusing, among other things, to authorize its U.S. counsel to accept service of Gold Reserve's petition. Subsequently on April 15, 2015, Venezuela agreed to accept service and further agreed to respond to the petition on or before June 12, 2015. On that date, Venezuela filed a motion to dismiss and raised arguments that were essentially the same as those invoked in its still-pending application to annul the Award before the Paris Court of Appeal. In the alternative, Venezuela asked for a stay of enforcement of the Award pending the annulment determinations by the Paris Court of Appeal. The Company filed its response to Venezuela's arguments on July 2, 2015, and thereafter through September 25, 2015, further briefing was submitted by both parties to the D.C. district court.

On November 20, 2015, the Court entered an Order denying Venezuela's motion to dismiss or in the alternative stay the proceedings, granting the Company's petition to confirm the Award, confirming the Award, and entering judgment for the Company against Venezuela in the amount of \$713,032,000 plus (i) pre-award interest in the amount of \$22,299,576, (ii) post-award interest on the total amount awarded, inclusive of pre-award interest, at a rate of LIBOR plus 2%, compounded annually, from September 22, 2014, until payment in full; and (iii) \$5 million in legal fees and costs awarded by the arbitration tribunal (collectively, the "Judgment").

The Judgment, which as of the date of the Order was in excess of \$760 million, is immediately enforceable in the United States as a judgment of the United States District Court for the District of Columbia. The Company intends to vigorously pursue all available measures to enforce and collect on the Judgment, in full. Venezuela has the option of appealing the Judgment to the U.S. Circuit Court of Appeals for the District of Columbia.

Legal Activities in Luxembourg

On October 28, 2014, the Company was granted an *exequatur* for the recognition and execution of the Award by the Tribunal d'arrondissement de et à Luxembourg. As a result, the Company is allowed to proceed with conservatory or attachment actions against Venezuela's assets in the Grand Duchy of Luxembourg. On January 12, 2015, Venezuela filed a notice of appeal of this decision in the Cour d'appel de Luxembourg (the "Luxembourg Court of Appeal") asking for a stay of execution pending the determination of its application to annul the Award before the Paris Court of Appeal.

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The Luxembourg Court of Appeal subsequently issued a scheduling direction, dividing Venezuela's arguments in two and ordering that the arguments on form and the request for stay of execution be heard together, on May 21, 2015. In accordance with the scheduling direction, the Company filed its response to Venezuela's first set of arguments, on March 16, 2015, Venezuela filed a reply on April 20, 2015 and, thereafter the Company filed its reply on April 30, 2015.

On June 25, 2015, the Luxembourg Court of Appeal stayed Venezuela's appeal of the October 28, 2014 order of the Chairman of the Tribunal d'arrondissement de et à Luxembourg granting the exequatur (recognition and execution) of the Award in Luxembourg, on the basis that the Paris Court of Appeal is scheduled to hear Venezuela's application to annul within a few months. The exequatur remains in full effect which means that the Company is free to proceed with additional seizures if and when it deems it appropriate.

The Company, on several occasions, served on the Luxembourg offices of subpoena JP Morgan Chase Bank, N.A. (JP Morgan) and Deutsche Bank Trust Company Americas (DBTCA) the equivalent of writs of garnishment relating to interest payments on Venezuela sovereign bonds and any other funds owned by Venezuela. These banks were chosen because they are designated as paying agents or transfer agents in listing memoranda relating to various bonds issued by Venezuela and listed on the Luxembourg Stock Exchange. The banks continue to deny holding funds for the account of Venezuela, which appears to contradict the information contained in the listing memoranda.

As a result, the Company intends to have the issue determined by the appropriate court or judge having jurisdiction in Luxembourg over such matters or make other legal inquiries in other jurisdictions to assist the Company in understanding the relevant funding process. To that end, the Company applied in the US District Court for the Southern District of Florida for orders, under 28 U.S.C. § 1782, authorizing it to subpoena JP Morgan, DBTCA and The Bank of New York Mellon Corporation ("BNY Mellon"), which are designated as fiscal agents, paying agents, transfer agents and/or registrars on various bonds issued by Venezuela. On July 22, August 10 and September 11, 2015, respectively, the Company was notified that the Court had granted the Company's applications and service ensued on JP Morgan on July 24, on DBTCA on August 12, and on BNY Mellon on September 16, 2015. JP Morgan and DBTCA have produced responsive documents, and BNY Mellon is in the process of producing responsive documents. The Company presently is engaged in the process of completing the document productions and scheduling follow-on depositions.

Legal Activities in England

On May 19, 2015, the Company filed in the High Court (Queen Bench's Division - Commercial Court) an application for leave to enforce the Award pursuant to s. 101(2) of the *Arbitration Act*. In the English courts, such application is made by way of an Arbitration Claim Form ("Claim"). On May 21, the Court granted leave to enforce the Award as a judgment or order of the court, and entered judgment in the amount of the Award ("Order and Judgment"). Prior to formal service, copies of the Claim Form (with supporting evidence) and the Order and Judgment were delivered to Venezuela on July 28, 2015 ("Delivery"). Formal service of the Order and Judgment was then effected through the Foreign Process Section of the Royal Courts of Justice (as required under the State Immunity Act) on September 25, 2015. Pursuant to the general rules and practice of the Court, enforcement of the Order and Judgment is stayed, pending a period of 2 months and 22 days following service of the Order and Judgment on Venezuela, during which period the latter may apply to set aside the Order and Judgment.

Following Delivery, Venezuela's English counsel sent correspondence to the Company's counsel suggesting that the Company had attempted formal service by the Delivery – which is incorrect and was refuted in correspondence from the Company's counsel. On September 25, 2015 (prior to formal service), Venezuela made an application to the Court for declarations that the Court has no jurisdiction over the Claim, and for orders that (i) the Claim be set aside, (ii) service of the Claim (if any) be dismissed and (iii) that the Order and Judgment be set aside. The Company has since filed responsive evidence to Venezuela's application, and Venezuela's evidence in reply is due on November 20, 2015. The hearing of Venezuela's application is fixed for January 18 to 20, 2016. The Company intends to seek orders at the hearing that Venezuela's application be dismissed, and that enforcement can commence without further delay.

GOLD RESERVE INC.
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Communications with Venezuela

The Company's management has continued to have settlement discussion with the appropriate representatives of Venezuela regarding the satisfaction of the Award and the development of the Brisas-Las Cristinas gold copper project. The representatives for Venezuela have included the Vice President of the Republic, the Minister of Oil and Mining (also President of Petroleos de Venezuela, S.A. (PDVSA)), the Attorney General and representatives from his office, and representatives of the Central Bank of Venezuela.

In July 2015, the parties agreed to work in good faith to (1) resolve the amount due the Company related to the Arbitral Award and, (2) work together to develop the Brisas-Las Cristinas project.

While it is the objective of both the Company and the Venezuelan government to amicably resolve the payment of the arbitral award and to develop the Brisas-Las Cristinas gold copper deposit, the Company continues to pursue all legal avenues to enforce and collect the arbitral award and in turn, Venezuela is taking all legal steps to defend its rights. The Company believes that Venezuela will honor its international arbitral obligation although there can be no assurances in this regard. The Company remains firmly committed to the enforcement and collection of the Award including accrued interest in full and will continue to vigorously pursue all available remedies accordingly in every jurisdiction where it perceives that it can draw a benefit that will bring it closer to the collection of the Award.

