



Gold Reserve Inc.

NR-06-06

GOLD RESERVE INC. ANNOUNCES CDN\$30 MILLION OFFERING

May 3, 2006 - Gold Reserve Inc. (TSX:GRZ – AMEX:GRZ) announced today that it has entered into an underwriting agreement with a syndicate of underwriters comprised of Sprott Securities Inc. and RBC Capital Markets and their affiliates in the U.S., as co-leads, pursuant to which the underwriters have agreed to purchase 3,335,000 Class A common shares of Gold Reserve at a price of Cdn.\$9.00 per share, representing aggregate gross proceeds to Gold Reserve of Cdn.\$30,015,000. The closing of the offering is expected to occur on or about May 15, 2006.

The net proceeds from the offering will be used primarily to fund ongoing development of the Brisas Project, to fund the Company's initial obligations under the Engineering Procurement and Construction Management contracts with SNC-Lavalin Engineers & Constructors, Inc., and, to a lesser extent to fund ongoing exploration of the Choco 5 project.

Gold Reserve has also agreed to grant the underwriters an over-allotment option, exercisable at any time, in whole or in part, for a period of 30 days following the closing of the offering, to purchase up to an additional 500,250 shares at a price of Cdn.\$9.00 per share. If the underwriters fully exercise the over-allotment option, Gold Reserve will receive additional gross proceeds of approximately Cdn.\$4,500,000.

A preliminary short form prospectus relating to these securities has been filed with each of the provincial securities regulatory authorities in Canada, except Quebec, and a registration statement under the U.S.–Canada multi-jurisdictional disclosure system has been filed with the U.S. Securities and Exchange Commission, but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state or province in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or province. No offer to buy the securities can be accepted and no part of the purchase price can be received until the registration statement has become effective, and any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time prior to notice of its acceptance given after the effective date.

Once filed and receipted, a copy of the amended and restated short form preliminary prospectus may be obtained from Sprott Securities Inc. - in Canada, call (416) 943-6405; in the U.S., call 1-800-461-2275 or RBC Capital Markets - in Canada, call (416) 842-5345; in the U.S., RBC Capital Markets Corporation, Attention: Prospectus Department, One Liberty Plaza, 165 Broadway, New York, New York, 10006, U.S.A. (fax requests - 212-428-6260).

About Gold Reserve Inc.

Gold Reserve Inc. is a Canadian company, which holds the rights to the Brisas gold/copper project and the Choco 5 gold exploration property in Bolivar State, Venezuela.

Forward-Looking Statements

Certain statements included herein, including those that express management's expectations or estimates of our future performance or concerning the Brisas Project, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies. We caution that such forward-looking statements involve known and unknown risks, uncertainties and other risks that may cause the actual financial results, performance, or achievements of Gold Reserve Inc. to be materially different from our estimated future results, performance, or achievements expressed or implied by those forward-looking statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation, concentration of operations and assets in Venezuela; corruption and uncertain legal enforcement; requests for improper payments; regulatory, political and economic risks associated with Venezuelan operations (including changes in previously established legal regimes, rules or processes); the ability to obtain or maintain the necessary permits or additional funding for the development of the Brisas Project; in the event any key findings or assumptions previously determined by us or our experts in conjunction with our 2005 bankable feasibility study (as updated or modified from time to time) significantly differ or change as a result of actual results in our expected construction and production at the Brisas Project (including capital and operating cost estimates); risk that actual mineral reserves may vary considerably from estimates presently made; impact of currency, metal prices and metal production volatility; fluctuations in energy prices; changes in proposed development plans (including technology used); our dependence upon the abilities and continued participation of certain key employees; and risks normally incident to the operation and development of mining properties. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

FOR FURTHER INFORMATION:

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