UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 2015** Commission File Number: **001-31819**

GOLD RESERVE INC.

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Alberta, Canada	**1040**	**N/A**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

926 West Sprague Avenue, Suite 200, Spokane, Washington 99201 (509) 623-1500
(Address and telephone number of Registrant's principal executive offices)

Rockne J. Timm,
926 West Sprague Avenue, Suite 200, Spokane, Washington, 99201 (509) 623-1500
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Class A common shares, no par value per share
Rights to Purchase Class A common shares
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: Class A common shares, no par value per share: 76,447,147

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). ☒ Yes ☐ No

EXPLANATORY NOTE

Gold Reserve Inc. ("Gold Reserve", the "Company", "we", "us", or "our") is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), on Form 40-F. We are a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and in Rule 405 under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Our equity securities are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

CAUTIONARY NOTE REGARDING DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

We are permitted, under a multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference in this document contains both historical information and “forward-looking statements” (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) or “forward looking information” (within the meaning of applicable Canadian securities laws) (collectively referred to herein as “forward-looking statements”) that may state our intentions, hopes, beliefs, expectations or predictions for the future.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause our actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are outside our control.

Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: our ability to complete the transactions contemplated by the Memorandum of Understanding (the “MOU”) we entered into with the Bolivarian Republic of Venezuela (“Venezuela”), on February 24, 2016, with respect to the potential settlement, including the payment and resolution, of the amounts awarded (including pre and post award interest and legal costs) (the “Arbitral Award”) by the International Centre for Settlement of Investment Disputes (“ICSID”), an amount yet to be agreed to by the parties in exchange for our contribution to the Brisas-Cristinas Project (as defined herein) of the technical mining data (the "Mining Data") related to our previous mining project in Venezuela known as the “Brisas Project” and the potential subsequent joint development and financing of the Brisas-Cristinas Project by us and Venezuela; the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments to us pursuant to the Arbitral Award or the other transactions contemplated by the MOU; risks associated with the concentration of our potential future operations and assets in Venezuela; the timing of our enforcement or collection of the Arbitral Award if the transactions contemplated by the MOU are not concluded; actions and/or responses by the Venezuelan government in connection with the negotiation of definitive documentation pursuant to the MOU and/or with respect to our ongoing collection efforts related to the Arbitral Award; economic and industry conditions influencing the sale of the equipment related to the Brisas Project; conditions or events impacting our ability to fund our operations and/or service our debt; our ability to maintain listing of our Class A common shares on the TSX Venture Exchange (the "TSXV"); and our long-term plans for identifying and achieving revenue producing operations.

Forward-looking statements involve risks and uncertainties, as well as assumptions that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause our results to differ materially from those expressed or implied by such forward-looking statements. The words "believe," "anticipate," "expect," "intend," "estimate," "plan," "may," "could" and other similar expressions that are predictions of or indicate future events and future trends, which do not relate to historical matters, identify forward-looking statements. Any such forward-looking statements are not intended to provide any assurances as to future results.

Numerous factors could cause actual results to differ materially from those described in the forward-looking statements, including without limitation:

- our ability to reach agreement with Venezuela on definitive documentation for the transactions contemplated by the MOU and complete such transactions;
- the timing of the conclusion of the transactions contemplated by the MOU or our collection of the Arbitral Award, if at all;
- the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments pursuant to the Arbitral Award or the other transactions contemplated by the MOU, including the potential development of the Brisas-Cristinas Project;
- value realized from the disposition of the Mining Data, if any, pursuant to the transactions contemplated by the MOU or otherwise;
- our ability with Venezuela to obtain the approval of the National Executive Branch of the Venezuelan government to create a special economic zone or otherwise provide tax and other economic benefits for the activities of the jointly owned entity (which we refer to herein as the "mixed company") contemplated by the MOU;
- our ability to repay our outstanding notes and associated interest in cash, if required, satisfy our obligations under our outstanding contingent value rights CVRs or make a distribution of any remaining funds to our shareholders after repaying our then existing obligations following any payment by Venezuela pursuant to the Arbitral Award or with respect to our contribution of the Mining Data to the mixed company,;
- the costs associated with the enforcement and collection of the Arbitral Award, including the costs that we may incur in connection with the completion of the MOU;
- the complexity and uncertainty of varied legal processes in multiple international jurisdictions associated with our ongoing efforts to collect the Arbitral Award;
- concentration of our potential future operations and assets, if any, in Venezuela;
- the potential for corruption and uncertain legal enforcement, civil unrest, military actions and crime in Venezuela and its impact on our potential future operations in Venezuela;
- risks associated with future exploration and development of the Brisas-Cristinas Project;
- our current liquidity and capital resources and access to additional funding in the future when required;
- continued servicing or restructuring of our outstanding Notes or other obligations as they come due;
- our ability to maintain continued listing of our Class A common shares on the TSXV;
- shareholder dilution resulting from restructuring, refinancing or conversion of our outstanding Notes or from the sale of additional equity;
- value realized from the disposition of the remaining Brisas Project related assets, if any;
- prospects for our exploration and development of Brisas-Cristinas Project and/or the LMS Gold Project, as described in the attached Annual Information Form Exhibit 99.1 ;
- currency, metal prices and metal production volatility;
- adverse U.S. and/or Canadian tax consequences;

- or ability to attract new employees, if required, and the continued participation of existing employees; and
- other 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 our forward-looking statements. See "*Risk Factors"* in Management's Discussion and Analysis for the fiscal year ended December 31, 2015 is included herein as Exhibit 99.3.

Investors are cautioned not to put undue reliance on forward-looking statements, whether in this document, other documents periodically filed with the Securities and Exchange Commission (the "SEC") or other securities regulators or presented on our website. Forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this notice. We disclaim 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 our disclosure obligations under applicable rules promulgated by the SEC and the Ontario Securities Commission (the "OSC"). Investors are urged to read our filings with U.S. and Canadian securities regulatory authorities, which can be viewed online at www.sec.gov and www.sedar.com, respectively.

CURRENCY

Unless otherwise indicated, all references to "$", U.S. $ or "U.S. dollars" in this Annual Report refer to U.S. dollars and references to "Cdn$" or "Canadian dollars" refer to Canadian dollars. The 12 month average rate of exchange for one Canadian dollar, expressed in U.S. dollars, for each of the last three calendar years equaled 0.7820, 0.9052 and 0.9709, respectively, and the exchange rate at the end of each such period equaled 0.7226, 0.8620 and 0.9401, respectively.

PRINCIPAL CANADIAN DOCUMENTS

Annual Information Form. Our Annual Information Form for the fiscal year ended December 31, 2015 is included herein as Exhibit 99.1.

Audited Annual Financial Statements. Our audited consolidated financial statements as at December 31, 2015 and 2014 and for the fiscal years ended December 31, 2015, 2014 and 2013, including the report of the independent auditors with respect thereto, are included herein as part of Exhibit 99.2.

Management’s Discussion and Analysis. Management’s discussion and analysis for the fiscal year ended December 31, 2015 is included herein as Exhibit 99.3.

DISCLOSURE CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report. Based on that evaluation, management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC rules and forms.

MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Annual Report on Internal Control over Financial Reporting for the fiscal year ended December 31, 2015 is included herein as part of Exhibit 99.2.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report included herein as part of Exhibit 99.2.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the fiscal year ended December 31, 2015, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13(a)-15(f) and 15d-15(f) under the Exchange Act).

AUDIT COMMITTEE

Our Board of Directors (the "Board") has a separately-designated standing Audit Committee for the purpose of overseeing our accounting and financial reporting processes and audits of our annual financial statements. As at the date of the Annual Report, the following individuals comprise the entire membership of our Audit Committee, which has been established in accordance with Section 3(a)(58)(A) of the Exchange Act:

Patrick McChesney (Chair) Jean Charles Potvin James P Geyer

Our Audit Committee's Charter can be found on our website at www.goldreserveinc.com in the Investor Relations section under "Governance."

Independence. The Board has made the affirmative determination that all members of the Audit Committee are "independent" pursuant to the criteria outlined by the Canadian National Instrument 52-110 - Audit Committees and Rule 10A-3 of the Exchange Act.

Audit Committee Financial Expert. Mr. McChesney, now a business consultant, was most recently a financial executive for an automotive sales group and has served in similar positions for a number of other companies. Mr. Potvin is a director and President of Murchison Minerals Ltd. (formerly Flemish Gold Corp.), has a MBA-Finance degree and was an investment analyst at Burns Fry Ltd for 13 years. Mr. Geyer has a Bachelor of Science in Mining Engineering from the Colorado School of Mines, has substantial experience in underground and open pit mining and has held engineering and operations positions with a number of companies including AMAX and ASARCO and has had previous audit committee experience with another public company.

The Board has determined that Mr. McChesney is an "audit committee financial expert" as such term is defined under Item 8(b) of General Instruction B to Form 40-F. The SEC has indicated that the designation of Mr. McChesney as an audit committee financial expert does not make Mr. McChesney an "expert" for any purpose, impose any duties, obligations or liabilities on Mr. McChesney that are greater than those imposed on other members of the Audit Committee and Board who do not carry this designation or affect the duties, obligations or liability of any other member of the Audit Committee and Board.

CODE OF ETHICS

We have adopted a Code of Conduct and Ethics (the "Code") that is applicable to all our directors, officers and employees. The Code contains general guidelines for conducting our business. The Code was amended and approved by the Board effective March 24, 2006. No waivers to the provisions of the Code have been granted since its inception. We intend to disclose future amendments to, or waivers from, certain provisions of the Code on our website within five business days following the date of such amendment or waiver. A copy of the Code can be found on our website at www.goldreserveinc.com in the Investor Relations section under "Governance." We believe that the Code constitutes a "code of ethics" as such term is defined by Item 9(b) of General Instruction B to Form 40-F.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees. The aggregate fees billed for each of the last two fiscal years for professional services rendered by our independent auditors, PricewaterhouseCoopers LLP ("PwC"), for the integrated audit of our annual financial statements for 2015 and 2014 were $100,661 and $124,511, respectively.

Audit-Related Fees. The aggregate fees billed in each of the last two fiscal years by PwC related to our quarterly reports and services provided in respect of other regulatory-required auditor attest functions associated with government audit reports, registration statements, prospectuses, periodic reports and other documents filed with securities regulatory authorities or other documents issued in connection with securities offerings not otherwise reported under "Audit Fees" above for 2015 and 2014 were $39,069 and $51,579, respectively.

Tax Fees. The aggregate fees billed in each of the last two fiscal years for professional services rendered by PwC for tax compliance and return preparation services for 2015 and 2014 were $8,829 and $8,311, respectively.

All Other Fees. None.

Audit Committee Services Pre-Approval Policy

The Audit Committee is responsible for the oversight of our independent auditor's work and pre-approves all services provided by PwC. Audit Services and Audit-Related Services rendered in connection with the annual financial statements and quarterly reports are presented to and approved by the Audit Committee typically at the beginning of each year. Audit-Related Services other than those rendered in connection with the quarterly reports and Tax services provided by PwC are typically approved individually during the Committee's periodic meetings or on an as-needed basis. The Audit Committee's Chair is authorized to approve such services in advance on behalf of the Committee with such approval reported to the full Audit Committee at its next meeting. The Audit Committee sets forth its pre-approval and/or confirmation of services authorized by the Audit Committee Chair in the minutes of its meetings.

OFF-BALANCE SHEET ARRANGEMENTS

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial performance, financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

CONTRACTUAL OBLIGATIONS

The following table sets forth information on our material contractual obligation payments for the periods indicated as of December 31, 2015. For further details see "Management's Discussion and Analysis" and Note 11 to the audited consolidated financial statements.

	Payments due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More Than 5 Years**
Convertible Notes [1]	$ 58,099,717	$ -	$ 57,057,717	$ -	$ 1,042,000
Interest Notes [1]	22,679,177	-	22,679,177	-	-
Interest	372,515	57,310	114,620	114,620	85,965
Total	$ 81,151,409	$ 57,310	$ 79,851,514	$ 114,620	$ 1,127,965

1 Includes $57,057,717 principal amount of 11% due December 31, 2018 (the "2018 Notes") and $1,042,000 principal amount of 5.50% convertible notes due June 15, 2022 (The "2022 Notes" and collectively with the 2018 Notes, the "Convertible Notes"), which consists of convertible notes and interest notes from previous financings and restructurings in 2007, 2012 ,2014 and 2015. Subject to the terms of the Indenture governing the Convertible Notes, the Convertible Notes may be converted into our Class A common shares, redeemed or repurchased. During 2014 we extended the maturity date of approximately $25.3 million of notes from June 29, 2014 to December 31, 2015 and issued approximately $12 million of new notes also maturing December 31, 2015. The interest paid on the extended notes was increased to 11% from 5.5% consistent with the interest paid on the new notes.

During 2015 we extended the maturity date of approximately $43.7 million of notes and related interest notes (the “Modified Notes”) from December 31, 2015 to December 31, 2018 and issued approximately $13.4 million of additional notes also maturing December 31, 2018 (the “New Notes and, together with the Modified Notes, the "2018 Notes") (the "2015 Restructuring"). The amounts shown above include the principal payments due unless the notes are converted, redeemed or repurchased prior to their due date (See Note 11 to the audited consolidated financial statements).

The amount recorded as Convertible Notes and Interest Notes in the audited consolidated balance sheet as of December 31, 2015 is comprised of approximately $38.2 million carrying value of 2018 Notes issued pursuant to the 2015 Restructuring, approximately $1.0 million of previously issued 2022 Notes held by note holders who declined to participate in the note restructuring effected in 2012 and post restructuring Interest Notes of approximately $0.5 million. The carrying value of Convertible 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.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

We undertake to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

We previously filed an Appointment of Agent for Service of Process and Undertaking on Form F-X signed by us and our agent for service of process on May 7, 2007 with respect to the class of securities in relation to which the obligation to file this Annual Report on Form 40-F arises.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

GOLD RESERVE INC.

By: /s/ Robert A. McGuinness
Robert A. McGuinness, its Vice President of Finance,
Chief Financial Officer and its Principal Financial and Accounting Officer
April 20, 2016

EXHIBIT INDEX

Exhibit Number	Exhibit
99.1	Annual Information Form for the fiscal year ended December 31, 2015
99.2	Audited Consolidated Financial Statements as at December 31, 2015 and 2014 and for the fiscal years ended December 31, 2015, 2014 and 2013
99.3	Management's Discussion and Analysis for the fiscal year ended December 31, 2015
99.4	Certification of Gold Reserve Inc. Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	Certification of Gold Reserve Inc. Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certification of Gold Reserve Inc. Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certification of Gold Reserve Inc. Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of PricewaterhouseCoopers LLP, Independent Auditors

GOLD RESERVE INC.