The Company's Intent to Distribute Collection of the Arbitral Award to Shareholders

Subject to applicable regulatory requirements and good business practices regarding capital and reserves for operating expenses, accounts payable and income taxes, and any obligations arising as a result of the collection of the ICSID Award including payments pursuant to the terms of the convertible notes (if not otherwise converted), Interest Notes, CVR's, Bonus Plan and Retention Plan (all as defined herein) or undertakings made to a court of law, the Company's current plan is to distribute to its shareholders, in the most cost efficient manner, a substantial majority of any net proceeds.

Obligations Due Upon Collection of Arbitral Award and Sale of Brisas Technical Mining Data

The Board of Directors (the "Board") approved a Bonus Pool Plan ("Bonus Plan") in May 2012, which is intended to reward the participants, including executive officers, employees, directors and consultants, for their past and future contributions including their efforts related to the development of the Brisas Project, execution of the Brisas Arbitration and the collection of an award, if any. The bonus pool under the Bonus Plan will generally be comprised of the gross proceeds collected or the fair value of any consideration realized related to such transactions less applicable taxes times 1% of the first \$200 million and 5% thereafter. Participation in the Bonus Plan vests upon the participant's selection by the Committee of independent directors, subject to voluntary termination of employment or termination for cause. The Company also maintains the Gold Reserve Director and Employee Retention Plan (See Note 10, Stock Based Compensation Plans). Units ("Retention Units") granted under the plan become fully vested and payable upon: (1) collection of proceeds from the Arbitral Award and/or sale of mining data and the Company agrees to distribute a substantial majority of the proceeds to its shareholders or, (2) the event of a change of control. The Company currently does not accrue a liability for the Bonus or Retention Plan as events required for payment under the Plans have not yet occurred.

The Company has outstanding contingent value rights ("CVR's") which entitles the holder to receive, net of certain deductions (including income tax calculation and the payment of current obligations of the Company), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by the Company with respect to the Brisas Arbitration proceedings and/or disposition of the technical data related to the development of the Brisas Project that was compiled by the Company (the "Brisas Project Technical Mining Data"). The proceeds, if any, could be cash, commodities, bonds, shares and/or any other consideration received by the Company and if such proceeds are other than cash, the fair market value of such non-cash proceeds, net of any required deductions (e.g., for taxes) will be subject to the CVR's and will become an obligation of the Company only upon collection of the Arbitral Award and/or disposition of the technical data is realized.

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Included in accounts payable is approximately \$2.5 million in legal fees which were deferred during the arbitration and became payable as a result of the Arbitral Award. By agreement, these fees will now be paid in December 2015. This agreement included a reduction of \$0.5 million from the original amount due of \$3.1 million and a deferral of an additional \$0.1 million until collection of the award. The total amount of contingent legal fees which will become payable upon the collection of the Award is approximately \$1.8 million.

Note 5. Cash and Cash Equivalents:

	September 30, 2015	December 31, 2014
Bank deposits	\$ 2,174,951	\$ 6,367,049
Money market funds	72,139	72,098
Total	<u>\$ 2,247,090</u>	<u>\$ 6,439,147</u>

Note 6. Marketable Securities:

	September 30, 2015	December 31, 2014
Fair value at beginning of year	\$ 175,541	\$ 318,442
Impairment loss	–	(162,479)
Increase in market value	2,722	19,578
Fair value at balance sheet date	<u>\$ 178,263</u>	<u>\$ 175,541</u>

The Company's marketable securities are classified as available-for-sale and are recorded at quoted market value with gains and losses recorded within other comprehensive income until realized or impaired. Realized gains and losses are based on the average cost of the shares held at the date of disposition. As of September 30, 2015 and December 31, 2014, marketable securities had a cost basis of \$158,537.

Note 7. Fair Value Measurements:

Accounting Standards Codification ("ASC") 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities, Level 2 inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability and Level 3 inputs are unobservable inputs for the asset or liability that reflect the entity's own assumptions.

	Fair value			
	September 30, 2015	Level 1	Level 2	Level 3
Marketable securities	\$ 178,263	\$ 178,263	\$ –	\$ –
Convertible notes and interest notes	\$ 33,916,976	\$ –	\$ 33,916,976	–

	Fair value			
	December 31, 2014	Level 1	Level 2	Level 3
Marketable securities	\$ 175,541	\$ 175,541	\$ –	\$ –
Convertible notes and interest notes	\$ 37,408,241	\$ –	\$ 37,408,241	–

GOLD RESERVE INC.
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Note 8. Property, Plant and Equipment:

	Cost	Accumulated Depreciation	Net
September 30, 2015			
Machinery and equipment	\$ 12,234,092	\$ –	\$ 12,234,092
Furniture and office equipment	348,387	(336,222)	12,165
Leasehold improvements	41,190	(41,190)	–
Venezuelan property and equipment	171,445	(157,445)	14,000
	<u>\$ 12,795,114</u>	<u>\$ (534,857)</u>	<u>\$ 12,260,257</u>
	Cost	Accumulated Depreciation	Net
December 31, 2014			
Machinery and equipment	\$ 12,408,524	\$ –	\$ 12,408,524
Furniture and office equipment	529,648	(511,518)	18,130
Leasehold improvements	41,190	(41,190)	–
Venezuelan property and equipment	171,445	(157,445)	14,000
	<u>\$ 13,150,807</u>	<u>\$ (710,153)</u>	<u>\$ 12,440,654</u>

Machinery and equipment consists of infrastructure and milling equipment previously intended for use on the Brisas Project. In 2014, based on an updated market valuation for mining equipment which included the review of transactions involving comparable assets, the Company recorded a further \$6.5 million write-down of this equipment to an estimated net realizable value.

Note 9. KSOP Plan:

The KSOP Plan, adopted in 1990 for retirement benefits of employees, is comprised of two parts, (1) a salary reduction component, and a 401(k) which includes provisions for discretionary contributions by the Company, and (2) an employee share ownership component, or ESOP. Allocation of common shares or cash to participants' accounts, subject to certain limitations, is at the discretion of the Board. There have been no common shares allocated to the Plan since 2011. Cash contributions for plan year 2014 were approximately \$164,000. As of September 30, 2015, no contributions by the Company had been made for plan year 2015.

Note 10. Stock Based Compensation Plans:

Equity Incentive Plans

On June 27, 2012, the shareholders approved the 2012 Equity Incentive Plan (the "2012 Plan") to replace the Company's previous equity incentive plans. In 2014, the Board amended and restated the 2012 Plan changing the maximum number of Class A common shares issuable under options granted under the 2012 Plan from a "rolling" 10% of the outstanding Class A common shares to a fixed number of 7,550,000 Class A common shares. As of September 30, 2015, there were 1,519,500 options available for grant. Grants are made for terms of up to ten years with vesting periods as required by the TSXV and as may be determined by a committee established pursuant to the 2012 Plan, or in certain cases, by the Board.

