



# Gold Reserve Inc.

NR-12-09

## **Gold Reserve Announces Offer for Remaining 5.50% Senior Subordinated Convertible Notes due 2022**

**SPOKANE, WASHINGTON September 18, 2012**

Gold Reserve Inc. (TSX VENTURE:GRZ) (NYSE-MKT:GRZ) (the “Company”) announced today that it is notifying holders (“Holders” or “Noteholders”) of its 5.50% Senior Subordinated Convertible Notes due 2022 (the “Notes”) of its offer (“Offer”) to the Holders of an opportunity to participate in a restructuring transaction that has been agreed to with its four largest Noteholders.

On September 18, 2012 the Company announced that it had agreed with Holders of 98.7% of the outstanding Notes (“Large Noteholders”) to restructure their Notes, subject to such consents as may be required under the Indenture, that will allow the Company to restructure the Notes with a combination of cash, common shares, modified terms for the remaining balance of the Notes and a Contingent Value Right as described further below. The Company is now offering the terms of that restructuring arrangement to all remaining Noteholders such that the Holders of the remaining 1.3% of the Notes (representing \$1,080,000 in aggregate principal amount) now can elect to accept the same arrangement as was agreed by the Company with the Large Noteholders.

The Company has filed its Tender Offer Statement with respect to the offer (“Offer”). Each Holder will have the option to tender their Notes for the following consideration for each \$1,000 in principal amount of Notes: (i) \$200 in cash, (ii) 147.06 common shares, (iii) \$300 of amended notes which will remain outstanding under the indenture governing the Notes, as amended, (iv) a Contingent Value Right (“CVR”) entitling the holder to a percentage of an award or settlement of the Company’s ICSID arbitration claim against the Government of Venezuela with respect to the expropriation of the Company’s Brisas Project and any proceeds from the sale of its mining data, and (v) additional cash consideration payable based on each Holder’s pro rata percentage of Notes restructured pursuant to the Offer in an aggregate amount of up to \$1 million (collectively, the “Offer Consideration”). The maximum CVR net of taxes and other deductions that will be paid if all Holders elect to participate in the Offer will not exceed 5.535% of an award or settlement and sale of the mining data. The Restructuring was approved by the Company’s shareholders at its annual and special meeting held on June 27, 2012.

In order to surrender the Notes and participate in the Offer, Holders must deliver a letter of transmittal no later than 5:00 p.m., New York City time, on October 16, 2012 pursuant to the instructions in the Offer.

Pursuant to the Indenture, the Notes are currently convertible into 132.626 shares of the Company’s common stock per \$1,000 principal amount of Notes, subject to adjustment under certain circumstances.

The Company will make available to Holders, through The Depository Trust Company, documents specifying the terms, conditions and procedures for surrendering and withdrawing Notes. Holders are encouraged to read these documents carefully before making any decision with respect to the surrender of the Notes, because these documents contain important information regarding the details of the Company’s obligation to repurchase the Notes.

Doug Belanger, President stated, “This Tender Offer will complete our commitment to offer to all remaining noteholders, the opportunity to participate in the same note restructuring transaction that was agreed to with the three largest noteholders. It is the Company’s intention to redeem for cash any notes outstanding after the completion of this Tender Offer.”

Holders of Notes are urged to read the Offer, letters of transmittal and related offer materials when they become available because they contain important information. Our Tender Offer Statement, which includes the offer materials, is being filed with the Securities and Exchange Commission ("SEC") today. The Offer, letters of transmittal and related documents may be obtained free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov) or by directing a request to the Company.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Further information regarding the Company can be located at [www.goldreserveinc.com](http://www.goldreserveinc.com), [www.sec.gov](http://www.sec.gov) and [www.sedar.com](http://www.sedar.com).

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