ANNUAL INFORMATION FORM

For The Year Ended December 31, 2015
As filed on April 20, 2016

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INTRODUCTORY NOTES

The Company

In this Annual Information Form, the terms "Gold Reserve", the "Company" "we," "us," or "our," refer to Gold Reserve Inc. and its consolidated subsidiaries and affiliates, unless the context requires otherwise. When appropriate, capitalized terms are defined herein.

Gold Reserve, an exploration stage company, is engaged in the business of acquiring, exploring and developing mining projects. We were incorporated in 1998 under the laws of the Yukon Territory, Canada and continued to Alberta, Canada in September 2014. We are the successor issuer to Gold Reserve Corporation which was incorporated in 1956. We have only one operating segment, the exploration and development of mineral properties.

In February 1999, each Gold Reserve Corporation shareholder exchanged their 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 (each an "Equity Unit") in lieu of Gold Reserve Inc. Class A common shares. Each Equity Unit comprises one Gold Reserve Inc. Class B common share and one Gold Reserve Corporation Class B common share and is substantially equivalent to a Class A common share. At December 31, 2015, all Equity Units had been converted to Class A common shares.

Our recent activities have included:

- Continued efforts 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 the seizure of our mining project known as the "Brisas Project" by the Bolivarian Republic of Venezuela ("Venezuela").
- Sustained communication with representatives of Venezuela to collect the Award which led to the signing, on February 24, 2016, of a Memorandum of Understanding (the "MOU") with Venezuela that contemplates settlement, including payment and resolution, of the Award, the transfer of the Brisas Project related technical mining data (the "Mining Data") previously compiled by the Company, as well as the joint development of the Brisas and the adjacent Cristinas gold-copper project, which will be combined into one project (the "Brisas-Cristinas Project").
- The issuance of approximately $13.4 million of new notes (the "New Notes") due December 31, 2018 and modified, amended and extended the maturity date of approximately $43.7 million of outstanding convertible notes, interest notes and accrued interest (the "Modified Notes") from December 31, 2015 to December 31, 2018, together with the New Notes, the ("2018 Notes") in the fourth quarter of 2015.
- Efforts to complete a non-brokered private placement for gross proceeds of up to US $38.0 million. The private placement is subject to the approval of the TSXV.
- Exploring opportunities to realize value from the remaining Brisas Project related assets; and
- Evaluating other exploration mining prospects which on March 1, 2016, concluded in the acquisition of certain wholly-held Alaska mining claims pursuant to a Purchase and Sale Agreement dated as of January 12, 2016.

We have no commercial production and, as a result, we continue to experience losses from operations, a trend we expect to continue unless we collect, in part or whole, the Arbitral Award and/or acquire and develop a mineral project which results in positive results from operations.

Historically we have financed our operations through the issuance of common stock, other equity securities and debt. Funds necessary for on-going corporate activities to pursue the collection of the Arbitral Award, future investments and/or transactions if any, cannot be precisely determined at this time and are subject to available cash, proceeds related to the sale of remaining Brisas Project equipment, future financings and cash received from the collection of the Arbitral Award, if any.

We currently employ eight individuals. Our Class A common shares are listed for trading on the TSX Venture Exchange (the "TSXV") and the OTCQB under the symbol "GRZ.V" and "GDRZF", respectively.

Our registered agent is Norton Rose Fulbright Canada LLP, 400 3rd Avenue SW, Suite 3700, Calgary, Alberta T2P 4H2, Canada. Telephone and fax numbers for our registered agent are 403.267.8222 and 403.264.5973, respectively. Our administrative office is located at 926 West Sprague Avenue, Suite 200, Spokane, WA 99201, U.S.A. and our telephone and fax numbers are 509.623.1500 and 509.623.1634, respectively.

Financial Reporting

We maintain our accounts in U.S. dollars and prepare our financial statements in accordance with accounting principles generally accepted in the United States. Our audited consolidated financial statements as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are available for review under our profiles at www.sedar.com and www.sec.gov. All information in this Annual Information Form is as of April 20, 2016, unless otherwise noted.

Currency

Unless otherwise indicated, all references to "$", U.S. $ or "U.S. dollars" in this Annual Information Form refer to U.S. dollars and references to "Cdn$" or "Canadian dollars" refer to Canadian dollars. The 12 month average rate of exchange for one Canadian dollar, expressed in U.S. dollars, for each of the last three calendar years equaled 0.7820, 0.9052 and 0.9709, respectively, and the exchange rate at the end of each such period equaled 0.7226, 0.8620 and 0.9401, respectively.

Cautionary Statement Regarding Forward-Looking Statements and Information

The information presented or incorporated by reference in this annual information form contains both historical information and “forward looking information” (within the meaning of applicable Canadian securities laws) or “forward-looking statements” (within the meaning of Section 27A of the U.S. Securities Act, as amended (the " Securities Act") and Section 21E of the U.S. Securities Exchange Act, as amended (the "Exchange Act") (collectively referred to herein as “forward looking statements”) that may state our intentions, hopes, beliefs, expectations or predictions for the future. Forward-looking statements contained herein include statements with respect to our plans to conclude the transactions contemplated by the MOU and to develop the Brisas-Cristinas Project, enforcement and collection of the Award and our intent to distribute a substantial majority of any net proceeds from the collection of the Award.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause our actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are outside our control.

Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: our ability to complete the transactions contemplated by the MOU we entered into with Venezuela, on February 24, 2016, with respect to the potential settlement, including the payment and resolution, of the Arbitral Award, an amount yet to be agreed to by the parties in exchange for our contribution of the Mining Data to the Brisas-Cristinas Project and the potential subsequent joint development and financing of the Brisas-Cristinas Project by us and Venezuela; the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments to us pursuant to the Arbitral Award or the other transactions contemplated by the MOU; risks associated with the concentration of our potential future operations and assets in Venezuela; the timing of our enforcement or collection of the Arbitral Award if the transactions contemplated by the MOU are not concluded; actions and/or responses by the Venezuelan government in connection with the negotiation of definitive documentation pursuant to the MOU and/or with respect to our ongoing collection efforts related to the Arbitral Award; economic and industry conditions influencing the sale of the equipment related to our previous mining project in Venezuela known as the Brisas Project; conditions or events impacting our ability to fund our operations and/or service our debt; our ability to maintain listing of our Class A common shares on the TSXV; and our long-term plans for identifying and achieving revenue producing operations.

Forward-looking statements involve risks and uncertainties, as well as assumptions that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause our results to differ materially from those expressed or implied by such forward-looking statements. The words “believe,” “anticipate,” “expect,” “intend,” “estimate,” “plan,” “may,” “could” and other similar expressions that are predictions of or indicate future events and future trends, which do not relate to historical matters, identify forward-looking statements. Any such forward-looking statements are not intended to provide any assurances as to future results.

Numerous factors could cause actual results to differ materially from those described in the forward-looking statements, including without limitation:

- our ability to reach agreement with Venezuela on definitive documentation for the transactions contemplated by the MOU and complete such transactions;
- the timing of the conclusion of the transactions contemplated by the MOU or our collection of the Arbitral Award, if at all;

- the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments pursuant to the Arbitral Award or the other transactions contemplated by the MOU, including the potential development of the Brisas-Cristinas Project;
- value realized from the disposition of the Mining Data, if any, pursuant to the transactions contemplated by the MOU or otherwise;
- our ability with Venezuela to obtain the approval of the National Executive Branch of the Venezuelan government to create a special economic zone or otherwise provide tax and other economic benefits for the activities of the jointly owned entity (which we refer to herein as the "mixed company") contemplated by the MOU;
- our ability to repay our outstanding notes and associated interest in cash, if required, satisfy our obligations under our outstanding contingent value rights ("CVRs") or make a distribution of any remaining funds to our shareholders after repaying our then existing obligations following any payment by Venezuela pursuant to the Arbitral Award or with respect to our contribution of the Mining Data to the mixed company,;
- the costs associated with the enforcement and collection of the Arbitral Award, including the costs that we may incur in connection with the completion of the MOU;
- the complexity and uncertainty of varied legal processes in multiple international jurisdictions associated with our ongoing efforts to collect the Arbitral Award;
- concentration of our potential future operations and assets, if any, in Venezuela;
- the potential for corruption and uncertain legal enforcement, civil unrest, military actions and crime in Venezuela and its impact on our potential future operations in Venezuela;
- risks associated with future exploration and development of the Brisas-Cristinas Project;
- our current liquidity and capital resources and access to additional funding in the future when required;
- continued servicing or restructuring of our outstanding notes or other obligations as they come due;
- our ability to maintain continued listing of our Class A common shares on the TSXV;
- shareholder dilution resulting from restructuring, refinancing or conversion of our outstanding notes or from the sale of additional equity;
- value realized from the disposition of the remaining Brisas Project related assets, if any;
- prospects for our exploration and development of Brisas-Cristinas Project and/or the LMS Gold Project;
- currency, metal prices and metal production volatility;
- adverse U.S. and/or Canadian tax consequences;
- or ability to attract new employees, if required, and the continued participation of existing employees; and
- other 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 our forward-looking statements. See the section entitled "*Risk Factors"* in our Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 31, 2015 which is incorporated by reference herein. The MD&A has been filed on SEDAR and can be viewed at www.sedar.com.

Investors are cautioned not to put undue reliance on forward-looking statements, whether in this document, other documents periodically filed with the Securities and Exchange Commission (the "SEC") or other securities regulators or presented on our website. Forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this notice. We disclaim 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 our disclosure obligations under applicable rules promulgated by the SEC and the Ontario Securities Commission (the "OSC"). Investors are urged to read our filings with U.S. and Canadian securities regulatory authorities, which can be viewed online at www.sec.gov and www.sedar.com, respectively.

Corporate Structure

We are domiciled in Alberta, Canada and conduct our business primarily through our wholly-owned subsidiaries. The following table lists the names of the subsidiaries, our ownership in each subsidiary and each subsidiary's jurisdiction of incorporation or organization.

Subsidiary	Ownership	Domicile
Gold Reserve Corporation	100%	Montana USA
Gold Reserve de Barbados Ltd	100%	Barbados
Gold Reserve de Venezuela, CA	100%	Venezuela
Compania Aurifera Brisas del Cuyuni, CA	100%	Venezuela
GR El Choco Limited	100%	Barbados
GRI Minerales El Choco CA	100%	Venezuela
Montoro Mining Ltd	100%	Yukon
Minera Gold Reserve, S.A. de C.V.	100%	Mexico
Compania Minera Unicornio CA	100%	Venezuela

GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

Brisas Arbitral Award

SETTLEMENT EFFORTS

On February 24, 2016, we entered into an MOU with Venezuela that contemplates settlement, including payment and resolution, of the Award granted in our favor by ICSID in respect of the Brisas Project, the transfer of the Mining Data, as well as the development of the Brisas-Cristinas Project by the parties.

Under the terms proposed in the MOU, Venezuela would proceed with payment of the Award including accrued interest and enter transactional (settlement) and mixed company ("joint venture") agreements, which are contemplated by the terms of the MOU, subject to various conditions, including without limitation, receipt of all necessary regulatory and corporate approvals and the successful negotiation and execution of definitive agreements. In addition, Venezuela would pay an amount to be agreed upon for our contribution of the Mining Data to the Brisas-Cristinas Project.

Following completion of the definitive agreements, it is anticipated that Venezuela, with our assistance, would work to complete the financing to fund the contemplated payments to us pursuant to the Award and for our Mining Data and $2 billion towards the anticipated capital costs of the Brisas-Cristinas Project. Upon payment of the Award, we will cease all legal activities related to the collection of the Award.

The Brisas and Cristinas properties, together with our technical data with respect to the Brisas Project, would be transferred to a Venezuelan mixed company, which is expected to be beneficially owned 55% by Venezuela and 45% by Gold Reserve. We also expect to be engaged under a technical assistance agreement to provide procurement, engineering and construction services for the project. The parties would also seek, subject to the approval of the National Executive Branch of the Venezuelan government, the creation of a special economic zone providing the establishment of a special customs framework for the mixed company and other tax and economic benefits.

The MOU is not binding on either party and may be unilaterally terminated by either party at any time upon simple communication to the other party indicating the date of termination. The MOU will terminate on April 24, 2016, unless otherwise extended by the parties.

We expect to satisfy our outstanding obligations under the notes and the CVRs, as defined herein, and distribute to our shareholders substantially all of the net proceeds (subject to the payment of all outstanding or incurred corporate obligations and/or taxes) following any payment by Venezuela under the Award or with respect to contribution by us of the Mining Data to the mixed company.

ENFORCEMENT AND COLLECTION EFFORTS

In October 2009, we initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the ICSID of the World Bank to obtain compensation for the losses caused by the 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 us the Arbitral 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 $64,000 per day based on current rates) for a total estimated Award as of the date of this report of $772 million. An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards.

The December 15, 2014 Reconfirmation of Arbitral Award

Subsequent to the issuance of the Award, both parties 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. We identified what we 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 our favor on September 22, 2014 (the "December 15th Decision"). This proceeding marked the end of the Tribunal's jurisdiction with respect to the Award.

Although the process of getting the Award recognized and enforced is different in each jurisdiction, the process in general is–we file 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 judgment against Venezuela. Thereafter we will begin the process of executing the judgment by identifying and attaching specific property owned by Venezuela that is not protected by sovereign immunity.

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 March 10, 2016, and the date of the closure of the proceedings from October 15, 2015 to March 3, 2016. At this stage, we expect that a judgment on Venezuela's application will be rendered on May 10, 2016, although this is a matter over which we have 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 on May 10, 2016. Although, similar to the initial application for annulment, this is a matter over which we have no control. Neither annulment proceedings discussed herein affect the enforceability of the Award in the interim.

Application for *Exequatur*

On October 31, 2014, we 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 our 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 our 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. This decision is not appealable. Since Venezuela was denied its motion to stay the execution of the Award, the exequatur or recognition of our ICSID Award granted on January 29, 2015 remains in full force and effect.

Legal Activities in US District Court for the District of Columbia

On November 26, 2014, we filed in the U.S. District Court for the District of Columbia (the "district court") a petition to confirm the Award. Venezuela initially avoided service related to the filing, refusing, among other things, to authorize its U.S. counsel to accept service of our 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. We filed our response to Venezuela's arguments on July 2, 2015, and thereafter through September 25, 2015, further briefing was submitted by both parties to the district court.

On November 20, 2015, the district court entered an Order denying Venezuela's motion to dismiss or in the alternative stay the proceedings, granting our petition to confirm the Award, confirming the Award, and entering judgment for us 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 ICSID Tribunal (collectively, the "Judgment"). Thereafter we vigorously pursued all available measures to enforce and collect on the Judgment, in full. On December 8, 2015, we filed a motion for an Order by the district court under 28 U.S.C. § 1610(c) determining that a "reasonable period of time" had elapsed since entry of the Judgment. Venezuela filed an opposition, and we filed a reply. By Order dated January 20, 2016, the district court granted the motion, thus allowing us to pursue further efforts to enforce and collect on the Judgment.