GOLD RESERVE INC.
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Share option transactions for the nine months ended September 30, 2015 and 2014 are as follows:

	2015		2014	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding - beginning of period	5,698,000	\$ 2.31	5,443,000	\$ 2.21
Options exercised	(65,000)	1.87	(55,000)	1.82
Options granted	315,000	3.90	310,000	4.02
Options outstanding - end of period	5,948,000	\$ 2.40	5,698,000	\$ 2.31
Options exercisable - end of period	5,898,000	\$ 2.39	5,491,331	\$ 2.25

The following table relates to stock options at September 30, 2015:

Outstanding Options					Exercisable Options				
Exercise Price	Number	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)	Number	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)	
\$1.82	2,532,500	\$1.82	\$2,481,850	0.26	2,532,500	\$1.82	\$2,481,850	0.26	
\$1.92	920,000	\$1.92	809,600	5.69	920,000	\$1.92	809,600	5.69	
\$2.89	1,620,500	\$2.89	-	1.33	1,620,500	\$2.89	-	1.33	
\$3.00	250,000	\$3.00	-	2.70	250,000	\$3.00	-	2.70	
\$3.89	100,000	\$3.89	-	4.46	50,000	\$3.89	-	4.46	
\$3.91	215,000	\$3.91	-	9.75	215,000	\$3.91	-	9.75	
\$4.02	310,000	\$4.02	-	8.82	310,000	\$4.02	-	8.82	
\$1.82 - \$4.02	5,948,000	\$2.40	\$3,291,450	2.35	5,898,000	\$2.39	\$3,291,450	2.34	

During the nine months ended September 30, 2015 and 2014, the Company granted 315,000 and 310,000 stock options, respectively. The Company recorded non-cash compensation expense during the nine months ended September 30, 2015 and 2014 of \$0.3 million and \$0.8 million, respectively for stock options granted in 2015 and prior periods.

The weighted average fair value of the options granted in 2015 and 2014 was calculated at \$0.85 and \$0.87, respectively. The fair value of options granted was determined using the Black-Scholes model based on the following weighted average assumptions:

	2015	2014
Risk free interest rate	0.66%	0.53%
Expected term	2 years	2 years
Expected volatility	38%	38%
Dividend yield	nil	nil

The risk free interest rate is based on the US Treasury rate on the date of grant for a period equal to the expected term of the option. The expected term is based on historical exercise experience and projected post-vesting behavior. The expected volatility is based on historical volatility of the Company's stock over a period equal to the expected term of the option.

GOLD RESERVE INC.
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(Expressed in U.S. dollars)

Retention Units Plan

The Company also maintains the Gold Reserve Director and Employee Retention Plan. Units granted under the plan become fully vested and payable upon: (1) collection of Arbitral Award proceeds from the ICSID arbitration process and/or sale of mining data and the Company agrees to distribute a substantial majority of the proceeds to its shareholders or, (2) the event of a change of control. Each unit granted to a participant entitles such person to receive a cash payment equal to the fair market value of one Gold Reserve Class A common share (1) on the date the unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater. As of September 30, 2015 an aggregate of 1,457,500 unvested units have been granted to directors and executive officers of the Company and 315,000 units have been granted to other employees. The Company currently does not accrue a liability for these units as events required for vesting of the units have not yet occurred. The minimum value of these units, based on the grant date value of the Class A common shares, was approximately \$7.7 million.

Note 11. Convertible Notes and Interest Notes:

In the fourth quarter of 2012, the Company restructured \$85.4 million aggregate principal amount of Old Notes (the "2012 Restructuring"). Holders of an aggregate principal amount of \$84.4 million of Old Notes elected to participate in the 2012 Restructuring and \$1.0 million of Old Notes declined to participate. Pursuant to the 2012 Restructuring, the Company paid \$16.9 million cash, issued 12,412,501 Class A common shares, issued notes with a face value of \$25.3 million (the "Modified Notes") and issued CVR's totaling 5.468% of any future proceeds, net of certain deductions (including income tax calculation and the payment of current obligations of the Company), actually received by the Company with respect to the Brisas Arbitration proceedings and/or disposition of the Brisas Project Technical Mining Data.

During the second quarter of 2014, the Company extended the maturity date of its \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015 and issued \$12 million of additional notes ("New Notes") also maturing December 31, 2015. \$19.2 million of the Modified Notes and \$8 million of the New Notes were issued to affiliated funds which exercised control or direction over more than 10% of the Company's common shares prior to the transactions and as a result, those portions of the transactions were considered to be related party transactions. The Modified Notes were amended to be consistent with the terms of the New Notes. The Company also has outstanding \$1.0 million notes issued in May 2007 (Old Notes) with a maturity date of June 15, 2022. The Old Notes bear interest at a rate of 5.50% per year, payable semiannually in arrears on June 15 and December 15 and, subject to certain conditions, may be redeemed, repurchased or converted into Class A common shares of the Company at a conversion price of \$7.54 per common share.

The New Notes and the Modified Notes (as amended from the date of closing) (the "Notes") bear interest at a rate of 11% per year, which will be accrued quarterly, issued in the form of a note (Interest Notes) payable in cash at maturity. Subject to certain conditions, the outstanding principal of the Notes may be converted into Class A common shares of the Company, redeemed or repurchased prior to maturity. The Notes mature on December 31, 2015 and are convertible, at the option of the holder, into 285.71 Class A common shares per \$1,000 (equivalent to a conversion price of \$3.50 per common share) at any time upon prior written notice to the Company. The Company paid, in the case of the New Notes, a fee of 2.5% of the principal in the form of an original issue discount and in the case of the Modified Notes, a cash extension fee of 2.5% of the principal.

GOLD RESERVE INC.
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The Notes are senior unsecured, equal in rank and subject to certain terms including: (1) the technical data related to the development of the Brisas Project that was compiled by the Company and any award related to the Brisas Arbitration may not be pledged without consent of holders comprising at least 75% in principal amount of Notes; (2) the Company may not incur any additional indebtedness that ranks senior to or pari passu with the Notes in any respect without consent of holders comprising at least 75% in principal amount of Notes; (3) each Noteholder will have the right to participate, on a pro rata basis based on the amount of equity it holds, including equity issuable upon conversion of convertible securities, in any future equity or debt financing; (4) the Notes shall be redeemable on a pro rata basis, by the Company at the Noteholders' option, at a price equal to 120% of the outstanding principal balance upon the issuance of a final Arbitration Award, with respect to which enforcement has not been stayed and no annulment proceeding is pending; provided the Company shall only be obligated to make a redemption to the extent net cash proceeds received are in excess of \$20,000,000, net of taxes and \$13,500,000 to fund accrued and unpaid prospective operating expenses; (5) capital expenditures (including exploration and related activities) shall not exceed \$500,000 in any 12-month period without the prior consent of holders of a majority of the Notes; and (6) the Company shall not agree with any of the Noteholders to any amendment or modification to any terms of the Notes, provide any fees or other compensation whether in cash or in kind to any holder of the Notes, or engage in the repurchase, redemption or other defeasance of any Notes without offering such terms, compensation or defeasance to all holders of the Notes on an equitable and pro-rata basis.

Accounting standards require the Company to allocate the convertible notes between their equity and liability component parts based on their respective fair values at the time of issuance. The liability component was computed by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability that does not have an associated equity component. The equity portion of the notes was estimated using the residual value method at approximately \$6.5 million net of issuance costs. The fair value of the liability component is accreted to the face value of the Notes using the effective interest rate method over the expected life of the Notes, with the resulting charge recorded as interest expense. Extinguishment accounting was used for the Modified Notes resulting in a loss of \$0.2 million in the second quarter of 2014 due to the unamortized discount remaining on the notes prior to the restructuring. As of September 30, 2015, the Company had \$38.4 million face value convertible notes and \$5.6 million face value interest notes outstanding.

Note 12. Subsequent Event:

During the third quarter of 2015, the Company agreed to a financing in which it will issue up to \$13.4 million of new convertible notes ("New Notes") due December 31, 2018 and modify, amend and extend the maturity date of \$43.7 million of currently outstanding principal and accrued interest ("Modified Notes") from December 31, 2015 to December 31, 2018. The Company will issue \$12.3 million of New Notes with an original issue discount of 2.5% of the principal amount and will also issue approximately \$1.1 million of additional New Notes representing 2.5% of the extended principal and interest amount due to the current note holders as a restructuring fee.

