



# Gold Reserve Inc.

NR-11-04

## GOLD RESERVE INC. PROVIDES UPDATE TO ICSID ARBITRATION

**SPOKANE, WASHINGTON August 1, 2011**

Gold Reserve Inc. (TSX:GRZ – NYSE-Amex:GRZ) announced the filing of its Reply on July 29, 2011 to Venezuela's Counter-Memorial relating to the arbitration claim against the Bolivarian Republic of Venezuela with the World Bank's International Centre for Settlement of Investment Disputes ("ICSID"), in accordance with the provisions of the Canada-Venezuela Bilateral Investment Treaty ("BIT").

Gold Reserve's claim alleges violations of three provisions of the Canada-Venezuela BIT culminating in the effective expropriation of Gold Reserve's sizable investments in the world-class Brisas gold/copper project and the promising Choco 5 property.

Gold Reserve claims that Venezuela's wrongful conduct caused it to lose the entire value of its rights to develop the Brisas Project and Choco 5. As a result, Gold Reserve is seeking compensation corresponding to the restitution, or fair market, value of the rights to develop the Brisas Project and Choco 5, as of the date of the award. After accepting a few proposed corrections noted in Venezuela's Counter-Memorial and updating the interest calculations to reflect the measure of Gold Reserve's losses as of June 30, 2011, the revised claim now approximates \$2.1 billion.

Venezuela is scheduled to file its Rejoinder by November 14, 2011. At that point the written phase of the arbitration will be complete and the final hearing on the merits and jurisdictional issues is scheduled for a 10 day hearing to commence on February 6, 2012 in Washington, D.C.

Doug Belanger, President, stated, "The filing of our Reply is the culmination of an extensive effort by counsel, technical, legal and financial experts and Company personnel. With only six months to the final hearing we are very pleased with the progress and the pace of the arbitration. However, we always remain ready to evaluate and possibly enter an amicable settlement that would compensate Gold Reserve for its losses in addition to possibly retaining an interest in the project in exchange for the transfer of the extensive technical information that will allow the project to proceed on a fast track basis rather than to take years to duplicate. Any settlement would only be accepted if it were beneficial to the shareholders and stakeholders of the company. Our objective is to pursue both the arbitration and settlement until the process is concluded."

Please visit our website at [www.goldreserveinc.com](http://www.goldreserveinc.com) under Investor Relations: SEDAR Filings or SEC Filings.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

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

*Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation: the outcome of our arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes of the World Bank, in Washington D.C. to determine compensation claimed by us resulting from our claims against the Venezuelan government and its agents and agencies; corruption and uncertain legal enforcement; political and social instability; 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 Venezuela including changes in laws and legal regimes; the result or outcome of the litigation regarding the enjoined hostile takeover bid for us; impact of currency, metal prices and metal production volatility; our dependence upon the abilities and continued participation of certain key employees; the value of our 5.50% senior subordinated convertible notes due on June 15, 2022 and potential volatility of our Class A common shares (also referred to herein as "Common Shares"), including potential dilution as a result of the conversion of the convertible notes into our common shares by either us or the holder; the prospects for exploration and development of alternative projects by us; the potential delisting of our Common Shares and uncertainty regarding any appeal thereof; and risks normally incident to the exploration, development and operation 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 SEC.*

*In addition to being subject to a number of assumptions, forward-looking statements in this release involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements, including those factors outlined in the "Cautionary Statement Regarding Forward-Looking Statements" and "Risks Factors" contained in Gold Reserve's filings with the Canadian provincial securities regulatory authorities and U.S. Securities and Exchange Commission, including Gold Reserve's Annual Information Form and Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Canadian provincial securities regulatory authorities and U.S. Securities and Exchange Commission, respectively.*

**FOR FURTHER INFORMATION:**

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