On December 16, 2015, Venezuela filed a notice of appeal of the Judgment to the United States Court of Appeals for the District of Columbia Circuit. The parties have completed their initial procedural filings. The appellate court has not yet issued a schedule for briefing or oral argument. The filing of the appeal does not automatically stay enforcement of the Judgment. On January 20, 2016, we filed a motion for an Order by the district court permitting registration of the Judgment in federal district courts outside the District of Columbia. Venezuela filed an opposition, and we filed a reply.

On January 21, 2016, Venezuela filed a motion for a stay of execution of the Judgment pending appeal without it having to file an appeal bond. We filed an opposition, and Venezuela filed a reply. On January 27, 2016, we served Venezuela with requests for written discovery (interrogatories and requests for production of documents) in aid of enforcement of the Judgment. The original date for Venezuela to respond to the discovery requests was February 26, 2016.

On February 23, 2016, the parties filed a stipulation with the district court stating that Venezuela consented to the relief requested in our above-referenced motion for an Order permitting registration of the Judgment outside the District of Columbia, that we would not so register the Judgment prior to March 21, 2016, and that Venezuela's due date to respond to our January 27, 2016 discovery requests would be extended to March 28, 2016. On February 24, 2016, the district court entered an Order enforcing the terms of this stipulation. On February 24, 2016, the district court denied Venezuela's above-referenced motion for a stay of execution pending appeal. On March 7, Venezuela requested the same relief in a motion filed with the appellate court. We filed an opposition brief, Venezuela filed a reply and the issue is now fully briefed for a decision by the appellate court.

On March 28, 2016, the parties agreed that Venezuela's due date to respond to our January 27, 2016 discovery requests would be further extended to April 27, 2016, and that we would not register the Judgment in other federal district courts prior to April 27, 2016.

Legal Activities in Luxembourg

On October 28, 2014, we were granted an exequatur for the recognition and execution of the Award by the Tribunal d'arrondissement de et à Luxembourg. As a result, we are 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, we filed our response to Venezuela's first set of arguments, on March 16, 2015, Venezuela filed a reply on April 20, 2015 and, thereafter we filed our 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 we are free to proceed with seizure filings if and when we deem it appropriate.

Legal Activities in England

On May 19, 2015, we 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 (the "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 (the "Order and Judgment"). On September 25, 2015 (prior to formal service), Venezuela made an application to the Court for declarations that the Court had 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) the Order and Judgment be set aside (the "Jurisdiction Application").

The hearing for the Jurisdiction Application took place in London from January 18 to 20, 2016 and judgment was handed down on February 2, 2016. The Court dismissed the Jurisdiction Application and ordered that, among other things, Venezuela did not have sovereign immunity and we followed the correct procedure in relation to the Claim. On February 23, 2016, Venezuela filed an Appeal with the Court of Appeal. We have responded to the Appeal and made an application that the Appeal should be expedited (which Venezuela has opposed).

The parties have agreed by consent to extend the time for Venezuela to make any further application to set aside the Order and Judgment until 14 days following resolution of the Appeal of the Jurisdiction Application by Venezuela. We intend to continue to take all available steps to ensure that Appeal of the Jurisdiction Application is resolved as quickly as possible, and that any further application that Venezuela may make will be dealt with expeditiously, so that enforcement can proceed without further delay.

Our Intent to Distribute Collection of the Arbitral Award to Shareholders

Subject to applicable regulatory requirements 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 or sale of the Mining Data including payments pursuant to the terms of the Convertible Notes (if not otherwise converted), Interest Notes (as defined herein), CVRs, Bonus Plan and Retention Plan (all as defined herein) or undertakings made to a court of law, our current plans are to distribute to our 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 (the "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 or sale of the Mining Data, 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 multiplied by 1% of the first $200 million and 5% thereafter. Participation in the Bonus Plan vests upon the participant's selection by a committee of independent directors, subject to voluntary termination of employment or termination for cause. We also maintain the Gold Reserve Director and Employee Retention Plan (the "Retention Plan") (See Note 9 to the audited consolidated financial statements). Units (the "Retention Units") granted under the plan become fully vested and payable upon: (1) collection of proceeds from the Arbitral Award and/or sale of the Mining Data and we notify our shareholders that we will distribute a substantial majority of the proceeds to them or, (2) the event of a change of control. We currently do not accrue a liability for the Bonus Plan or Retention Plan as events required for payment under the Plans have not yet occurred. An estimated $1.8 million of contingent legal fees will also become due upon the collection of the Award.

The 2018 Notes can be redeemed at a price equal to 120% of the principal amount paid upon payment of the Award or receipt of proceeds from the disposition of the Mining Data, subject to certain limitations. See "Description of Capital Structure". We also have outstanding CVRs which entitle each holder that participated in the note restructuring completed in 2012 to receive, net of certain deductions (including income tax calculation and the payment of our then current obligations), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by us with respect to the Award or disposition of the Mining Data related to the development of the Brisas Project. The proceeds, if any, could be cash, commodities, bonds, shares and/or any other consideration we received 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 CVRs and will become our obligation only as the Arbitral Award is collected.

Convertible Notes Restructuring:

During the fourth quarter of 2015, we issued approximately $13.4 million of New Notes and modified, amended and extended the maturity date of approximately $43.7 million of Modified Notes. The New Notes are comprised of approximately $12.3 million principal amount issued with an original issue discount of 2.5% of the aggregate principal amount and approximately $1.1 million representing 2.5% of the extended principal and interest amount due to the note holders as a restructuring fee. The Modified Notes include convertible notes and interest notes from previous financings and restructurings in 2007, 2012 and 2014.

PROPERTIES

LMS Gold Project

On March 1, 2016, we completed the acquisition of certain wholly-owned mining claims known as the LMS Gold Project (the “Property”), together with certain personal property for US$350,000, pursuant to a Purchase and Sale Agreement with Raven Gold Alaska Inc. (“Raven”), a wholly-owned subsidiary of Corvus Gold Inc.

Raven retains a royalty interest with respect to (i) “Precious Metals” produced and recovered from the Property equal to 3% of “Net Smelter Returns” on such metals (the “Precious Metals Royalty”) and (ii) “Base Metals” produced and recovered from the Property equal to 1% of Net Smelter Returns on such metals, provided that we have the option, for a period of 20 years from the date of closing of the acquisition, to buy back a one-third interest (i.e. 1 %) in the Precious Metals Royalty at a price of US$ 4 million. The Property consists of 36 contiguous State of Alaska mining claims covering 61 km² in the Goodpaster Mining District situated approximately 25 km north of Delta Junction and 125 km southeast of Fairbanks, Alaska and is accessible either by winter road or river boat providing year-round, non-helicopter support access. Several trails have been constructed providing surface access across the property.

The Property remains at an early stage of exploration and is the subject of a NI 43-101 technical report entitled “Technical Report on the LMS Gold Project, Goodpaster Mining District, Alaska” dated February 19, 2016 prepared for us by Ed Hunter, BSc., P. Geo and Gary H. Giroux, M.A. Sc., P. Eng.

La Tortuga

In April 2012, Soltoro Ltd. granted us 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. Over approximately a two year period we compiled data, completed a number of studies on the property and made option payments totaling $0.4 million (including a $0.15 million property payment made in 2014). During this period, the Mexican authorities changed its focus on environmental reviews and approvals which caused the Environment Ministry to require us to resubmit our drilling permit application, expand our environmental baseline study and add additional other items. The perceived change in the Mexican government's posture towards mining led management and the Board to conclude that continued investment in the property was no longer warranted and as a consequence we expensed all previously capitalized costs as of June 30, 2014 and formally terminated our option on the property in August 2014.

DIVIDENDS AND DISTRIBUTIONS

We have not declared or paid any dividends on our Class A common shares since 1984. We may declare cash dividends or make distributions in the future only if our earnings and capital are sufficient to justify the payment of such dividends or distributions. Regarding the collection of the Award and/or payment for the Mining Data, subject to applicable regulatory requirements regarding capital and reserves for operating expenses, accounts payable and taxes, we expect to distribute, in the most cost efficient manner, a substantial majority of any net proceeds received pursuant to the Award after fulfillment of our corporate obligations.

DESCRIPTION OF CAPITAL STRUCTURE

Class A common shares

We are authorized to issue an unlimited number of Class A common shares without par value of which 78,720,147 Class A common shares were issued and outstanding as at the date hereof. Shareholders are entitled to receive notice of and attend all meetings of shareholders with each Class A common share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. Shareholders are entitled to dividends if, as and when declared by the Board. Shareholders are entitled upon liquidation, dissolution or winding up of the Company to receive the remaining assets available for distribution to shareholders.

Equity Units

Equity Units were issued in February 1999, when Gold Reserve Corporation became our subsidiary, and we became the successor issuer. Generally, each shareholder of Gold Reserve Corporation received one of our Class A common shares for each common share owned in Gold Reserve Corporation. For tax reasons, certain U.S. holders elected to receive Equity Units in lieu of Class A common shares. An Equity Unit comprised one Class B common share of Gold Reserve Inc. and one Gold Reserve Corporation Class B common share, which were substantially equivalent to a Gold Reserve Inc. Class A common share and was generally immediately convertible into Class A common shares. As of December 31, 2015 all Equity Units had been converted to Class A common shares.

Preferred shares

We are authorized, subject to the limitations prescribed by law and our articles of incorporation, from time to time, to issue an unlimited number of serial preferred shares and to determine variations, if any, between any series so established as to all matters, including, but not limited to: the rate of dividend and whether dividends shall be cumulative or non-cumulative; the voting power of holders of such series; the rights of such series in the event of our dissolution or upon any distribution of our assets; whether the shares of such series shall be convertible; and such other designations, rights, privileges, and relative participating, optional or other special rights, and such restrictions and conditions thereon as are permitted by law. There are no preferred shares issued or outstanding as of the date hereof.

Share Purchase Warrants

We issued 1,750,000 share purchase warrants in 2013 to acquire for a two-year period one-half of one Class A common share (875,000 whole warrants) at a price of $4.00 per share. The share purchase warrants expired on September 20, 2015.

Share Purchase Options

We maintain the 2012 Equity Incentive Plan (the "2012 Plan") which provides for the grant of stock options of up to 7,550,000 of our Class A common shares. As of December 31, 2015, there were 5,643,000 options outstanding and 1,519,500 remaining 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.

Convertible Notes and Interest Notes

We have a total of $58.1 million of notes outstanding, which are comprised of (i) approximately $43.7 million aggregate principal amount of Modified Notes and approximately $13.4 million aggregate principal amount of New Notes both of which mature on December 31, 2018 (collectively the "2018 Notes"), and (ii) approximately $1.0 million aggregate principal amount of notes issued in May 2007 (the "2022 Notes") which mature on June 15, 2022. The 2018 Notes bear interest at a rate of 11% per annum and the 2022 Notes bear interest at 5.50% per annum (See Note 11 to the audited consolidated financial statements).

Interest on the 2018 Notes is paid quarterly in the form of a new series of 11% Senior Secured Interest Notes (the "Interest Notes") which are payable in cash at maturity on December 31, 2018. The principal amount of outstanding Interest Notes is added to the principal amount of the 2018 Notes to calculate future issuances of Interest Notes. We had a total of $0.5 million of Interest Notes outstanding at December 31, 2015.

Holders of the 2018 Notes may convert them into 333.3333 Class A common shares per $1,000 principal amount (which is equivalent to a conversion price of $3.00 per common share), subject to adjustment upon the occurrence of certain events. The Interest Notes are not convertible into Class A common shares or any other security. We 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, an extension fee of 2.5% of the extended principal and interest notes in the form of additional 2018 Notes. For a more detailed description of the terms of the 2018 Notes and Interest Notes, see "Material Contracts". The 2022 Notes subject to certain conditions can be redeemed, repurchase or convert the 2022 Notes into our Class A common shares at a conversion price of $7.54 per common share.

MARKET FOR SECURITIES

Our Class A common shares are traded in Canada on the TSXV under the symbol "GRZ.V". Our Class A common shares are also traded in the United States on the OTCQB under the symbol "GDRZF". The Notes are not listed for trading on any exchange. The following table sets forth for the periods indicated the high and low sales prices of our Class A common shares as reported on the TSXV and the OTCQB during 2015.

	Cdn $			U.S. $		
	High	Low	Volume	High	Low	Volume
January	3.90	2.48	659,100	3.17	2.08	820,700
February	4.95	3.50	448,100	3.99	2.78	1,138,800
March	5.39	4.21	247,700	4.24	3.42	1,154,300
April	5.20	4.46	181,900	4.00	3.56	323,300
May	4.79	4.22	160,700	3.90	3.54	197,700
June	4.92	4.39	197,200	4.10	3.53	645,500
July	5.05	3.90	245,400	4.09	3.01	220,400
August	4.62	3.15	332,300	3.57	2.54	245,700
September	3.96	3.12	143,600	2.99	2.37	12,198,400
October	4.18	3.23	111,700	3.21	2.45	280,700
November	4.14	3.45	355,400	3.17	2.55	739,600
December	3.97	3.33	164,400	3.00	2.39	215,900

On April 18, 2016, the closing price for our Class A common share was Cdn $5.84 per share on the TSXV and U.S. $4.57 per share on the OTCQB. As of the date hereof, there were a total of 78,720,147 Class A common shares issued and outstanding.

PRIOR SALES

During the fourth quarter of 2015, we issued approximately $13.4 million of New Notes and modified, amended and extended the maturity date of approximately $43.7 million of Modified Notes.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date hereof, none of our securities were subject to escrow or contractual restrictions on transfer.

DIRECTORS AND OFFICERS

Our articles provide that the Board shall consist of a minimum of three and a maximum of fifteen directors, with the actual number of directors to be determined from time to time by the Board. The Board presently consists of seven members. Our by-laws provide that each director shall be appointed and/or elected to hold office, until our next annual meeting of shareholders, or until their qualified successors are elected. All of the current directors' terms expire on the date of the next annual meeting.

The following table and notes thereto states the names of each of our director and executive officer, the province or state and country of residence, their age, all offices now held by such individual, their principal occupation, the period of time such individual has acted as a director or executive officer and the number of Class A common shares beneficially owned, or controlled or directed, directly or indirectly, by each such director or executive officer.