The New Notes and the Modified Notes (as amended from the date of closing) (collectively the "Notes") will bear interest at a rate of 11% per year, which will be accrued quarterly, be issued in the form of a note (Interest Notes) and be payable in cash at maturity. The Notes will be convertible, at the option of the holder, into 333.33 of Class A common shares per US \$1,000 (equivalent to a conversion price of US \$3.00 per common share) at any time upon prior written notice to the Company. The Notes will be senior obligations of the Company, secured by all assets of the Company and subject to certain other terms including restrictions regarding the pledging of assets and incurrence of certain capital expenditures or additional indebtedness without consent of noteholders; and participation rights in future equity or debt financing. The transaction is expected to be completed by the close of business November 30, 2015.

GOLD RESERVE INC.
September 30, 2015
Management's Discussion and Analysis
U.S. Dollars
(unaudited)

Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

This Management's Discussion and Analysis of Financial Condition and Results of Operations, dated November 27, 2015 is intended to assist in understanding and assessing our results of operations and financial condition and should be read in conjunction with the consolidated financial statements and related notes.

In connection with the preparation of the Company's consolidated financial statements for the three and nine months ended September 30, 2015, an error was identified in the amount of non-cash stock option compensation expense recorded in the comparative period ended September 30, 2014. Additional compensation expense related to options granted in 2011 should have been recognized in the three and nine months ended September 30, 2014 as a result of the vesting conditions that were contingent upon the issuance of the Arbitral Award, which occurred on September 22, 2014. The error was not material to any of our previously issued consolidated financial statements. Prior year comparative financial statements have been revised to correct the effect of this error (See Note 3, Revision of Prior Period Financial Statements). This non-cash revision did not impact net cash flows or total shareholders' equity for any prior period. The discussion and analysis included herein is based on revised financial results for the three and nine months ended September 30, 2014.

Gold Reserve, an exploration stage company, is engaged in the business of acquiring, exploring and developing mining projects. Management's recent efforts have included:

- pursuing any and all means to ensure timely payment of the arbitral award (the "Arbitral Award" or "Award") issued by the tribunal (the "ICSID Tribunal" or "Tribunal") of the International Center for Investment Disputes (the "ICSID") on September 22, 2014 in connection with Venezuela's seizure of the Company's Brisas Project.
- communicating with authorized representatives of Venezuela to resolve the payment of the Award;
- evaluating options regarding the extension of the Company's debt maturing December 31, 2015 and additional funding in the form of debt or equity;
- pursuing all opportunities to sell the remaining Brisas Project related assets; and
- evaluating other exploration mining prospects.

Brisas Arbitration

In October 2009, Gold Reserve initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the ICSID of the World Bank. The Company filed its claim to obtain compensation for the losses caused by the wrongful actions of Venezuela that terminated the Brisas Project in violation of the terms of the Treaty between the Government of Canada and the Government of Venezuela for the Promotion and Protection of Investments (the "Canada-Venezuela BIT"). (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1)).

The September 22, 2014 ICSID Arbitral Award

On September 22, 2014, the ICSID Tribunal unanimously awarded to the Company the Arbitral Award (the "Award") totaling (i) \$713 million in damages, plus (ii) pre-award interest from April 2008 through the date of the Award based on the U.S. Government Treasury Bill Rate, compounded annually totaling, as of the date of the Award, approximately \$22.3 million and (iii) \$5 million for legal costs and expenses, for a total, as of September 22, 2014, of \$740.3 million. The Award (less legal costs and expenses) accrues post-award interest at a rate of LIBOR plus 2%, compounded annually (approximately \$58,000 per day) for a total estimated Award as of the date of this report of \$760 million. An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards.

Although the process of getting an Award recognized and enforced is different in each jurisdiction, the process in general is- the Company files a petition or application to confirm the Award with the competent court; Venezuela has the right to oppose such petition for confirmation or recognition; thereafter there are a number of filings made by both parties and in some cases hearings before the court. If the court subsequently confirms the enforcement of the Award then the court will issue a judgement against Venezuela. Thereafter the Company will begin the process of executing the judgment by identifying and attaching specific property owned by Venezuela that is not protected by sovereign immunity.

The December 15, 2014 Reconfirmation of Arbitral Award

Subsequent to the issuance of the Award, Venezuela and the Company filed requests for the ICSID Tribunal to correct what each party identified as "clerical, arithmetical or similar errors" in the Award as is permitted by the rules of ICSID's Additional Facility. The Company identified what it considered an inadvertent arithmetic error that warranted an increase in the Award of approximately \$50 million and Venezuela identified what it contended were significant inadvertent arithmetic errors that supported a reduction of the Award by approximately \$361 million. On December 15, 2014, the Tribunal denied both parties' requests for correction and reaffirmed the Award originally rendered in favor of Gold Reserve on September 22, 2014 (the "December 15th Decision"). This proceeding marked the end of the Tribunal's jurisdiction with respect to the Award.

Legal Activities in France

The Award was issued by a Tribunal constituted pursuant to the arbitration rules of ICSID's Additional Facility and, by agreement of the parties the seat of the Tribunal was in Paris. As a consequence, the Award is subject to review by the French courts.

Venezuela's Requests for Annulment

Application for Annulment of the September 22, 2014 ICSID Arbitral Award

In late October 2014, Venezuela filed an application before the Paris Court of Appeal, declaring its intent to have the Award annulled or set aside. According to the initial schedule established by the Paris Court of Appeal, written pleadings were supposed to be closed by October 15, 2015 and the hearing of Venezuela's application to annul was to take place on November 3, 2015. Because the president of the section who was to rule on the case has been promoted to become a judge at the French Supreme Court, the Paris Court of Appeal decided to postpone the hearing from November 3, 2015 to February 4, 2016, and subsequently postponed the date of the closure of the proceedings from October 15, 2015 to December 3, 2015, upon Venezuela's request. At this stage, the Company expects that a judgment on Venezuela's application will be rendered in spring 2016, although this is a matter over which the Company has no control.

Application for Annulment of the December 15, 2014 Reconfirmation of Arbitral Award

Venezuela also filed an application before the Paris Court of Appeal to annul the December 15th Decision whereby the Tribunal dismissed Venezuela's motion to correct the Award (see December 15, 2014 Reconfirmation of Arbitral Award above). Venezuela filed its brief on this matter on May 5, 2015 and on May 7, 2015 the Paris Court of Appeal accepted a proposal by both parties to follow the same procedural schedule established for the initial application for annulment discussed above. Following the same procedural schedule could allow a decision on both of Venezuela's annulment applications in spring 2016. Although, similar to the initial application for annulment, this is a matter over which the Company has no control. Neither annulment proceedings discussed herein affect the finality of the Award or its enforceability in the interim.

Application for Exequatur

On October 31, 2014, the Company filed an application before the Paris Court of Appeal to obtain an order of *exequatur* for the recognition of the Award in France. Venezuela opposed the Company's application and requested a stay of execution pending the determination of its application for annulment of the Award discussed above. On January 29, 2015, the Paris Court of Appeal granted the Company's application for *exequatur* and dismissed Venezuela's request to stay the execution of the Award pending the outcome of its application to annul the Award. Since Venezuela was denied its motion to stay the execution of the Award, the *exequatur* or recognition of the Company's ICSID Award granted on January 29, 2015, is not appealable and remains in full force and effect.

Legal Activities in US District Court for the District of Columbia

On November 26, 2014, the Company filed in the U.S. District Court for the District of Columbia a petition to confirm the Award that had been rendered by an arbitral tribunal constituted under the Additional Facility Rules of the International Center for the Settlement of Investment Disputes ("ICSID") of the World Bank.

