



# Gold Reserve Inc.

NR-09-16

## **GOLD RESERVE REPORTS ON VENEZUELAN GOVERNMENT'S FAILURE TO FOLLOW ITS OWN LAWS**

**SPOKANE, Washington, May 26, 2009**

Gold Reserve Inc. (TSX:GRZ – NYSE-Amex:GRZ) commented today on an Official Gazette issued by the Government of Venezuela dated May 22, 2009 in which the Venezuelan Ministry of Mines (MIBAM) denied the extension of the El Pauji concession. The Company does not own the El Pauji concession but has an easement that allows the Company to use the El Pauji surface rights for infrastructure purposes for the Brisas Project. The El Pauji concession is part of a number of land parcels surrounding the ore body located on the Brisas Alluvial and Veta concessions comprising the Brisas gold copper Project.

As part of the arrangement with the owner of the El Pauji concession, on January 17, 2008 the Company applied for an extension of the concession term pursuant to Article 25 of the Venezuelan mining law which provides MIBAM a six-month period, ending on July 20, 2008, to deny the extension request. MIBAM did not respond to our request for an extension. Our Venezuelan attorneys have advised us that, pursuant to Article 25 of the mining law, the extension is automatically granted.

Ignoring its own regulations and laws, MIBAM thru internal reports dated April 29, 2009 and May 12, 2009, almost one year after the six month time period elapsed, asserts without evidence or prior notice that the Company is not in compliance with its obligations in regards to the concession. In September 2008 the Company received a certificate of compliance from MIBAM regarding the Brisas Project.

MIBAM states in the Official Gazette that the Company timely filed an application for extension and acknowledged that MIBAM made its evaluation on the status of the concession subsequent to the six month time period promulgated in Article 25 of the mining law. The Company, acting on behalf of the owner of the El Pauji concession, will actively defend its legal rights as defined under Venezuelan law.

The Company also applied for the extension of the Brisas del Cuyuni alluvial gold concession in late 2007, having met all legal requirements with no response from MIBAM during the subsequent six month time period. We have been advised by our Venezuelan attorneys that the application is approved pursuant to Article 25 of the mining law. It is important to note that the Brisas del Cuyuni alluvial gold concession contains no copper and comprises approximately 3% of the proven and probable gold reserves of the Brisas Project.

Recently, MIBAM requested all of the technical information comprising the Brisas gold copper Project. At this time we do not see any benefit in transferring that information to MIBAM.

Doug Belanger, President of Gold Reserve, stated, "On April 21, 2009 we notified the Venezuelan government that a state of disagreement existed between the government and the Company under Bilateral Investment Treaties between, (1) Canada and the Government of the Republic of Venezuela and (2) Barbados and the Government of the Republic of Venezuela. Further, despite the prolonged obstruction of our rights to the Brisas Project, it is Gold Reserve's intention to settle this dispute amicably but if that is not possible and the Company is compelled to file for international arbitration, we would make a claim for the fair market value of our investment at the time of the revocation of the permit which we believe was in excess of US\$5 billion."

Belanger further said, "Reuters and other publications erroneously reported that this was the mining rights for the Brisas Project when in fact the action by the government relates to an infrastructure only property that contains no mineralization."

## **FORWARD-LOOKING STATEMENTS**

*This release contains forward-looking statements that may state Gold Reserve's or its management's intentions, hopes, beliefs, expectations or predictions for the future. In this release, 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 to be materially different from our estimated future results, performance, or achievements expressed or implied by those forward-looking statements.*

*Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation: the outcome of any potential proceedings under the Venezuelan legal system or before arbitration tribunals as provided in investment treaties entered into between Venezuela, Canada and Barbados to determine the compensation due to Gold Reserve in the event that Gold Reserve and the Venezuelan government do not reach an agreement regarding construction and operation of the Brisas Project, or the Brisas Project is transferred to the Venezuelan government and the parties do not reach agreement on compensation; concentration of operations and assets in Venezuela; corruption and uncertain legal enforcement; requests for improper payments; competition with companies that are not subject to or do not follow Canadian and U.S. laws and regulations; regulatory, political and economic risks associated with Venezuelan operations (including changes in previously established laws, legal regimes, rules or processes); the ability to obtain, maintain or re-acquire the necessary permits or additional funding for the development of the Brisas Project; the result or outcome of the trial regarding Rusoro Mining Ltd.'s enjoined hostile takeover bid; significant differences or changes in any key findings or assumptions previously determined by us or our experts in conjunction with our 2005 bankable feasibility study (as updated or modified from time to time) due to actual results in our expected construction and production at the Brisas Project (including capital and operating cost estimates); the method and manner of our determination of reserves, risk that actual mineral reserves may vary considerably from estimates presently made; impact of currency, metal prices and metal production*

*volatility; fluctuations in energy prices; changes in proposed development plans (including technology used); our dependence upon the abilities and continued participation of certain key employees; the prices, production levels and supply of and demand for gold and copper produced or held by Gold Reserve; the potential volatility of Gold Reserve's Class A common shares; the price and value of Gold Reserve's notes, including any conversion of notes into Gold Reserve's Class A common shares; the prospects for exploration and development of projects by Gold Reserve; and risks normally incident to the operation and development of mining properties.*

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

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

**FOR FURTHER INFORMATION:**

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