Name, Residence and Position	Age	Principal Occupation during the last five years	Director and/or Officer Since	Number of Common Shares Beneficially Owned as of March 31, 2016[1]	Percent Of Class
Rockne J. Timm [2] [3] Spokane, Washington USA Chief Executive Officer and Director	70	Mr. Timm's principal occupation is Chief Executive Officer of the Company, a position he has held since 1988. Mr. Timm has also served as President and Chairman of the Board from 1988 until January 2004. Mr. Timm is Chairman of the Executive Committee. He has been a director and executive officer of the Company's Venezuelan and other subsidiaries since 1992 and he is President and director of Great Basin Energies, Inc. since 1981 and MGC Ventures, Inc. since 1989.	March 1984	1,624,040	2.1%
A. Douglas Belanger [2] [3] Spokane, Washington USA President and Director	62	Mr. Belanger's principal occupation is President of the Company, a position he has held since January 2004. Mr. Belanger serves on the Executive Committee and previously served as Executive Vice President from 1988 through January 2004. He has been a director and executive officer of the Company's Venezuelan and other subsidiaries since 1992 and is Executive Vice President and director of Great Basin Energies Inc. since 1984 and MGC Ventures, Inc. since 1997.	August 1988	1,831,004	2.3%
James P. Geyer Spokane, Washington USA Independent Director	63	Mr. Geyer's principal occupation is a director and member of the environmental, health and safety committee and the chair of the governance and nominating committee of Thompson Creek Metals Company Inc., a North American mining company. Mr. Geyer held the position of Senior Vice President of the Company from January 1997 to August of 2010. Mr. Geyer currently serves on the Company's audit committee.	June 1997	607,473	*
James H. Coleman [2] [3] Alberta, Canada Non-Executive Chairman and Independent Director	65	Mr. Coleman's principal occupation is Senior Partner with the law firm of Norton Rose Fulbright Canada LLP. He is also a director of Great Basin Energies Inc. since 1996, MGC Ventures, Inc. since 1997; Energold Drilling Corp. since 1994, Sterling Resources Ltd. since 2013, and Petrowest Corporation since 2012. Mr. Coleman has been Chairman of the Company since 2004 and serves on the Executive Committee.	February 1994	620,588	*

Name, Residence and Position	Age	Principal Occupation during the last five years	Director and/or Officer Since	Number of Common Shares Beneficially Owned as of March 31, 2016[1]	Percent Of Class
Patrick D. McChesney [2] [3] Las Vegas, Nevada USA Independent Director	66	Mr. McChesney recently retired from his position as chief financial officer and chief technology officer of Foothills Auto Group, an automobile dealership group based in Spokane, Washington, a position he held since 2005. Mr. McChesney serves on the Company's Nominating Committee and Compensation Committee and is Chairman of the Audit Committee. Mr. McChesney is a director of Great Basin Energies, Inc. since 2002 and MGC Ventures, Inc. since 1989.	August 1988	385,777	*
Jean Charles Potvin Ontario, Canada Independent Director	62	Mr. Potvin's principal occupation is director and Executive Chairman and member of the audit Committee of Murchison Minerals Ltd. (formerly Flemish Gold Corp.), a minerals exploration company. Mr. Potvin was President of Murchison Minerals Ltd. until November 2015, a position he held since 2007. He is a director of Exploration Azimut Inc. since 2003, where he is chairman of the Audit Committee. Mr. Potvin currently serves on the Company's Audit and Nominating Committees and is Chairman of the Compensation Committee.	November 1993	511,672	*
Kenneth I. Juster New York, New York USA Independent Director	61	Mr. Juster's principal occupation is as a partner and managing director at the global private equity firm of Warburg Pincus, since 2010. Mr. Juster serves on the Company's Compensation Committee.	March 2015	110,000	*
Mary E. Smith [2] [3] Spokane, Washington USA Vice President-Administration and Secretary	63	Ms. Smith's principal occupation with the Company is as Vice President of Administration since January 1997 and Secretary since June 1997. She also serves as Vice President of Administration and Secretary of Great Basin Energies Inc. and MGC Ventures, Inc.	February 1997	357,855	*
Robert A. McGuinness [2] [3] Spokane, Washington USA Vice President-Finance and Chief Financial Officer	60	Mr. McGuinness' principal occupation with the Company is as Vice President of Finance since March 1993 and Chief Financial Officer since June 1993. He also serves as Vice President of Finance, Chief Financial Officer and Treasurer of Great Basin Energies, Inc. and MGC Ventures, Inc.	March 1993	370,004	*
Directors and officers as a group				6,418,413	7.9%

*Indicates less than 1%

(1) Includes common shares issuable pursuant to options exercisable as of the date of this Annual Information Form or exercisable within 60 days of the date of this Annual Information Form as follows: Mr. Timm 394,000; Mr. Belanger 376,000; Mr. Geyer 200,000; Mr. Coleman 240,000; Mr. McChesney 200,000; Mr. Potvin 200,000; Mr. Juster 110,000; Mr. McGuinness 187,000; and Ms. Smith 168,000. The number includes direct ownership of common shares as follows: Mr. Timm 1,230,040 shares; Mr. Belanger 1,455,004 shares; Mr. Geyer 407,473 shares; Mr. Coleman 380,588 shares; Mr. McChesney 185,777 shares; Mr. Potvin 311,672 shares; Mr. McGuinness 183,004 shares; and Ms. Smith 189,855 shares.

(2) Messrs. Timm, Belanger, Coleman, McChesney, McGuinness, and Ms. Smith are directors and/or officers of Great Basin Energies, Inc., which owns 491,192 common shares, or 0.6% of the outstanding common shares. The foregoing individuals beneficially own 17.6%, 11.2%, 4.2%, 2.7%, 1.3%, and 1.2%, respectively, of the outstanding common shares of Great Basin Energies, Inc. and may be deemed indirectly to have an interest in us through their respective management positions and/or ownership interests in Great Basin Energies, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the common shares owned by Great Basin Energies, Inc. and such common shares are not included in this total.

(3) Messrs. Timm, Belanger, Coleman, McChesney, McGuinness, and Ms. Smith are directors and/or officers of MGC Ventures, Inc., which owns 258,083 common shares, or 0.4% of the outstanding common shares. The foregoing individuals beneficially own 18.4%, 18.6%, 7.5%, 5.6%, 1.9%, and 1.5%, respectively, of the outstanding common shares of MGC Ventures, Inc. and may be deemed indirectly to have an interest in us through their respective management positions and/or ownership interests in MGC

Ventures, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the common shares owned by MGC Ventures, Inc. and such common shares are not included in this total.

At the date of this Annual Information Form, our directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 4,343,413 of our common shares, representing approximately 5.9 % of our issued and outstanding common shares. In addition, our directors and executive officers held 2,075,000 options to acquire an additional 2,075,000 of our common shares. Information concerning common shares beneficially owned, or controlled or directed, directly or indirectly, is based on information provided to us by our directors and executive officers.

Corporate Cease Trade Orders

At the date of this Annual Information Form, none of our directors or executive officers is, or has been within ten years prior to the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including us) that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or officer was acting in the capacity as director, chief executive officer or chief financial officer of the relevant company; or

(ii) was subject to a cease trade order, an order or similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties or Sanctions

At the date of this Annual Information Form, none of our directors or executive officers or any shareholder holding a significant number of our securities to materially affect control of us, is or has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Bankruptcies

None of our directors or executive officers, or a shareholder holding a sufficient number of our securities to materially affect control of us:

(i) is, at the date of this Annual Information Form, or has been within ten years prior to the date of this Annual Information Form, a director or officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets; or

(ii) has, within ten years prior to the date of the Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Board has a separately-designated standing Audit Committee for the purpose of overseeing our accounting and financial reporting processes and audits of our annual financial statements. Mr. Chris Mikkelsen previously served as the Chairman and audit committee financial expert. Mr. Mikkelsen resigned from the Board and the Audit Committee effective March 17, 2015. The Audit Committee of the Board operates within a written mandate (the "Audit Committee Charter"), as approved by the Board, which describes the Committee's objectives and responsibilities. The full text of the Audit Committee Charter is attached as Exhibit A to our proxy circular for our 2015 annual meeting of shareholders (the "2015 Proxy Circular") which is incorporated by reference and is available for review under our profile at www.sedar.com and www.sec.gov or is available at www.goldreserveinc.com under the Investor Relations page.

Composition of the Audit Committee

The Audit Committee is composed of the following three directors:

Patrick McChesney (Chair) Jean Charles Potvin James P. Geyer

The Board has determined each member of the Audit Committee to be "independent" and "financially literate" as such terms are defined under Canadian securities laws. In addition, the Chair of the Committee, Mr. McChesney, is considered by the Board to qualify as an "audit committee financial expert" as defined by the SEC. The Board has made these determinations based on the education and experience of each member of the Committee, as outlined below.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee:

Mr. McChesney is currently a business consultant and previously was Chief Financial Officer of Foothills Auto Group, an operator of franchised auto dealerships, where he was responsible for the financial statements. Mr. McChesney graduated from the University of Portland, with a Bachelor degree in Accounting. During his 30 plus year working career, he has prepared and analyzed financial statements in the mining, public accounting, retail, electronics and construction industries. Mr. McChesney has been a member of the Audit Committee since August 1998 and Chair since March 17, 2015.

Mr. Potvin is Director and President of Murchison Minerals Ltd. (formerly Flemish Gold Corp.) and Director and Chairman of the audit committee of Azimut Exploration Ltd. a publicly listed mineral exploration company. Mr. Potvin holds a Bachelor of Science degree in Geology from Carleton University and an MBA from the University of Ottawa. He spent nearly 14 years as a mining investment analyst for a large Canadian investment brokerage firm (Burns Fry Ltd., now BMO Nesbitt Burns Inc.). Mr. Potvin has been a member of the Audit Committee since August 2003.

Mr. Geyer has a Bachelor of Science in Mining Engineering from the Colorado School of Mines, has 41 years of experience in underground and open pit mining and has held engineering and operations positions with a number of companies including AMAX and ASARCO. Mr. Geyer is a Director of Thompson Creek Metals Inc. where he was previously a member of the audit committee. Mr. Geyer has been a member of the Audit Committee since March 19, 2015.

EXTERNAL AUDITOR SERVICE FEES

Fees paid or payable to our independent external auditor, PricewaterhouseCoopers LLP, are detailed in the following table:

Fee category	(U.S.$) Year Ended 2015	(U.S.$) Year Ended 2014
Audit	$ 100,661	$ 124,511
Audit related	39,069	51,579
Tax	8,829	8,311
All other fees	-	-
Total	$ 148,559	$ 184,401

The nature of the services provided by PricewaterhouseCoopers LLP under each of the categories indicated in the table is described below.

Audit Fees

Audit fees were for professional services rendered by PricewaterhouseCoopers LLP for the audit of our annual financial statements.

Audit-related Fees

Audit-related fees were for the review of our quarterly financial statements and services provided in respect of other regulatory-required auditor attest functions associated with government audit reports, registration statements, prospectuses, periodic reports and other documents filed with securities regulatory authorities or other documents issued in connection with securities offerings.

Tax Fees

Tax fees were for services outside of the audit scope and represented consultations for tax compliance and advisory services relating to common forms of domestic and international taxation.

All Other Fees

All Other Fees represent costs not included above.

Pre-approval Policies and Procedures

Our Audit Committee has adopted policies and procedures for the pre-approval of services performed by our external auditors, with the objective of maintaining the independence of the external auditors. Our policy requires that the Audit Committee pre-approve all audit, audit-related, tax and other permissible non-audit services to be performed by the external auditors, including all engagements of the external auditors with respect to our subsidiaries. Prior approval of engagements for services other than the annual audit may, as required, be approved by the Chair of the Audit Committee with the provision that such approvals be brought before the full Audit Committee at its next regular meeting. Our policy sets out the details of the permissible non-audit services consistent with the independence requirements of the United States Sarbanes-Oxley Act of 2002 and the Canadian independence standards for auditors. The Chief Financial Officer presents the details of any proposed assignments of the external auditor for consideration by the Audit Committee. The procedures do not include delegation of the Audit Committee's responsibilities to our management.

CONFLICTS OF INTEREST

Our directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which we may participate, such individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises the individual is required to abstain from participating in the deliberation or approval of such participation or such terms. In accordance with the laws of Alberta, Canada, the directors and officers are required to act honestly, in good faith and in our best interests.

Our directors and officers are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures of conflicts of interest. All such conflicts will be disclosed by such directors and/or officers in accordance with the Business Corporations Act (Alberta) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Our directors and officers are not aware of any such conflicts of interests.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In October 2009, we initiated Brisas Arbitration under the Additional Facility Rules of the ICSID of the World Bank to seek compensation for the violation Venezuela of the terms of the Canada-Venezuela BIT. (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1).

On September 22, 2014, the ICSID Tribunal unanimously awarded us an Arbitral 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, which currently approximates $64,000 per day based on current rates.

An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards. There exists an international instrument created for the purpose of facilitating such recognition and enforcement, the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards (June 10, 1958), 21 U.S.T. 2517, 330 U.N.T.S. 38 (the "New York Convention") to which over 150 countries, including the United States, are party. Under the New York Convention, arbitral awards may be recognized as a judgment of the court and execution may be done by attaching assets belonging to the award debtor. (See General Development and Description of Business).

Except for the proceedings related to the Arbitral Award, there were no legal proceedings, to which we are aware of or of which any of our property was the subject, since the beginning of the most recently completed financial year, nor were there any proceedings known by us to be contemplated, that involve a claim for damages exceeding 10% of our current assets. In addition, to the best of our knowledge, there were no:

(i) penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2015;

(ii) penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision; or

(iii) settlement agreements entered into by us before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2015.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the fourth quarter of 2015 (as more fully described herein), we issued $13.4 million of New Notes and modified, amended and extended the maturity date of $43.7 million of Modified Notes. Pursuant to the transaction $19.0 million and $11.7 million of the Modified Notes were held by a fund managed by Steelhead Partners LLC ("Steelhead") and funds managed by Greywolf Capital Management LP ("Greywolf"), respectively and $10.7 million of the New Notes were issued to funds managed by Greywolf. Both Steelhead and Greywolf exercised control or direction over more than 10% of our common shares prior to the transaction. In addition we 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 fee of 2.5% of the principal in the form of notes of $0.5 million and $0.3 million to the Steelhead and the Greywolf funds, respectively.

During the second quarter of 2014 we extended the maturity date of $25.3 million aggregate principal amount of outstanding convertible notes from June 29, 2014 to December 31, 2015 and issued $12 million aggregate principal amount of new convertible notes also maturing December 31, 2015 (collectively the "2014 Modified Notes). Pursuant to the transaction, $16.2 million and $3.0 million of the extended convertible notes were held by funds managed by Steelhead and Greywolf, respectively and $7 million of the new convertible notes were issued to funds managed by Greywolf. In addition we paid, in the case of the new convertible notes, a fee of 2.5% of the principal in the form of an original issue discount and in the case of the extended convertible notes, a cash extension fee of 2.5% of the principal which resulted in cash payments of $0.4 million and $0.25 million to the Steelhead and Greywolf funds, respectively.