Venezuela initially avoided service related to the filing, refusing, among other things, to authorize its U.S. counsel to accept service of Gold Reserve's petition. Subsequently on April 15, 2015, Venezuela agreed to accept service and further agreed to respond to the petition on or before June 12, 2015. On that date, Venezuela filed a motion to dismiss and raised arguments that were essentially the same as those invoked in its still-pending application to annul the Award before the Paris Court of Appeal. In the alternative, Venezuela asked for a stay of enforcement of the Award pending the annulment determinations by the Paris Court of Appeal. The Company filed its response to Venezuela's arguments on July 2, 2015, and thereafter through September 25, 2015, further briefing was submitted by both parties to the D.C. district court.

On November 20, 2015, the Court entered an Order denying Venezuela's motion to dismiss or in the alternative stay the proceedings, granting the Company's petition to confirm the Award, confirming the Award, and entering judgment for the Company against Venezuela in the amount of \$713,032,000 plus (i) pre-award interest in the amount of \$22,299,576, (ii) post-award interest on the total amount awarded, inclusive of pre-award interest, at a rate of LIBOR plus 2%, compounded annually, from September 22, 2014, until payment in full; and (iii) \$5 million in legal fees and costs awarded by the arbitration tribunal (collectively, the "Judgment").

The Judgment, which as of the date of the Order was in excess of \$760 million, is immediately enforceable in the United States as a judgment of the United States District Court for the District of Columbia. The Company intends to vigorously pursue all available measures to enforce and collect on the Judgment, in full. Venezuela has the option of appealing the Judgment to the U.S. Circuit Court of Appeals for the District of Columbia.

Legal Activities in Luxembourg

On October 28, 2014, the Company was granted an exequatur for the recognition and execution of the Award by the Tribunal d'arrondissement de et à Luxembourg. As a result, the Company is allowed to proceed with conservatory or attachment actions against Venezuela's assets in the Grand Duchy of Luxembourg. On January 12, 2015, Venezuela filed a notice of appeal of this decision in the Cour d'appel de Luxembourg (the "Luxembourg Court of Appeal") asking for a stay of execution pending the determination of its application to annul the Award before the Paris Court of Appeal.

The Luxembourg Court of Appeal subsequently issued a scheduling direction, dividing Venezuela's arguments in two and ordering that the arguments on form and the request for stay of execution be heard together, on May 21, 2015. In accordance with the scheduling direction, the Company filed its response to Venezuela's first set of arguments, on March 16, 2015, Venezuela filed a reply on April 20, 2015 and, thereafter the Company filed its reply on April 30, 2015.

On June 25, 2015, the Luxembourg Court of Appeal stayed Venezuela's appeal of the October 28, 2014 order of the Chairman of the Tribunal d'arrondissement de et à Luxembourg granting the exequatur (recognition and execution) of the Award in Luxembourg, on the basis that the Paris Court of Appeal is scheduled to hear Venezuela's application to annul within a few months. The exequatur remains in full effect which means that the Company is free to proceed with additional seizures if and when it deems it appropriate.

The Company, on several occasions, served on the Luxembourg offices of JP Morgan Chase Bank, N.A. (JP Morgan) and Deutsche Bank Trust Company Americas (DBTCA) the equivalent of writs of garnishment relating to interest payments on Venezuela sovereign bonds and any other funds owned by Venezuela. These banks were chosen because they are designated as paying agents or transfer agents in listing memoranda relating to various bonds issued by Venezuela and listed on the Luxembourg Stock Exchange. The banks continue to deny holding funds for the account of Venezuela, which appears to contradict the information contained in the listing memoranda.

As a result, the Company intends to have the issue determined by the appropriate court or judge having jurisdiction in Luxembourg over such matters or make other legal inquiries in other jurisdictions to assist the Company in understanding the relevant funding process. To that end, the Company applied in the US District Court for the Southern District of Florida for orders, under 28 U.S.C. § 1782, authorizing it to subpoena JP Morgan, (DBTCA) and The Bank of New York Mellon Corporation ("BNY Mellon"), which are designated as fiscal agents, paying agents, transfer agents and/or registrars on various bonds issued by Venezuela. On July 22, August 10 and September 11, 2015, respectively, the Company was notified that the Court had granted the Company's applications and service ensued on JP Morgan on July 24, on DBTCA on August 12, and on BNY Mellon on September 16, 2015. JP Morgan and DBTCA have produced responsive documents, and BNY Mellon is in the process of producing responsive documents. The Company presently is engaged in the process of completing the document productions and scheduling follow-on depositions.

Legal Activities in England

On May 19, 2015, the Company filed in the High Court (Queen Bench's Division - Commercial Court) an application for leave to enforce the Award pursuant to s. 101(2) of the *Arbitration Act*. In the English courts, such application is made by way of an Arbitration Claim Form ("Claim"). On May 21, the Court granted leave to enforce the Award as a judgment or order of the court, and entered judgment in the amount of the Award ("Order and Judgment"). Prior to formal service, copies of the Claim Form (with supporting evidence) and the Order and Judgment were delivered to Venezuela on July 28, 2015 ("Delivery"). Formal service of the Order and Judgment was then effected through the Foreign Process Section of the Royal Courts of Justice (as required under the State Immunity Act) on September 25, 2015. Pursuant to the general rules and practice of the Court, enforcement of the Order and Judgment is stayed, pending a period of 2 months and 22 days following service of the Order and Judgment on Venezuela, during which period the latter may apply to set aside the Order and Judgment.

Following Delivery, Venezuela's English counsel sent correspondence to the Company's counsel suggesting that the Company had attempted formal service by the Delivery – which is incorrect and was refuted in correspondence from the Company's counsel. On September 25, 2015 (prior to formal service), Venezuela made an application to the Court for declarations that the Court has no jurisdiction over the Claim, and for orders that (i) the Claim be set aside, (ii) service of the Claim (if any) be dismissed and (iii) that the Order and Judgment be set aside. The Company has since filed responsive evidence to Venezuela's application, and Venezuela's evidence in reply is due on November 20, 2015. The hearing of Venezuela's application is fixed for January 18 to 20, 2016. The Company intends to seek orders at the hearing that Venezuela's application be dismissed, and that enforcement can commence without further delay.

Communications with Venezuela

The Company's management has continued to have settlement discussion with the appropriate representatives of Venezuela regarding the satisfaction of the Award and the development of the Brisas-Las Cristinas gold copper project. The representatives for Venezuela have included the Vice President of the Republic, the Minister of Oil and Mining (also President of Petroleos de Venezuela, S.A. (PDVSA)), the Attorney General and representatives from his office, and representatives of the Central Bank of Venezuela.

In July 2015, the parties agreed to work in good faith to (1) resolve the amount due the Company related to the Arbitral Award and, (2) work together to develop the Brisas-Las Cristinas project.

While it is the objective of both the Company and the Venezuelan government to amicably resolve the payment of the arbitral award and to develop the Brisas-Las Cristinas gold copper deposit, the Company continues to pursue all legal avenues to enforce and collect the arbitral award and in turn, Venezuela is taking all legal steps to defend its rights. The Company believes that Venezuela will honor its international arbitral obligation although there can be no assurances in this regard. The Company remains firmly committed to the enforcement and collection of the Award including accrued interest in full and will continue to vigorously pursue all available remedies accordingly in every jurisdiction where it perceives that it can draw a benefit that will bring it closer to the collection of the Award.