Other than as disclosed herein, we are not aware of any material interest, direct or indirect, of any director, executive officer, or shareholder that beneficially owns, or controls or directs, directly or indirectly more than 10% of our voting securities, or any associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year, that has materially affected us, or is reasonably expected to materially affect us.

TRANSFER AGENTS AND REGISTRARS

Our registrar and transfer agent is Computershare Trust Company, Inc. ("Computershare"). Computershare maintains the Company's register for our Class A common shares in Highlands Ranch, CO.

8742 Lucent Blvd, Suite 225
Highlands Ranch, CO 80129

8th Flr, 100 University Avenue
Toronto, Ontario Canada M5J 2Y1

MATERIAL CONTRACTS

The Notes were issued pursuant to the terms of a Note Restructuring and Note Purchase Agreement (the "2015 Restructuring Agreement") dated as of November 30, 2015 between the Company and the holders of the 2014 Modified Notes. References to "Notes" in this Material Contracts section refer collectively to the 2018 Notes and the Interest Notes.

The Notes are governed by an Indenture, dated as of May 18, 2007, related to the issuance of $103.5 million aggregate principal amount of 2022 Notes (the "Original Indenture") as supplemented and amended by the First Supplemental Indenture, dated as of December 4, 2012, the Second Supplemental Indenture, dated as of June 18, 2014, the Third Supplemental Indenture, dated as of September 24, 2014, and the Fourth Supplemental Indenture, dated as of November 30, 2015, (the Original Indenture as supplemented and amended, the "Indenture") between the Company, U.S. Bank National Association (as successor trustee to The Bank of New York Mellon) and Computershare Trust Company of Canada (as successor co-trustee to BNY Trust Company of Canada).

Pursuant to the 2015 Restructuring Agreement, the Company agreed to grant a security interest in substantially all of its assets to the holders of the Notes and the CVRs. Such security interest in governed by the terms of the Indenture and a Security and Pledge Agreement (the "Security and Pledge Agreement") dated as of November 30, 2015 between the Company, U.S. Bank National Association, as collateral agent (the "Collateral Agent"), and U.S. Bank National Association, as trustee (the "Trustee").

At the date of this Annual Information Form, we are not party to any material contract, other than any contract entered into in the ordinary course of business, that was entered into during our most recently completed financial year, or before the most recently completed financial year that is still in effect, except for the 2015 Restructuring Agreement, the Indenture and the Security and Pledge Agreement.

The following description is a summary of the material provisions of the Notes, the Indenture, the 2015 Restructuring Agreement and the Security and Pledge Agreement, as applicable. This summary does not purport to be complete and is qualified in its entirety by the Indenture, the Notes, the 2015 Restructuring Agreement and the Security and Pledge Agreement. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the United States Trust Indenture Act of 1939, as amended.

General

The Notes are our secured indebtedness and rank (i) equal in right of payment with our other secured indebtedness that is permitted to be secured on a pari passu basis, including the CVRs, (ii) equal in right of payment to the 2022 Notes, (iii) effectively senior in right of payment to our existing and future unsecured indebtedness to the extent of the value of the Collateral securing the Notes and (iv) senior in right of payment to all of our future subordinated debt; provided, that any future incurrence of additional indebtedness by us or the provision of any security interest with respect to any indebtedness by us or the provision of any security interest with respect to any indebtedness in the future must be incurred or provided, as applicable, in compliance with the terms of the Indenture underlying the Notes.

The Notes are convertible into our Class A common shares, as described more fully under "Conversion rights" below. The Interest Notes are not convertible into our Class A common shares or any other security.

The Notes are issued only in denominations of $1,000 and integral multiples of $1.00 above that amount. The Notes mature on December 31, 2018, unless earlier converted (if applicable), redeemed or repurchased. The Notes and any other securities previously issued under the Indenture will be treated as a single class for all purposes of the Indenture, including waivers, amendments and redemptions; provided, that notwithstanding the foregoing, in any instance in which the Notes are treated or affected differently from the other securities, whether directly or indirectly, including but not limited to waivers, amendments and redemptions, the Notes shall be treated as a separate class for purposes of the Indenture. We may also from time to time repurchase Notes in open market purchases, if in the future we list the Notes for trading on a national securities exchange, or other privately negotiated transactions without prior notice to holders, subject to the limitations set forth in the Indenture.

Neither we nor any of our subsidiaries are subject to any financial covenants under the Indenture. In addition, except as set forth below under "—Other negative covenants," neither we nor any of our subsidiaries are restricted under the Indenture from paying dividends, incurring debt, granting security or issuing or repurchasing our securities, entering into transactions with our affiliates or paying senior, other equally ranking or subordinated indebtedness prior to paying our obligations under the Notes.

The holders of the Notes are not afforded protection under the Indenture in the event of a leveraged transaction or a change in control of us, except to the extent described under "—Offer to purchase upon a fundamental change," and "—Conversion rate adjustments."

The Notes are currently evidenced by physical certificates. In connection with the filing of the registration statement of which this prospectus forms a part, we have agreed to use commercially reasonable efforts to cause the Notes to become eligible for deposit with DTC on or prior to the date of effectiveness of the shelf registration statement. We have also agreed to use commercially reasonable efforts to cause the Interest Notes to become eligible for deposit with DTC prior to their first issuance in connection with a regular interest payment date on March 31, 2016. If the Interest Notes are not made eligible for deposit with DTC on that date, the Interest Notes will also be evidenced by physical certificates. If and when the Notes have been made eligible with DTC, the Notes will be exchanged for book-entry interests evidenced by one or more global notes deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected through, records maintained by DTC and its direct and indirect participants. There is no service charge for registration of transfer or exchange of the Notes. We may, however, require holders to pay a sum to cover any tax or other governmental charge payable in connection with certain transfers or exchanges.

Security

The Notes, together with the CVRs, are secured by a first lien on substantially all of our assets (excluding a security interest over our rights with respect to the ongoing Brisas arbitration and only limited rights over the stock of our subsidiaries) whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Company's obligations under the Notes and the CVRs whether now existing or hereafter incurred or arising, including, but not limited to all cash and cash accounts, receivables, contracts, inventory, equipment, intellectual property, chattel paper, supporting obligations, general intangibles, pledged interests in our subsidiaries, proceeds of the Arbitral Award and Mining Data (collectively referred to herein, as the Collateral). Pursuant to the Security and Pledge Agreement, the Collateral also provides collateral for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of our obligations under the other Finance Documents (as defined herein), including the CVRs on a pari passu basis with the Notes as described above. Under the Security and Pledge Agreement, the "Finance Documents" means (i) the Indenture, (ii) the certificates evidencing the CVRs, (iii) the Security and Pledge Agreement, (iv) the 2015 Restructuring Agreement and (v) all other documents to be executed and delivered by the us, or any other grantor, if any, to the secured parties related to the transactions contemplated by the Security and Pledge Agreement.

Pursuant to the Security and Pledge Agreement we have agreed that we will maintain good title to all of the Collateral, free and clear of all liens, except for the security interest created by the Security and Pledge Agreement and any ordinary course Permitted Liens (as defined in the Security and Pledge Agreement), and that we will not grant or allow any liens other than Permitted Liens to exist. We have also agreed that, except as expressly permitted under the Finance Documents, we will not (i) sell, assign (by operation of law or otherwise), transfer, exchange, lease or otherwise dispose of, or grant any option with respect to, any of the Collateral other than cash and cash equivalents used by us in the ordinary course of business, including, but not limited to, paying our expenses and other obligations in the ordinary course as they become due and payable, or (ii) create or permit to exist any lien upon or with respect to any of the Collateral, except for Permitted Liens; provided, however, that upon certification by us that we have reached agreement to sell any equipment related to the Brisas Project for a price that a majority of our board of directors deems reasonable, the Collateral Agent shall release its lien on such equipment upon such sale and the proceeds of such sale shall not be subject to the lien granted under the Security and Pledge Agreement and will not constitute part of the Collateral; provided, further, that upon certification by us that we reached agreement to sell the Mining Data for a price that a majority of our board of directors deems reasonable, and the Majority Holders (as defined herein) have consented to such sale upon the terms contained in such written certification (provided that such consent may not be unreasonably withheld, denied or delayed), the Collateral Agent shall release its lien on the Mining Data in conjunction with such sale and the proceeds of such sale shall not be subject to the lien granted under the Security and Pledge Agreement and will not constitute part of the Collateral and may be distributed to our owners to the extent permitted by the Finance Documents and the CVRs.

Application of proceeds

If the Collateral Agent collects any money pursuant to the Security and Pledge Agreement upon realization of any Collateral, it shall pay out the money in the following order:

(a) *first*, to the Trustee and the Collateral Agent, their agents and attorneys for amounts due to them under the Security and Pledge Agreement or under the Indenture, including payment of all compensation, expenses and liabilities incurred, and all indemnities due to the Trustee or the Collateral Agent and the costs and expenses of collection;

(b) *second*, to the Trustee, for the benefit of the holders of the Notes for amounts due and unpaid on the Notes for principal, premium, if any, interest and any other amounts;

(c) *third*, to the holders of CVRs an amount set forth in a Surplus Certificate (as defined herein) furnished by us to the Collateral Agent, which shall be delivered to the Collateral Agent as soon as reasonably practicable. The "Surplus Certificate" is a certificate that sets forth our reasonable calculation of the amount that is then due and payable to the holders of the CVRs pursuant to the terms of the CVRs, as approved by our board of directors (the "CVR Amount"), and is signed by our Chief Executive Officer; and

(d) *fourth*, the Surplus Amount (as defined herein) to us or to such party as a court of competent jurisdiction shall direct including another grantor, if applicable. The "Surplus Amount" is the amount of money remaining after payment by the Collateral Agent of the CVR Amount, if any.

Proceeds account; release of security interest

Pursuant to the 2015 Restructuring Agreement and the Security and Pledge Agreement, we have agreed that any Award Proceeds (as defined in the 2015 Restructuring Agreement) constituting cash and cash equivalents ("Cash Proceeds") in an amount equal to the sum of (i) an amount equal to 120% of the outstanding principal amount of the Notes then outstanding plus accrued and unpaid interest, if any, to, but excluding, the date on which all Notes will be repaid in accordance with their terms and (ii) any amounts due to holders of the CVRs under the terms of the CVRs as a result of the receipt of such Cash Proceeds, shall be deposited into a separate deposit account with the Collateral Agent that we will establish with Bank of America, N.A. (the "Proceeds Account"). In connection with establishing the Proceeds Account, we have also agreed to enter into a Deposit Account Control Agreement (the "DACA"), which DACA will provide that the Collateral Agent shall have exclusive control of the Proceeds Account at any time that an event of default has occurred and is continuing under the Indenture, after giving effect to applicable notice and cure periods.

Subject to the following paragraph, (i) all Cash Proceeds shall be deposited in the Proceeds Account until it holds all amounts provided for in the preceding paragraph (and, subject to the exception set forth below, shall remain in such account until the Notes and CVRs have been paid in full) and (ii) if, and only if, other Company funds are unavailable, funds from the Proceeds Account shall be disbursed to ensure that we are paying our obligations as they come due and, in any event, to ensure payment of the Current Payment Obligations (as defined herein).

We have the option to effect a defeasance of the Notes and CVRs upon five business days' notice to the Collateral Agent and holders of Notes and CVRs on the following terms and conditions: (i) we have complied with our other obligations described under this "*Proceeds account; release of security interest*" section to date and have Sufficient Funds in the Proceeds Account; (ii) we have complied with our obligation to offer to redeem the Notes in accordance with the provision described under "*Mandatory redemption*" (the "Award Redemption"); and (iii) holders of a majority in the aggregate principal amount of the then outstanding Notes have notified us that they elect not to have some or all of the Notes held by them so redeemed, such that a majority in the aggregate principal amount of the Notes remain outstanding following completion of the transactions contemplated by the Award Redemption.

Following a defeasance of the Notes and the CVRs, (i) we shall no longer be able to utilize the funds in the Proceeds Account for payment of obligations, other than payment obligations in respect of the Notes and the CVRs in accordance with their terms, (ii) following conversion of any Notes in accordance with the terms of the Indenture and such Notes, the portion of Cash Proceeds held for repayment of principal on such Notes in accordance with their terms shall be released from the Proceeds Account and (iii) the collateral securing repayment of the Notes and the CVRs shall be released, and the Notes and the CVRs shall no longer be secured, and the holders of the Notes have agreed to take such action as reasonably required in connection with such release, subject to certain exceptions.

Additional Grantors

If any of our subsidiaries shall in the future own, acquire or have an interest in a material asset or property, such person shall promptly, but in no case more than five business days after such acquisition, execute and deliver a Security Agreement Supplement in accordance with the Security and Pledge Agreement to become an Additional Grantor (as defined in the Security and Pledge Agreement). As of the date hereof, none of our subsidiaries own an interest in any material assets or property.

Possession of collateral

Subject to the terms of the Finance Documents, we will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than any pledged securities constituting part of the Collateral, to the extent deposited with the Collateral Agent in accordance with the provisions of the Finance Documents, cash deposited in accounts subject to a deposit account control agreement, to the extent control of such account is given to the Collateral Agent in accordance with the terms of such agreement, and other than as set forth in the Finance Documents), to freely operate the Collateral and to collect, invest, and dispose of any income therefrom.

There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value.

The Security and Pledge Agreement (including the financing statements under the Uniform Commercial Code of the relevant states of the United States and under the *Personal Property Security Act* (Alberta) in appropriate form for filing in the Province of Alberta), as amended, supplemented, restated, or otherwise modified from time to time are referred to herein as the "Security Documents." The Security Documents may be amended as set forth under "*Modification and waiver of Indenture and Security Documents*." In addition, the Security Agreement provides that to the extent requested by the Majority Holders, the Company and the Collateral Agent shall amend the provisions of the Security Agreement to delineate between the Notes and the CVRs in such fashion as reasonably agreed by such holders, the Grantors and the Collateral Agent (acting on its own behalf and not on behalf of the CVR holders). The Majority Holders have indicated their intent to request such an amendment.

Payments on the Notes; paying agent and registrar

We pay principal of physical notes at the office or agency designated by us in the Borough of Manhattan, The City of New York. We have designated the corporate trust office of U.S. Bank National Association, the Trustee under the Indenture, at 100 Wall Street, Suite 1600, New York, New York 10005 as our paying agent and registrar and its office in New York, New York as a place where Notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the Notes, and we may act as paying agent or registrar. If and when the Notes are made eligible for deposit with DTC and are held in global form registered in the name of or held by DTC or its nominee, we intend to pay principal of Notes in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note. Interest will be payable on the Notes in Interest Notes. Not later than three business days prior to the relevant interest payment date, we will deliver to the Trustee an order to authenticate and deliver such Interest Notes. We intend that interest on the Notes will be payable (x) with respect to Notes represented by a global note, by issuing and having authenticated a new global note representing the Interest Note in an amount equal to the amount of interest payable for the applicable interest period (each global note to be rounded up to the nearest $1.00) and (y) with respect to Notes represented by physical notes, by issuing and having authenticated Interest Notes represented by physical notes in an aggregate principal amount equal to the amount of interest payable for the applicable period (each physical note to be rounded up to the nearest $1.00), and the Trustee will, at our request, authenticate and deliver such physical notes for original issuance to the holders on the relevant regular record date, as shown in the security register. If the Notes are eligible for DTC, then following the issuance of a new global note representing the Interest Notes as a result of an interest payment, the global note will bear interest from and after the relevant date of issue. Any Interest Notes issued as physical notes will be dated as of the applicable interest payment date and will bear interest from and after such date.

Interest

The Notes bear interest at a rate of 11% per annum. Interest accrues and is capitalized quarterly and will be payable on March 31, June 30, September 30 and December 31 of each year, beginning on March 31, 2016.

Interest is paid to the person in whose name a Note is registered at the close of business on March 15, June 15, September 15 and December 15 of each year, as the case may be and whether or not a business day, immediately preceding the relevant interest payment date. Interest on the Notes is computed on the basis of a 360-day year composed of 12 30-day months. Interest on each Interest Note shall accrue from the interest payment date in respect of which such Interest Note was issued under the Indenture.

Conversion rights

Holders of the Notes may convert their Notes, in whole or in part, initially at a conversion rate of 333.3333 Class A common shares per $1,000 principal amount of Notes (equivalent to a conversion price of $3.00 per share) at their option upon not less than three days' notice to us and at any time prior to the close of business on the business day immediately preceding the final maturity date of the Notes, subject to prior repurchase of the Notes. The Interest Notes are not convertible into our Class A common shares or any other security.

Upon conversion of a Note, we will have the option to deliver Class A common shares, cash or a combination of cash and Class A common shares for the Notes surrendered as set forth below. The Trustee will initially act as conversion agent. The conversion rate and the applicable conversion price in effect at any given time are referred to as the "applicable conversion rate" and the "applicable conversion price," respectively, and will be subject to adjustment as described below. A holder may convert fewer than all of such holder's Notes so long as the Notes converted have a principal amount of $1,000 or an integral multiple of $1.00 in excess thereof.

We will have the option to deliver cash in lieu of some or all of the Class A common shares to be delivered upon conversion of the Notes. We will give notice of our election to deliver part or all of the conversion consideration in cash to the holder converting the Notes within two business days of our receipt of the holder's notice of conversion. The amount of cash to be delivered per Convertible Note will be equal to the number of Class A common shares in respect of which the cash payment is being made multiplied by the average of the Daily VWAP prices of the Class A common shares for the 10 trading days commencing one day after (a) the date of our notice of election to deliver all or part of the conversion consideration in cash if we have not given notice of redemption or (b) the conversion date, in the case of conversion following notice of redemption specifying our intention to deliver cash upon conversion. "Daily VWAP" means the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "GRZ"<equity>"VAP" in respect of the period from 9:30 am to 4:00 pm (New York City time) on such trading day (or if such volume-weighted average price is unavailable, the market value of one Class A common share on such trading day on the TSXV or otherwise as our board of directors determines in good faith using a volume-weighted method); provided that after the consummation of a fundamental change in which the consideration is comprised entirely of cash, "Daily VWAP" means the cash price per Class A common share received by holders of our Class A common shares on such fundamental change.

If we elect to deliver cash in lieu of some or all of the Class A common shares issuable upon conversion of the Notes, we will make the payment, including delivery of the Class A common shares, through the conversion agent, to holders surrendering Notes no later than the 14th business day following the conversion date. Otherwise, we will deliver the Class A common shares, together with any cash payment for fractional shares, as described below, through the conversion agent no later than the fifth (business day following the conversion date.

We may not deliver cash in lieu of any Class A common shares issuable upon a conversion date (other than in lieu of fractional shares) if there has occurred and is continuing an event of default under the Indenture, other than an event of default that is cured by the payment of the conversion consideration.

If we call Notes for redemption upon the satisfaction of certain pricing conditions for our Class A Common Stock as described under "*Optional Redemption,*" a holder of Notes may convert the Notes only until the close of business on the business day immediately preceding the redemption date unless we fail to pay the redemption price. If a holder of Notes has submitted the Notes for purchase upon a fundamental change, a holder of Notes may convert the Notes only if that holder withdraws the purchase election made by that holder.

Upon conversion, you will not receive any separate payment for accrued and unpaid interest and additional amounts (as defined herein), if any, unless such conversion occurs between a regular record date and the interest payment date to which it relates. We will not issue fractional Class A common shares upon conversion of Notes. Instead, we will pay cash in lieu of fractional shares based on the last reported sale price of the Class A common shares on the trading day prior to the conversion date.

Our delivery to you of Class A common shares, cash, or a combination of cash and Class A common shares, as applicable, together with any cash payment for any fractional share, into which a Note is convertible, will be deemed to satisfy our obligation to pay:

- the principal amount of the Note; and
- accrued and unpaid interest and additional amounts, if any, to, but not including, the conversion date.

As a result, accrued and unpaid interest and additional amounts, if any, to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if Notes are converted after 5:00 p.m., New York City time, on a regular record date for the payment of interest, holders of such Notes at 5:00 p.m., New York City time, on such record date will receive the interest and additional amounts, if any, payable on such Notes on the corresponding interest payment date notwithstanding the conversion. Notes, upon surrender for conversion during the period from 5:00 p.m., New York City time, on any regular record date to 9:00 a.m. New York City time, on the immediately following interest payment date must be accompanied by (i) payment of an amount equal to the principal amount of Interest Notes and additional amounts that the holder is to receive on the Notes or (ii) the written election of the holder to offset the payment otherwise required pursuant to clause (i) against the principal amount of Interest Notes and additional amounts that the Holder is to receive on the Notes. However, no such payment need be made:

- if we have specified a redemption date that is after a record date and on or prior to the corresponding interest payment date;

- if we have specified a fundamental change purchase date that is after a record date and on or prior to the corresponding interest payment date; or
- to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such Note.

If a holder converts Notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any of our Class A common shares upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder's name, in which case the holder will pay that tax.

Conversion upon specified corporate transactions

If we are a party to a consolidation, amalgamation, merger, binding share exchange, statutory arrangement, sale of all or substantially all of our assets or other combination, in each case pursuant to which our Class A common shares are converted into cash, securities or other property, then at the effective time of the transaction a holder's right to convert a Note into our Class A common shares and cash will be changed into a right to convert it into the kind and amount of cash, securities and other property which such holder would have received if such holder had converted their Notes into our Class A common shares immediately prior to the transaction (the "reference property"). If the transaction causes our Class A common shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), the reference property into which the Notes will be convertible will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our Class A common shares that affirmatively make such an election. We have agreed in the Indenture not to become a party to any such transaction unless its terms are consistent with the foregoing.

Notwithstanding the preceding paragraph, if holders of Notes would otherwise be entitled to receive, upon conversion of the Notes, any property (including cash) or securities that would not constitute "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) (referred to herein as "ineligible consideration"), such holders shall not be entitled to receive such ineligible consideration, but we or the successor or acquirer, as the case may be, shall have the right (at the sole option of us or the successor or acquirer, as the case may be) to deliver either such ineligible consideration or "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) with a market value equal to the market value of such ineligible consideration. In general, prescribed securities would include our Class A common shares and other shares which are not redeemable by the holder within five years of the date of issuance of the Notes. Because of this, certain transactions may result in the Notes being convertible into prescribed securities that are highly illiquid. This could have a material adverse effect on the value of the Notes. We agree to provide notice to the holders of Notes at least 30 days prior to the effective date of such transaction in writing and by release to a business newswire stating the consideration into which the Notes will be convertible after the effective date of such transaction. After such notice, we or the successor or acquirer, as the case may be, may not change the consideration to be delivered upon conversion of the Convertible Note except in accordance with any other provision of the Indenture.

If the transaction also constitutes a fundamental change, we will be required, subject to certain conditions, to offer to purchase for cash all or a portion of your Notes as described under "*Offer to purchase upon a fundamental change*."

Conversion procedures

The initial conversion rate for the Notes is 333.3333 Class A common shares per $1,000 principal amount of Notes, which conversion rate is subject to adjustment as described below.

To convert the Notes into Class A common shares a holder of Notes must do the following (or comply with DTC procedures for doing so in respect of its beneficial interest in Notes evidenced by a global note) upon not less than three days prior written notice to us:

- complete and manually sign the conversion notice on the back of the Note or facsimile of the conversion notice and deliver this notice to the conversion agent;
- surrender the Note to the conversion agent;
- if required, furnish appropriate endorsements and transfer documents; and
- if required, pay all transfer or similar taxes.

The date a holder of Notes complies with these requirements is the conversion date under the Indenture. The Interest Notes are not convertible into our Class A common shares or any other security.

Conversion rate adjustments

We will adjust the conversion rate if any of the following events occurs, except that we will not make any adjustment if holders of Notes may participate, as a result of holding the Notes, in the transactions described without having to convert their Notes.

(a) If we issue Class A common shares as a dividend or distribution on our Class A common shares, or if we subdivide or combine our Class A common shares, the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \times \frac{OS^1}{OS_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to such event

CR^1 = the conversion rate in effect immediately after such event

OS_0 = the number of our Class A common shares outstanding immediately prior to such event

OS^1 = the number of our Class A common shares outstanding immediately after such event

(b) If we issue to all or substantially all holders of our outstanding Class A common shares certain rights or warrants to purchase our Class A common shares (or securities convertible into, or exchangeable or exercisable for, Class A common shares) at a price per share (or having a conversion, exchange or exercise price per share) less than the closing sale price of our Class A common shares on the record date for shareholders entitled to receive such rights and warrants, which rights or warrants are exercisable for not more than 60 days, the conversion rate will be adjusted based on the following formula (provided that the conversion rate will be readjusted to the extent that such rights or warrants are not exercised prior to their expiration):

$$CR^1 = CR_0 \times \frac{OS_0+X}{OS_0+Y}$$

where,

CR_0 = the conversion rate in effect immediately prior to such event

CR^1 = the conversion rate in effect immediately after such event

OS_0 = the number of our Class A common shares outstanding on the close of business on the next business day following such record date

X = the total number of our Class A common shares issuable pursuant to such rights

Y = the number of our Class A common shares equal to the aggregate offering price that the total number of shares so offered would purchase at such closing sale price of our Class A common shares on the record date of such issuance determined by multiplying such total number of Class A common shares so offered by the exercise price of such rights or warrants and dividing the product so obtained by such closing sale price.

(c) If we distribute to all or substantially all holders of our outstanding Class A common shares, Class A common shares, evidences of indebtedness or assets, including securities but excluding:

- rights or warrants specified above;
- dividends or distributions specified above; and
- dividends or distributions specified in (d) below;

then the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the conversion rate in effect immediately prior to such distribution

CR_1 = the conversion rate in effect immediately after such distribution

SP_0 = the current market price (as defined below) of our Class A common shares on such record date for such distribution

FMV = the fair market value (as determined by our board of directors) of the Class A common shares, evidences of indebtedness, assets or property distributed with respect to each outstanding common share on the record date for such distribution

With respect to an adjustment pursuant to this clause (c) where there has been a payment of a dividend or other distribution on our Class A common shares or shares of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a "spin-off," the conversion rate in effect immediately before 5:00 p.m., New York City time, on the effective date fixed for determination of shareholders entitled to receive the distribution will be increased based on the following formula:

$$CR^1 = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to such distribution

CR_1 = the conversion rate in effect immediately after such distribution

FMV_0 = the average of the closing sale prices of the Class A common shares or similar equity interest distributed to holders of our Class A common shares applicable to one Class A common share over the 10 consecutive trading-day period commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such distribution on the NYSE MKT or such other national or regional exchange or market on which the securities are then listed or quoted

MP_0 = the average of the closing sale prices of our Class A common shares over the ten consecutive trading-day period commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such distribution on the national or regional exchange or market on which the securities are then listed or quoted

The adjustment to the conversion rate under the preceding paragraph will occur on the 14th trading day after the date on which "ex-dividend trading" commences for such distribution on the national or regional exchange or market on which the securities are then listed or quoted.

(d) If any cash dividend or other distribution is made to all or substantially all holders of our outstanding Class A common shares, the conversion rate will be adjusted based on the following formula:

$$CR^1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the conversion rate in effect on the record date for such distribution

CR^1 = the conversion rate in effect immediately after the record date for such distribution

SP_0 = the current market price of one of our Class A common shares on the record date for such distribution

C = the amount in cash per share we distribute to holders of our Class A common shares

"Current market price" means the average of the daily closing sale prices per Class A common share for the 10 consecutive trading days ending on the earlier of the date of determination and the day before the "ex" date with respect to the distribution requiring such computation. As used in the definition of current market price, the term "ex" date, when used with respect to any distribution on our Class A common shares, means the first date on which the Class A common share trades, regular way, on the relevant exchange or in the relevant market from which the closing sale price was obtained without the right to receive such distribution.

(e) If we or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer for our Class A common shares to the extent that the cash and value of any other consideration included in the payment per Class A common share exceeds the last reported sale price per Class A common share on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

$$CR^1 = CR_0 \times \frac{AC + (SP^1 \times OS^1)}{OS_0 \times SP^1}$$

where,

CR_0 = the conversion rate in effect on the date such tender or exchange offer expires

CR^1 = the conversion rate in effect on the day next succeeding the date such tender or exchange offer expires

AC = the fair market value (as determined by our board of directors) of the aggregate consideration paid or payable for shares purchased in such tender or exchange offer

OS_0 = the number of our Class A common shares outstanding on the trading day immediately preceding the date such tender or exchange offer is announced

OS^1 = the number of our Class A common shares outstanding less any shares purchased in the tender or exchange offer at the time such tender or exchange offer expires

SP^1 = the average of the last reported sale prices of the common shares over the 10 consecutive trading day period commencing on the trading day next succeeding the date such tender or exchange offer expires

The adjustment to the conversion rate under the preceding paragraph will occur on the 10^{th} trading day next succeeding the date such tender or exchange offer expires.

To the extent that we have a rights plan in effect upon conversion of the Notes into Class A common shares, a holder of Notes will receive, in addition to the Class A common shares, the rights under the rights plan unless the rights have separated from the Class A common shares at the time of conversion, in which case the conversion rate will be adjusted as if we distributed to all holders of our outstanding Class A common shares, Class A common shares, evidences of indebtedness or assets as described above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

In the event of:

- any reclassification of our Class A common shares;
- a consolidation, merger or combination involving us; or
- a sale or conveyance to another person or entity of all or substantially all of our property and assets;

in which holders of our Class A common shares would be entitled to receive shares, other securities, other property, assets or cash for their Class A common shares, upon conversion of the Notes a holder thereof will be entitled to receive the same type of consideration which it would have been entitled to receive if it had converted the Notes into our Class A common shares immediately prior to any of these events (provided such consideration is not "ineligible consideration" as described in "*Conversion upon specified corporate transactions*").