Venezuela's Intent to Develop the Brisas/Las Cristinas Mine

Historically Venezuela has publicly stated its intent to develop the Brisas Project and contiguous areas and has reportedly had discussions with one or more major corporations for initial studies related to the development and eventual construction of the Brisas or Brisas-Las Cristinas mine as a large gold-copper complex. In December 2013, the Venezuelan government granted the gold exploration and mining rights in three areas located in Bolivar State (including the area of the Brisas gold and copper deposit) valued at \$30 billion to Empresa Nacional Aurifera, S.A. ("ENA"), a subsidiary of the Venezuelan State-owned oil company Petróleos de Venezuela, S.A. ("PDVSA") and concurrently ENA sold a 40% interest to Venezuela's central bank, Banco Central de Venezuela ("BCV") for an estimated \$12 billion allowing PDVSA to offset promissory notes payable to BCV totaling \$21.5 billion and record a gain on the transaction of approximately \$9.5 billion. Gold Reserve is prepared to assist Venezuela to find a joint solution that would include the transfer of the extensive technical data related to the development of the Brisas Project that was compiled by the Company. This would allow PDVSA, ENA, BCV and their contractor/consultants to develop Brisas on an accelerated basis for the benefit of Venezuela, with appropriate compensation for the Company apart from the collection of any payments associated with the Award.

The Company's Intent to Distribute Collection of the Arbitral Award to Shareholders

Subject to applicable regulatory requirements and good business practices regarding capital and reserves for operating expenses, accounts payable and income taxes, and any obligations arising as a result of the collection of the ICSID Award including payments pursuant to the terms of the convertible notes (if not otherwise converted), Interest Notes, CVR's, Bonus Plan and Retention Plan (all as defined herein) or undertakings made to a court of law, the Company's current plan is to distribute to its shareholders, in the most cost efficient manner, a substantial majority of any net proceeds.

Obligations Due Upon Collection of Arbitral Award and Sale of Brisas Technical Mining Data

The Board of Directors (the "Board") approved a Bonus Pool Plan ("Bonus Plan") in May 2012, which is intended to reward the participants, including executive officers, employees, directors and consultants, for their past and future contributions including their efforts related to the development of the Brisas Project, execution of the Brisas Arbitration and the collection of an award, if any. The bonus pool under the Bonus Plan will generally be comprised of the gross proceeds collected or the fair value of any consideration realized related to such transactions less applicable taxes times 1% of the first \$200 million and 5% thereafter. Participation in the Bonus Plan vests upon the participant's selection by the Committee of independent directors, subject to voluntary termination of employment or termination for cause. The Company also maintains the Gold Reserve Director and Employee Retention Plan (See Note 10, Stock Based Compensation Plans). Units ("Retention Units") granted under the plan become fully vested and payable upon: (1) collection of proceeds from the Arbitral Award and/or sale of mining data and the Company agrees to distribute a substantial majority of the proceeds to its shareholders or, (2) the event of a change of control. The Company currently does not accrue a liability for the Bonus or Retention Plan as events required for payment under the Plans have not yet occurred.

The Company has outstanding contingent value rights ("CVR's") which entitles the holder to receive, net of certain deductions (including income tax calculation and the payment of current obligations of the Company), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by the Company with respect to the Brisas Arbitration proceedings or disposition of the technical data related to the development of the Brisas Project that was compiled by the Company (the "Brisas Project Technical Mining Data"). The proceeds, if any, could be cash, commodities, bonds, shares and/or any other consideration received by the Company and if such proceeds are other than cash, the fair market value of such non-cash proceeds, net of any required deductions (e.g., for taxes) will be subject to the CVR's and will become an obligation of the Company only upon collection of the Arbitral Award and/or disposition of the technical data is realized.

Included in accounts payable is approximately \$2.5 million in legal fees which were deferred during the arbitration and became payable as a result of the Arbitral Award. By agreement, these fees are now expected to be paid in December 2015. This agreement included a reduction of \$0.5 million from the original amount due of \$3.1 million and a deferral of an additional \$0.1 million until collection of the award. The total amount of additional contingent legal fees which will become payable upon the collection of the Award is approximately \$1.8 million.

Exploration Prospects

La Tortuga Property

In April 2012, Soltoro Ltd. granted the Company the right to earn an undivided 51% interest in the 11,562 hectare La Tortuga property, a copper and gold prospect located in Jalisco State, Mexico, by making an aggregate \$3.65 million in option payments and property expenditures over three years. Subsequently the Board concluded that continued investment in the property was no longer warranted and the Company expensed all previously capitalized costs as of June 30, 2014 and formally terminated its option on the property in August 2014.

The Company continues to evaluate alternative prospects with a focus on, among other things, location, the mineralized potential, economic factors and the level and quality of previous work completed on the prospect. The Company is focused on prospects that are located in politically friendly jurisdictions, which have clear and well-established mining, tax and environmental laws and an experienced mining authority.

Financial Overview

The Company's overall financial position continues to be influenced by a number of significant historical events: the seizure of the Brisas Project by the Venezuelan government, costs related to obtaining the Arbitral Award and on-going efforts to enforce and collect it, interest expense related to notes payable, the subsequent write-off of the accumulated Brisas Project development costs, impairment of the value of the equipment originally acquired for the Brisas Project and our restructuring of outstanding debt in 2012 and 2014.

Recent operating results continue to be shaped by expenses associated with the enforcement and collection of the Arbitral Award in various international jurisdictions, interest expense related to our debt, write-down of Brisas Project equipment during 2014 and maintaining the Company's legal and regulatory obligations in good standing.

The Company has no commercial production and, as a result, continues to experience losses from operations, a trend the Company expects to continue unless the Company collects, in part or whole, the Arbitral Award and/or acquires and develops a mineral project which results in positive results from operations.

Historically the Company has financed its operations through the issuance of common stock, other equity securities and debt. The timing of any future investments or transactions if any, and the amounts that may be required cannot be determined at this time and are subject to available cash, the collection, if any, of the Award, sale of remaining Brisas Project related equipment, the timing of the conversion or maturity of the outstanding convertible notes and/or future financings, if any. The Company has only one operating segment, the exploration and development of mineral properties

The Company's efforts to address its longer-term funding requirements may be adversely impacted by financial market conditions, industry conditions, regulatory approvals or other unknown or unpredictable conditions and, as a result, there can be no assurance that additional funding will be available or, if available, offered on acceptable terms. In view of these uncertainties there is substantial doubt about the Company's ability to continue as a going concern.

During the second quarter of 2014, the Company extended the maturity date of its \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015 and issued \$12 million of New Notes also maturing December 31, 2015, net of costs of approximately \$1.3 million. The Modified Notes were amended to be consistent with the terms of the New Notes (as more fully described herein and in Note 11 to the consolidated financial statements).

More recently, the Company agreed to issue additional convertible notes totaling \$13.4 million (\$12.3 for cash and \$1.1 representing 2.5% of the extended principal and interest amount as a restructuring fee) and modify, amend and extend the maturity date of \$43.7 million of currently outstanding principal and accrued interest from December 31, 2015 to December 31, 2018. See Liquidity and Capital Resources-Financing Activities and Note 12 to the consolidated financial statements.

The Company also continues its efforts to dispose of the remaining Brisas Project assets, pursue a timely completion of the Brisas Arbitration claim before ICSID and maintain its willingness to pursue settlement discussions relating to our dispute with the Venezuelan government.

Liquidity and Capital Resources

At September 30, 2015, the Company had cash and cash equivalents of approximately \$2.2 million which represents a decrease from December 31, 2014 of approximately \$4.2 million. The net decrease was due to cash used by operations as more fully described in the "Operating Activities" section below.

	2015	Change	2014
Cash and cash equivalents	\$ 2,247,090	\$ (4,192,057)	\$ 6,439,147

As of September 30, 2015, the Company had financial resources including cash, cash equivalents and marketable securities totaling approximately \$2.4 million, Brisas Project related equipment with an estimated fair value of approximately \$12.2 million (See Note 8 to the consolidated financial statements) and short-term financial obligations including convertible notes and interest notes of \$42.9 million face value and accounts payable and accrued expenses of approximately \$3.9 million. Included in accounts payable is approximately \$2.5 million which represents legal fees deferred during the arbitration but now payable as a result of the Award. In addition, the Company is obligated to pay contingent legal fees of approximately \$1.8 million due upon the collection of the Award. As of the date of this report, the Company had approximately \$1.6 million in cash and investments, which are held primarily in U.S. dollar denominated accounts.

The Company has no revenue producing operations at this time and its working capital position, cash burn rate and debt maturity schedule requires the Company to seek additional sources of funding to ensure the Company's ability to continue its activities in the normal course. To address its funding requirements in addition to its convertible notes due in December 2015 (see Financing Activities and Note 12 to the consolidated financial statements), the Company is continuing its efforts to dispose of the remaining Brisas Project related assets and pursue a timely and successful collection of the Arbitral Award and sale of the Brisas Project Technical Mining Data.

Operating Activities

Cash flow used in operating activities for the nine months ended September 30, 2015 and 2014 was approximately \$4.5 million and \$5.8 million, respectively. Cash flow used in operating activities consists of net operating losses (the components of which are more fully discussed below) adjusted for non-cash expense items primarily related to accretion of convertible notes recorded as interest expense, stock option compensation and certain changes in working capital.

Cash flow used in operating activities during the nine months ended September 30, 2015 decreased from the prior comparable period due to decreases in exploration expense, legal expense and corporate general and administrative expense partially offset by an increase in costs associated with the enforcement and collection of the Arbitral Award.

Investing Activities

During the nine months ended September 30, 2015, the company sold certain Brisas project related equipment for \$165,000 and recorded a loss of \$9,432 on the sale. During the nine months ended September 30, 2014, the Company paid \$150,000 in accordance with the terms of its option agreement related to the La Tortuga property. As of September 30, 2015, the Company held approximately \$12.2 million of Brisas project related equipment intended for future sale.

Financing Activities

Net proceeds from the issuance of common shares during the nine months ended September 30, 2015 and 2014 relate to the exercise of employee stock options totaling \$121,300 and \$100,100, respectively.

During the second quarter of 2014, the Company extended the maturity date of its \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015 and issued \$12 million face value of New Notes also maturing December 31, 2015. The Modified Notes were amended to be consistent with the terms of the New Notes.

The New Notes and the Modified Notes (as amended from the date of closing) (the "Notes") bear interest at 11% per year, which will be paid quarterly by issuance of a note (Interest Notes) and be payable in cash upon maturity on December 31, 2015. Subject to certain conditions, the outstanding principal may be converted into Class A common shares of the Company, redeemed or repurchased prior to maturity. The Notes mature on December 31, 2015 and are convertible, at the option of the holder, into 285.71 shares of Class A common shares per \$1,000 (equivalent to a conversion price of \$3.50 per common share) at any time upon prior written notice to the Company. The Company paid, in the case of the New Notes, a fee of approximately \$0.3 million or 2.5% of the principal in the form of an original issue discount and in the case of the Modified Notes, a cash extension fee of approximately \$0.6 million or 2.5% of the principal. (See Note 11 to the consolidated financial statements).

During the third quarter of 2015, the Company agreed to a financing in which it will issue up to \$13.4 million of new convertible notes ("New Notes") due December 31, 2018 and modify, amend and extend the maturity date of \$43.7 million of currently outstanding principal and accrued interest ("Modified Notes") from December 31, 2015 to December 31, 2018. The Company will issue \$12.3 million of New Notes with an original issue discount of 2.5% of the principal amount and will also issue approximately \$1.1 million of additional New Notes representing 2.5% of the extended principal and interest amount due to the current note holders as a restructuring fee.

The New Notes and the Modified Notes (as amended from the date of closing) (collectively the "Notes") will bear interest at a rate of 11% per year, which will be accrued quarterly, be issued in the form of a note (Interest Notes) and be payable in cash at maturity. The Notes will be convertible, at the option of the holder, into 333.33 of Class A common shares per US \$1,000 (equivalent to a conversion price of US \$3.00 per common share) at any time upon prior written notice to the Company. The Notes will be senior obligations of the Company, secured by all assets of the Company and subject to certain other terms including restrictions regarding the pledging of assets and incurrence of certain capital expenditures or additional indebtedness without consent of noteholders; and participation rights in future equity or debt financing. The transaction is expected to be completed by the close of business November 30, 2015.

Contractual Obligations

The following table sets forth information on the Company's material contractual obligation payments for the periods indicated as of September 30, 2015 (For further details see Notes 11 and 12 to the consolidated financial statements):

	Payments due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
Convertible Notes ^{1,2}	\$ 38,350,000	\$ 37,308,000	\$ -	\$ -	\$ 1,042,000
Interest Notes ²	6,754,086	6,754,086	-	-	-
Interest	401,170	57,310	114,620	114,620	114,620
	\$ 45,505,256	\$ 44,119,396	\$ 114,620	\$ 114,620	\$ 1,156,620

- 1 Includes \$37,308,000 principal amount of 11% convertible notes due December 31, 2015 and \$1,042,000 principal amount of 5.50% convertible notes due June 15, 2022. Subject to certain conditions, the notes may be converted into Class A common shares of the Company, redeemed or repurchased. The amounts shown above include the interest and principal payments due unless the notes are converted, redeemed or repurchased prior to their due date (See Note 11 to the consolidated financial statements).

The convertible notes consist of \$25,308,000 of notes issued in 2012 pursuant to the 2012 Restructuring and subsequently extended and amended pursuant to the 2014 Restructuring (the "Modified Notes"); \$12,000,000 of notes issued in 2014 pursuant to the 2014 Restructuring (the "New Notes") and \$1,042,000 of notes originally issued in May 2007 and still outstanding (the "Old Notes"). Interest Notes consist of interest at 11% per year due on the Modified Notes and the New Notes which is accrued and paid quarterly in the form of a note which is payable in cash at maturity.

The 2012 Restructuring refers to the exchange by the Company and the holders of \$102.3 million of Old Notes for \$33.8 million cash, 12,412,501 Class A common shares, modified notes with a face value of \$25.3 million ("Modified Notes") and contingent value rights ("CVR's") totaling 5.468% of any future proceeds, net of certain deductions.

The 2014 Restructuring refers to the extension of the maturity date of the \$25.3 million Modified Notes from June 29, 2014 to December 31, 2015, the issuance of \$12 million of New Notes also maturing December 31, 2015. The interest paid on the Modified Notes was increased to 11% from 5.5% to be consistent with the interest paid on the New Notes.

- 2 The amount recorded as convertible notes and interest notes in the consolidated balance sheet as of September 30, 2015 is comprised of \$40.4 million carrying value of Modified Notes, New Notes and Interest Notes (all due on December 31, 2015) issued pursuant to the 2014 Restructuring and \$1.0 million of Old Notes (due June 15, 2022) held by other note holders who declined to participate in the 2012 Restructuring. The carrying value of notes will be accreted to face value using the effective interest rate method over the expected life of the notes with the resulting charge recorded as interest expense.