A holder of Notes may in certain situations be deemed to have received a distribution subject to United States federal income tax as a dividend in the event of any taxable distribution to holders of Class A common shares or in certain other situations requiring a conversion rate adjustment.

We may, from time to time, increase the conversion rate by any amount for a period of at least 20 days if our board of directors has made a determination that this increase would be in our best interests, subject to the receipt of any required regulatory approvals, which determination shall be conclusive. Any such determination by our board will be conclusive. Thereafter, the conversion rate will return to the level prior to such adjustment. In addition, we may increase the conversion rate if our board of directors deems it advisable to avoid or diminish any income tax to holders of Class A common shares resulting from any share or rights distribution.

We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate. Except as described above in this section, we will not adjust the conversion rate for any issuance of our Class A common shares or convertible or exchangeable securities or rights to purchase our Class A common shares or convertible or exchangeable securities.

Any adjustment to the conversion rate for the Notes would also be applicable to the conversion rate for any 2022 Notes that remain outstanding at the time of such adjustment.

Adjustments of average prices

Whenever any provision of the Indenture requires us to calculate an average of last reported prices or Daily VWAP over a span of multiple days, we will make appropriate adjustments (determined in good faith by our board of directors) to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the ex date of the event occurs, at any time during the period from which the average is to be calculated.

Optional redemption

No sinking fund will be provided for the Notes, which means that the Indenture will not require us to redeem a portion of the Notes periodically.

We may redeem, at our option, all or part of the Notes upon 20 days' notice to the holders, for Class A common shares equal to the principal amount of such security divided by the conversion price plus cash for any accrued and unpaid interest if the closing sale price of our Class A common shares is equal to or greater than 200% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days; provided that we provide such notice within five days of the end of such 30 trading day period.

If less than all of the outstanding Notes are to be redeemed, the Trustee shall, upon 15 days' prior notice from us, select the Notes to be redeemed in principal amounts at maturity of $1,000 or integral multiples thereof. In this case the Trustee may select the Notes by lot, pro rata or by any other method the Trustee considers fair and appropriate or in any manner required by the depositary.

If a portion of a holder's Notes is selected for partial redemption and the holder converts a portion of the Notes, the converted portion shall be deemed, solely for purposes of determining the aggregate principle amount of securities to be redeemed by us, to be the portion selected for redemption.

In the event of any redemption of the Notes in part, we will not be required to:

- issue, register the transfer of or exchange any Note during a period beginning at the opening of business 15 days before any selection of Notes for redemption and ending at the close of business on the earliest date on which the relevant notice of redemption is deemed to have been given to all holders of Notes to be so redeemed, or
- register the transfer of or exchange any Convertible Note so selected for redemption, in whole or in part, except the unredeemed portion of any Convertible Note being redeemed in part.

Mandatory redemption

We have a mandatory obligation to redeem the Notes then outstanding, in whole or in part, for an amount of cash equal to 120% of the outstanding principal amount of the Notes, plus accrued and unpaid interest, upon (a) the issuance of a final Arbitration Award (as defined below), with respect to which enforcement has not been stayed and no annulment proceeding is pending, or (b) our receipt of Proceeds (as defined below) from a Mining Data Sale (as defined below) (the occurrence of an event described in (a) or (b) may be referred to as a "Redemption Trigger"), in each case, notwithstanding any other notice provision herein, upon 20 days' notice to the holders (which notice shall be provided within 10 days of the issuance of a final Arbitration Award or our receipt of any such Proceeds, as applicable); provided, however, that following the issuance of a final Arbitration Award, we shall not be obligated to effect any such redemption unless we receive cash proceeds in excess of $20,000,000, net of (i) taxes and (ii) $13,500,000 to fund professional fees and expenses and accrued and unpaid prospective operating expenses (such net amount, collectively the "Net Cash Proceeds"), in which case we shall give notice to the holders of the Notes within two business days after receipt of such funds of our intent to redeem and shall promptly, and in any event within five business days, redeem the Notes to the extent of such Net Cash Proceeds received in excess of $20,000,000, subject to the following sentence. In respect of any given receipt of Net Cash Proceeds in excess of $20,000,000, in the case of the issuance of a final Arbitration Award, or Proceeds, in the case of a Mining Data Sale, by us, our redemption obligations shall be limited to the amount of the Net Cash Proceeds in excess of $20,000,000, in the case of the issuance of a final Arbitration Award, or Proceeds, in the case of a Mining Data Sale, received us, and if the amount of Net Cash Proceeds, in the case of the issuance of a final Arbitration Award, or proceeds, in the case of a Mining Data Sale, received is insufficient to redeem all of the Notes then outstanding, we shall redeem a pro rata portion of each holder's applicable securities determined on the basis of the principal amount of the applicable securities held by each holder as among all outstanding Notes held by all holders (provided, further, that any subsequent receipt of additional Net Cash Proceeds in excess of $20,000,000, in the case of the issuance of a final Arbitration Award, or Proceeds, in the case of a Mining Data Sale, shall be applied in a similar manner until such time as the redemption obligations have been satisfied in full). Notwithstanding the foregoing or anything to the contrary herein, (i) within five business days of a Redemption Trigger described in clause (a) above, we shall issue a promissory note to each holder payable in the amounts due to such holder upon receipt of Net Cash Proceeds by the Company as contemplated by this paragraph, which promissory note shall be in form and substance reasonably satisfactory to holders holding at least a majority of the then outstanding Notes, and the Company, including with respect to covenants and other relevant terms from the Indenture as applicable, and which shall mature on the earlier of (x) five business days following the our receipt of Proceeds contemplated by the applicable Arbitration Award and (y) the stated maturity of the Notes; and (ii) in the case of a Redemption Trigger described in clause (a) above, at any time following receipt of notice from us as provided herein and prior to the receipt by a holder of the applicable redemption amount, such holder may notify the Company that it elects to not have its Notes (or any portion thereof) so redeemed, in which case the applicable securities of such holder shall not be redeemed and the amounts that would have otherwise been payable to such holder shall be available for distribution to the holders of the securities which are being redeemed in accordance herewith if such holders would not otherwise receive payment of the entire redemption price.

With respect to the mandatory redemption provisions and as we otherwise indicate herein:

"Arbitration Award" shall mean (solely as used under this "*Mandatory redemption*") any settlement, award, or other payment made or other consideration transferred to us or any of our affiliates arising out of, in connection with or with respect to the Brisas arbitration, including, but not limited to the Proceeds received by us or our affiliates from a sale, pledge, transfer or other disposition, directly or indirectly, of our rights with respect to the Brisas arbitration.

"Mining Data" shall mean the mine data base relating to the Brisas Project which consists of over 900 core drill holes with assay certificates with a calculated proven and probable 43-101 compliant audited ore reserve.

"Mining Data Sale" shall mean the sale, pledge, transfer or other disposition, directly or indirectly, of all or any portion of the Mining Data.

"Proceeds" shall mean the gross amount of all consideration, whether cash, securities, commodities, bonds or other non-cash consideration, received by us arising out of, in connection with or with respect to an Arbitration Award or Mining Data Sale, as applicable; provided that, for the purposes of calculating Proceeds, any consideration received by any affiliate of ours in connection with an Arbitration Award or Mining Data Sale, as the case may be, shall be deemed to have been received by us.

Redemption for changes in Canadian tax law

We may at our option redeem all but not part of the Notes if we have or would become obligated to pay to the holder of any Note "additional amounts" (which are more than a *de minimis* amount) as a result of any change from the date of this prospectus in the laws or any regulations of Canada or any Canadian political subdivision or taxing authority, or any change or amendment occurring after November 30, 2015 in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory or administrative determination); provided we cannot avoid these obligations by taking reasonable measures available to us and that we deliver to the Trustee an opinion of Canadian legal counsel specializing in taxation and an officers' certificate attesting to such change and obligation to pay additional amounts. The term "additional amounts" is defined under "*Additional amounts*." This redemption would be at an amount equal to (i) 100% of the principal amount of the Notes, plus (ii) accrued and unpaid interest (including additional amounts, if any), to, but excluding, the redemption date plus (iii) an additional 20% of the principal amount of the Notes, but without reduction for applicable Canadian taxes (as defined herein) (except in respect of certain excluded holders (as defined herein)). We will give the Trustee and holders of Notes not less than 30 days' nor more than 60 days' notice of this redemption, except that (i) we will not give notice of redemption earlier than 60 days prior to the earliest date on or from which we would be obligated to pay any such additional amounts, and (ii) at the time we give the notice, the circumstances creating our obligation to pay such additional amounts remain in effect.

Upon receiving such notice of redemption, each holder who does not wish to have us redeem its Notes will have the right to elect to:

(a) convert its Notes (other than in the case of the Interest Notes); or

(b) not have its Notes redeemed, provided that no additional amounts will be payable on any payment of interest or principal with respect to the Notes after such redemption date. All future payments will be subject to the deduction or withholding of any Canadian taxes required by law to be deducted or withheld.

Where no election is made, the holder will have its Notes redeemed without any further action. The holder must deliver to the paying agent a written notice of election so as to be received by the paying agent no later than the close of business on a business day at least five business days prior to the redemption date.

A holder may withdraw any notice of election by delivering to the paying agent a written notice of withdrawal prior to the close of business on the business day prior to the redemption date.

If cash sufficient to pay the redemption price of all Notes (or portions thereof) to be redeemed on the redemption date is deposited with the paying agent prior to 10:00 a.m., New York City time, on the redemption date, then on such redemption date, interest, including additional amounts, if any, shall cease to accrue on such Notes or portions thereof.

Offer to purchase upon a fundamental change

In the event of a fundamental change with respect to the Company at any time prior to December 31, 2018, subject to the terms and conditions of the Indenture, we shall be required to offer to purchase all of the Notes then outstanding (a "purchase offer"), on the date (the "purchase date") that is 30 business days after the date of such offer, at a purchase price equal to (i) the principal amount of the Notes to be purchased, plus (ii) accrued but unpaid interest, including additional amounts, if any, up to, but excluding, the purchase date plus (iii) if a Redemption Trigger has occurred prior to the date of the applicable fundamental change, but we have not yet made payments to the holders as provided under "*—Mandatory redemption*," an additional 20% of the principal amount of the Notes; provided, that the amounts set forth in clause (iii) shall not be payable to any holder of the Notes with respect to any fundamental change arising out of or in connection with any actions of such holder or in which such holder is an active participant (excluding, for the avoidance of doubt, voting in favor of any fundamental change that does not principally arise out of, or is not caused by, the actions of such holder).

If such purchase date is after a record date but on or prior to an interest payment date, however, then the interest payable on such date will be paid to the holder of record of the Notes on the relevant record date. Subject to satisfaction of certain conditions, we may elect to satisfy our obligation to pay the purchase price, in whole or in part, by delivering Class A common shares as further described under "*Delivery of shares*."

Within 30 business days after the occurrence of a fundamental change, we shall be required to provide notice to all holders of record of Notes and to beneficial owners of the Notes as may be required by applicable law, as provided in the Indenture, stating among other things, the occurrence of a fundamental change and setting out the terms of the purchase offer, including whether the purchase price will be paid in cash or Class A common shares or any combination of cash or Class A common shares, specifying the percentages of each. We must also deliver a copy of the notice to the Trustee. We shall be required to purchase the Notes in respect of which such offer is accepted by a holder no later than 30 business days after a fundamental change notice has been mailed.

In order to accept such purchase offer, a holder must deliver prior to the purchase date a purchase notice stating among other things:

(1) if certificated Notes have been issued, the note certificate numbers (or, if the Notes are not certificated, the repurchase notice must comply with appropriate DTC procedures);

(2) the portion of the principal amount of Notes to be purchased, which must be in principal amounts of $1,000 and integral multiples of $1.00 in excess thereof; and

(3) that the Notes are to be purchased by us pursuant to the applicable provisions of the Notes and the Indenture.

A holder of Notes may withdraw any written purchase notice by delivering a written notice of withdrawal to the paying agent prior to the close of business on the business day prior to the purchase date. The withdrawal notice must state:

(1) the principal amount of the withdrawn Notes;

(2) if certificated Notes have been issued, the certificate numbers of the withdrawn Notes (or, if the Notes are not certificated, the withdrawal notice must comply with appropriate DTC procedures); and

(3) the principal amount, if any, which remains subject to the purchase notice.

We will promptly pay the purchase price for Notes surrendered for repurchase following the purchase date.

A "fundamental change" will be deemed to have occurred at the time after the Notes are originally issued that any of the following occurs:

(4) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than us, our subsidiaries or our or their employee benefit plans, files a Schedule TO or any schedule, form or report under the Exchange Act or applicable Canadian securities laws disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Exchange Act or applicable Canadian securities laws, of our common equity representing more than 50% of the voting power of our common equity;

(5) consummation of any share exchange, consolidation, amalgamation, merger, statutory arrangement or other combination pursuant to which our Class A common shares will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than one of our wholly-owned subsidiaries; provided, however, that a transaction where the holders of more than 50% of all classes of our common equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee immediately after such event shall not be a fundamental change;

(6) continuing directors cease to constitute at least a majority of our board of directors; or

(7) our shareholders approve any plan or proposal for our liquidation or dissolution.

A fundamental change will not be deemed to have occurred, however, if at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions otherwise constituting the fundamental change consists of common shares or American Depositary Shares that are traded or listed on, or immediately after the transaction or event will be traded or listed on a U.S. national securities exchange or the Toronto Stock Exchange.

We will comply with any applicable provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act and any Canadian securities laws which may then be applicable in the event of a fundamental change.

No Notes may be purchased upon a fundamental change if there has occurred and is continuing an event of default under the Indenture, other than an event of default that is cured by the payment of the fundamental change purchase price of the Notes.

These fundamental change purchase rights could discourage a potential acquirer. However, this fundamental change repurchase feature is not the result of management's knowledge of any specific effort to obtain control of us by means of a merger, tender offer or solicitation, or part of a plan by management to adopt a series of anti-takeover provisions. The term "fundamental change" is limited to specified transactions and may not include other events that might adversely affect our financial condition or business operations. Our obligation to offer to repurchase the Notes upon a fundamental change would not necessarily afford a holder of Notes protection in the event of a leveraged transaction, reorganization, merger or similar transaction involving us.