Results of Operations

Summary Results of Operations

Consolidated net loss for the three and nine months ended September 30, 2015 was approximately \$3.6 million and \$11.7 million, respectively compared to \$7.8 million and \$15.0 million in the comparable periods in 2014.

	3 months			9 months		
	2015	2014	Change	2015	2014	Change
Other Income (Loss)	\$ (1,662)	\$ (3,967)	\$ 2,305	\$ 4,192	\$ (597,165)	\$ 601,357
Total Expenses	(3,579,384)	(7,788,171)	4,208,787	(11,751,023)	(14,355,923)	2,604,900
Net Loss	\$ (3,581,046)	\$(7,792,138)	\$ 4,211,092	\$(11,746,831)	\$(14,953,088)	\$3,206,257

Other Income

The Company has no commercial production at this time and, as a result, other income is typically variable from period to period. The change in other income during the nine month period was primarily due to the write-down of the \$0.425 million investment of the La Tortuga property and the \$0.16 million loss on settlement of debt related to the remaining unamortized discount on convertible notes both of which occurred in 2014.

	3 months			9 months		
	2015	2014	Change	2015	2014	Change
Interest	\$ 3	\$ 12	\$ (9)	\$ 42	\$ 170	\$ (128)
Write-down of property, plant and equipment					(425,010)	425,010
Loss on settlement of debt					(161,292)	161,292
Loss on sale of equipment				(9,432)		(9,432)
Foreign currency gain (loss)	(1,665)	(3,979)	2,314	13,582	(11,033)	24,615
	<u>\$ (1,662)</u>	<u>\$ (3,967)</u>	<u>\$ 2,305</u>	<u>\$ 4,192</u>	<u>\$ (597,165)</u>	<u>\$ 601,357</u>

Expenses

Corporate general and administrative expense for the three and nine months ended September 30, 2015 decreased from the comparable periods in 2014 primarily due to costs associated with the restructuring of convertible notes in 2014. Exploration expenses decreased due to the termination of activity on the La Tortuga project in 2014. The decrease in legal and accounting expense is primarily attributable to a decrease in fees incurred for corporate and tax planning activities.

Arbitration expenses during the three and nine months ended September 30, 2015 decreased from the comparable periods in 2014 by approximately \$4.0 million and \$2.9 million, respectively due to the accrual of contingent legal fees in 2014 payable as a result of the successful ICSID Award and \$0.7 million in non-cash stock option compensation from options which vested upon the issuance of the Award. The increase in interest expense was due to the 2014 extension of the maturity date of the notes and an increase in the interest paid thereon from 5.5% to 11%, and the issuance of additional notes at 11%.

Overall, total expenses for the three and nine months ended September 30, 2015 decreased by approximately \$3.5 million and \$1.9 million from the comparable periods in 2014

	3 months			9 months		
	2015	2014	Change	2015	2014	Change
Corporate general and administrative	\$ 609,284	\$ 765,254	\$ (155,970)	\$ 2,230,697	\$ 2,722,724	\$ (492,027)
Exploration	58,747	333,152	(274,405)	180,809	778,269	(597,460)
Legal and accounting	22,656	313,614	(290,958)	151,102	562,982	(411,880)
	<u>690,687</u>	<u>1,412,020</u>	<u>(721,333)</u>	<u>2,562,608</u>	<u>4,063,975</u>	<u>(1,501,367)</u>
Venezuelan operations	30,122	51,663	(21,541)	88,222	109,535	(21,313)
Arbitration	169,617	4,149,059	(3,979,442)	1,498,224	4,429,906	(2,931,682)
Equipment holding costs	171,195	212,617	(41,422)	561,503	660,873	(99,370)
Interest expense	2,517,763	1,962,812	554,951	7,040,466	5,091,634	1,948,832
	<u>2,888,697</u>	<u>6,376,151</u>	<u>(3,487,454)</u>	<u>9,188,415</u>	<u>10,291,948</u>	<u>(1,103,533)</u>
Total expenses	<u>\$ 3,579,384</u>	<u>7,788,171</u>	<u>\$ (4,208,787)</u>	<u>\$ 11,751,023</u>	<u>\$ 14,355,923</u>	<u>\$(2,604,900)</u>

SUMMARY OF QUARTERLY RESULTS

Quarter ended	9/30/15	6/30/15	3/31/15	12/31/14	9/30/14	6/30/14	3/31/14	12/31/13
Other Income (loss)	\$(1,662)	\$(10,748)	\$16,602	\$(7,099,515)	\$(3,967)	\$(162,556)	\$(5,632)	\$(104,405)
Net loss								
before tax	(3,581,046)	(4,453,454)	(3,712,331)	(10,616,891)	(7,792,138)	(4,347,337)	(2,813,613)	(4,273,836)
Per share	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)	(0.06)
Fully diluted	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)	(0.06)
Net loss	(3,581,046)	(4,453,454)	(3,712,331)	(10,616,891)	(7,792,138)	(4,347,337)	(2,813,613)	(4,273,836)
Per share	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)	(0.06)
Fully diluted	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)	(0.06)

Other income (loss) in the first and third quarters of 2015 was primarily due to foreign exchange gain (loss). Other income (loss) in the second quarter of 2015 primarily related to the sale of equipment. Other income (loss) in the fourth quarter of 2014 was primarily due to write down of property and equipment and loss on impairment of marketable securities. In the second quarter of 2014 the loss was related to loss on debt restructuring due to the remaining unamortized discount on convertible notes prior to the restructuring. Other income (loss) during 2013 and the first and third quarters of 2014 consisted of foreign currency gains (losses), losses on marketable securities and interest income.

The decrease in net loss during the third quarter of 2015 was primarily due to a decrease in arbitration costs. The increase in net loss during the second quarter of 2015 was primarily due to increases in arbitration expense and accretion of convertible notes. Net loss increased in the fourth quarter of 2014 due to a write-down of property and equipment. In the third quarter of 2014 the loss increase was related to \$3.4 million in legal fees and \$0.7 million of non-cash stock option compensation expense related to the issuance of the Award. The increase in net loss during the second quarter of 2014 was primarily due to the restructuring of convertible notes and the write-off of mineral property. The decrease in net loss during the first quarter of 2014 was primarily due to decreases in arbitration expense and non-cash compensation expense. The increase in net loss in the fourth quarter of 2013 was related to costs associated with the arbitration oral hearing.

Off-Balance Sheet Arrangements

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

Exhibit 99.3 Chief Executive Officer's Certification of Interim Filings

Form 52-109F2 Certification of interim filings – full certificate

I, Rockne J. Timm, Chief Executive Officer of Gold Reserve Inc., certify the following:

1. I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Gold Reserve Inc. (the “issuer”) for the interim period ended September 30, 2015.
2. Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.
5. Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
- 5.1 The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework.
- 5.2 N/A
- 5.3 N/A
6. The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2015 and ended on September 30, 2015 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: November 27, 2015

/s/Rockne J. Timm

Rockne J. Timm

Chief Executive Officer

Exhibit 99.4 Chief Financial Officer's Certification of Interim Filings

Form 52-109F2 Certification of interim filings – full certificate

I, Robert A. McGuinness, Chief Financial Officer of Gold Reserve Inc., certify the following:

1. I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Gold Reserve Inc. (the “issuer”) for the interim period ended September 30, 2015.
2. Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.
5. Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (iii) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (iv) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (c) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
- 5.1 The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework.
- 5.2 N/A
- 5.3 N/A
6. The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2015 and ended on September 30, 2015 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: November 27, 2015

/s/Robert A. McGuinness
Robert A. McGuinness
Chief Financial Officer