We may be unable to repurchase the Notes for cash if a fundamental change occurs. If a fundamental change were to occur, we may not have enough funds to pay the purchase price for all tendered Notes. Any future credit agreements or other agreements relating to our indebtedness may contain provisions prohibiting purchase of the Notes for cash under certain circumstances, or expressly prohibit our purchase of the Notes for cash upon a fundamental change or may provide that a fundamental change constitutes an event of default under that agreement. If a fundamental change occurs at a time when we are prohibited from purchasing Notes, we could seek the consent of our lenders to purchase the Notes or attempt to refinance this debt. If we do not obtain the consent or refinance the debt, we would not be permitted to purchase the Notes for cash and would be required to pay the purchase price in Class A common shares. Our failure to purchase tendered Notes would constitute an event of default under the Indenture, which might constitute a default under the terms of our other indebtedness.

Delivery of shares

We may, at our option, elect to pay the amount payable in connection with a repurchase of the Notes at the option of the holder in cash or Class A common shares or any combination of cash and Class A common shares. We may also, at our option, elect to pay the fundamental change purchase price in cash or Class A common shares or any combination of cash and Class A common shares. Our right to issue Class A common shares to pay the repurchase price or the fundamental change purchase price is subject to our satisfying various conditions, including:

- no event of default shall have occurred and be continuing under the Indenture;
- listing of the Class A common shares on the principal United States and Canadian securities exchanges on which our Class A common shares are then listed, or if not so listed, the listing of the Class A common shares on a U.S. national securities exchange;
- the registration of the Class A common shares under the Securities Act and the Exchange Act and applicable Canadian securities laws, if required; and
- any necessary qualification or registration under applicable state securities laws or the availability of an exemption from qualification and registration.

If these conditions are not satisfied with respect to a holder before the close of business on the repurchase date or the fundamental change purchase date, as the case may be, we will make the required payment on the Notes of the holder entirely in cash, unless we and each such holder waive the conditions which are not satisfied. We may not change the form of components or percentages of components of consideration to be paid for the Notes once we have given the notice that we are required to give to holders of Notes, except as described in the preceding sentence.

If we elect to pay the repurchase price or the fundamental change purchase price in Class A common shares, the number of Class A common shares to be delivered by us will be determined by dividing the amount of the payment to be made, and that is not paid in cash, by 95% of the average of the Daily VWAP prices of the Class A common shares for the 10 consecutive trading days ending on the third trading day preceding the repurchase date or the fundamental change purchase date, as the case may be, approximately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such 10 day period and ending on such repurchase date or fundamental change purchase date, of certain events that would result in an adjustment of the conversion rate with respect to the Class A common shares. See "*Conversion rate adjustments*."

We will not issue any fractional shares in connection with our delivery of Class A common shares upon our repurchase of the Notes at the option of the holder or purchase of the Notes in connection with a fundamental change. Instead, we will pay cash based on the closing price of our Class A common shares on the applicable payment date for any fractional shares we would otherwise deliver on account of the Notes.

If we elect to satisfy any payment of the repurchase price or the fundamental change purchase price in Class A common shares, we will give you notice at least 20 business days before the payment date. Our notice will state:

- whether we will make the payment in cash or Class A common shares or any combination of cash and Class A common shares;
- if both cash and Class A common shares are payable, the percentage of each applicable form of payment on a per Note basis; and
- the method of calculating the average closing price of the Class A common shares.

When we determine the actual number of Class A common shares in accordance with the foregoing provisions, we will publish the information on our website or through such other public medium as we may use at that time, including filing a report on Form 6-K with the United States Securities and Exchange Commission.

Because the average closing price of the Class A common shares is determined prior to the applicable payment date, holders of Notes bear the market risk with respect to the value of the Class A common shares to be received from the date the average market price is determined to the payment date. We may deliver Class A common shares as payment for the repurchase price or the fundamental change purchase price only if the information necessary to calculate the average closing price is published daily in a newspaper of U.S. or Canadian national circulation or such other public medium as we may use at that time.

Consolidation, merger and sale of assets by us

The Indenture provides that we may, without the consent of any holder of Notes, amalgamate with, consolidate or combine with or merge with or into any other person or sell, transfer or lease all or substantially all of our properties and assets substantially as an entirety to another person, provided that:

- the resulting, surviving or transferee person (the "successor company") will be a corporation, partnership, limited liability company or trust organized and existing under the laws of the United States of America, any state thereof, the District of Columbia, Puerto Rico or the laws of Canada or any province or territory thereunder and the successor company (if not us) will expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of our obligations under the Notes and the Indenture;
- the Trustee receives an officers' certificate to the effect that the transaction will not result in the successor company being required to make any deduction or withholding on account of certain Canadian taxes from any payments in respect of the Notes;
- immediately after giving effect to such transaction, no default under the Indenture, and no event which, after notice or lapse of time or both, would become a default under the Indenture, shall have occurred and be continuing; and
- we shall have delivered to the Trustee an officers' certificate and an opinion of counsel stating that the amalgamation, consolidation, merger or transfer and such supplemental Indenture (if any) comply with the provisions of the Indenture.

The successor company will succeed to, and be substituted for, and may exercise every right and power of, us under the Indenture, but in the case of a sale, transfer or lease of substantially all our assets that results in the sale, assignment, conveyance, transfer or other disposition or assets constituting or accounting for less than 95% of our consolidated assets, revenue or net income (loss), we will not be released from the obligation to pay the principal of and interest on the Notes.

Additional amounts

We will make payments on account of the Notes without withholding or deducting on account of any present or future duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having the power to tax ("Canadian taxes"), unless we are required by law or the interpretation or administration thereof, to withhold or deduct Canadian taxes. If we are required to withhold or deduct any amount on account of Canadian taxes, we will make such withholding or deduction and pay as additional interest the additional amounts ("additional amounts") necessary so that the net amount received by each holder of Notes after the withholding or deduction (including with respect to additional amounts) will not be less than the amount the holder would have received if the Canadian taxes had not been withheld or deducted. We will make a similar payment of additional amounts to holders of Notes (other than excluded holders) that are exempt from withholding but are required to pay tax directly on amounts otherwise subject to withholding. However, no additional amounts will be payable with respect to a payment made to a holder or former holder of Notes (an "excluded holder") in respect of the beneficial owner thereof:

(a) with which we do not deal at arm's length (within the meaning of the *Income Tax Act* (Canada)) at the time of making such payment;

(b) that is subject to such Canadian taxes by reason of its failure to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian taxes (provided that in the case of any imposition or change in any such certification, identification, information, documentation or other reporting requirements which applies generally to holders of Notes who are not residents of Canada, at least 60 days prior to the effective date of any such imposition or change, we shall give written notice, in the manner provided in the Indenture, to the Trustee and the holders of the Notes then outstanding of such imposition or change, as the case may be, and provide the Trustee and such holders with such forms or documentation, if any, as may be required to comply with such certification, identification, information, documentation, or other reporting requirements); or

(c) that is subject to such Canadian taxes by reason of its carrying on business in or otherwise being connected with Canada or any province or territory thereof otherwise than by the mere holding of such Notes or the receipt of payment, or exercise of any enforcement rights thereunder;

and no additional amounts will be payable with respect to any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or governmental charge (the "excluded taxes").

We will remit the full amount we withhold or deduct to the relevant authority. Additional amounts will be paid in cash quarterly, on the applicable March 31, June 30, September 30 and December 31, at maturity, on any redemption date, on a conversion date (if applicable) or on any purchase date. With respect to references in this prospectus to the payment of principal or interest on any Note, such reference shall be deemed to include the payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable.

We will furnish to the Trustee, within 30 days after the date the payment of any Canadian taxes is due pursuant to applicable law, certified copies of tax receipts evidencing that such payment has been made. We will indemnify and hold harmless each holder of Notes (other than an excluded holder or with respect to excluded taxes) and upon written request reimburse each such holder for the amount of (a) any Canadian taxes so levied or imposed and paid by such holder as a result of payments made under or with respect to the Notes, (b) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, and (c) any Canadian taxes levied or imposed and paid by such holder with respect to any reimbursement under (a) and (b) above, but excluding any excluded taxes.

Limitation on layering indebtedness

The Indenture generally provides that we may not incur indebtedness that is contractually senior in right of payment to the Notes and contractually subordinate in right of payment to any of our other indebtedness.

Other negative covenants

Pledge of Mining Data and Arbitration Awards. The Indenture provides that, except as provided in the Indenture and the Security Documents, we shall not pledge, hypothecate, transfer or otherwise dispose of or encumber the Mining Data or any Arbitration Award (each as defined under "*Mandatory redemption*") (or permit any subsidiary to take any of the foregoing actions) without the consent of holders of not less than 75% in aggregate principal amount of the then outstanding Notes, voting together as a single class.

Limitation on Incurrence of Indebtedness. The Indenture provides that we shall not incur any additional indebtedness (or permit any subsidiary to incur any indebtedness) without the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, voting together as a single class, which consent shall not be unreasonably withheld, denied or delayed; provided, that this paragraph shall not apply to (i) the payment of principal, interest and/or premium, if any, on the Notes, if any, (ii) the payment or incurrence of ordinary course obligations, including indebtedness (other than debt for borrowed money), of the Company consistent with past practice, (iii) the incurrence of other indebtedness that is expressly subordinated in right of payment (pursuant to terms, reasonably acceptable to the Majority Holders, which shall not be unreasonably withheld, denied or delayed) or (iv) the incurrence or payment of tax or withholding obligations as required under applicable law arising from the receipt of proceeds with respect to the Arbitration Award (as defined under "*Mandatory redemption*"). "Majority Holders" shall mean holders comprising at least a majority in the aggregate principal amount of outstanding Notes, voting together as a single class, including, if applicable, (i) funds and accounts advised by Steelhead Partners, LLC; provided that at the relevant time they collectively hold at least 25% in aggregate principal amount of outstanding Notes, and (ii) funds and accounts advised by Greywolf Capital Management LP; provided that at the relevant time they collectively hold at least 25% in aggregate principal amount of outstanding Notes.

Limitation on Liens. The Indenture provides that we shall not incur, create or suffer to exist any liens securing indebtedness that are *pari passu* or senior in priority to the liens securing the Notes without the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, voting together as a single class; provided, for the avoidance of doubt, that this paragraph shall not apply to the payment of interest on the Notes, if any, in Interest Notes or to the incurrence or existence of liens in respect of ordinary course obligations (other than borrowed money) of the Company consistent with past practice. Notwithstanding the foregoing, we may incur, create or suffer to exist liens securing indebtedness that are junior in priority to the liens securing the Notes, but only if, such junior priority indebtedness is subject to an intercreditor agreement among such junior debtholders, the holders of the outstanding Notes and us on terms reasonably satisfactory to the Majority Holders, providing for customary terms, including but not limited to, control of enforcement proceedings and related matters by the Majority Holders, and turnover of Collateral proceeds by holders of debt secured by junior liens; provided, that agreement to the terms of any such intercreditor agreement by the Majority Holders shall not be unreasonably withheld, denied or delayed.

Limitation on Capital Expenditures. The Indenture provides that our and our subsidiaries' capital expenditures (including for exploration and related activities) shall not exceed an aggregate of $500,000 in any 12 month period without the consent of holders of not less than a majority in aggregate principal amount of the outstanding Notes, voting together as a single class.

Limitation on Amendments, Payment of Fees and Repurchases of Securities. The Indenture provides that we shall not agree to any amendment to the Indenture or modification of our rights and obligations and the rights of holders of any security issued under the Indenture, provide any fees or other compensation whether in cash or in-kind to any holder of any security or engage in the repurchase, redemption or other defeasance of any security without offering such terms, compensation or defeasance to all holders of the Notes, as applicable, on an equitable and *pro rata* basis; provided that the foregoing shall not in any way limit our ability to redeem, repurchase or otherwise defease the outstanding 2022 Notes without offering the terms of such redemption, repurchase or defeasance to the holders of the Notes, as applicable.

Affirmative Covenants

Right of First Refusal. The 2015 Restructuring Agreement provides that the holders of the Modified Notes that participated in the amendment of the Modified Notes and the sale of New Notes (and not any transferees thereof, other than affiliates of any of such parties) shall have a right of first refusal with respect to any future equity (or equity linked) or debt financing of ours, including but not limited to any debtor-in-possession financing, on a pro rata basis based on the amount of Class A common shares such parties hold, including Class A common shares issuable upon conversion of convertible securities (including for the avoidance of doubt the Notes), and we shall provide reasonable advance notice of any such contemplated transaction and the terms thereof and otherwise provide adequate time for such parties to determine whether to elect to exercise their right of first refusal with respect to such financing.

Use of Proceeds and Future Distributions. The 2015 Restructuring Agreement provides that, subject to applicable regulatory requirements regarding capital and reserves for operating expenses and taxes, we shall distribute to our shareholders a substantial majority of the Award Proceeds (as defined in the 2015 Restructuring Agreement) constituting cash and cash equivalents received in connection with the Arbitration Proceedings (as defined in the 2015 Restructuring Agreement) (including, for the avoidance of doubt, cash and cash equivalents received from the liquidation or other monetization of non-cash proceeds received as a result of the Arbitration Proceedings) and/or the sale of any related Mining Data promptly following each receipt (if more than one) thereof; provided, that we shall be under no obligation to distribute any such Award Proceeds constituting cash or cash equivalents that are received in connection with the Arbitration Proceedings or sale of Mining Data that are necessary or required to pay or satisfy (x) contractual, operating and other current and working capital expenses in the ordinary course, (y) tax obligations (including corporate income tax) specific to or arising as a result of the Award (as defined in the 2015 Restructuring Agreement) and/or any Award Proceeds, or the sale or other disposition of Mining Data and/or any proceeds therefrom, and/or (z) any Current Payment Obligations. "Current Payment Obligations" shall mean amounts payable under any financing in place at the relevant time (including, as applicable, the Notes and any refinancing thereof), CVRs or similar obligations and amounts under any compensatory or change of control arrangements (whether employees, officers, directors or consultants and whether cash or equity-related) that are in effect on the date hereof or entered into after the date hereof in the ordinary course of business consistent with past practice.

Cost Cutting Measures. The 2015 Restructuring Agreement provides that we shall use our commercially reasonable best efforts to reduce our "Total General and Administrative," "Legal" and "Accounting" expenses as such terms are used with reference to the line items in our financial statements by at least $200,000 in total from the aggregate of approximately $3.2 million in such expenses budgeted for the 2015 fiscal year in the 2016 fiscal year and to maintain such reduced expenditures to a total of no more than $3.0 million for each subsequent fiscal year through the 2018 fiscal year.

Limitation on Sale, Transfer, etc. of Assets. The 2015 Restructuring Agreement provides that we shall not sell, transfer, pledge, encumber or otherwise dispose of, directly or indirectly, including to any subsidiary, prior to repayment in full of the Notes and all obligations in respect thereof (i) the Award (as defined in the Security and Pledge Agreement) or any Award Proceeds (as defined in the 2015 Restructuring Agreement) or (ii) any Mining Data, in each case, without the consent of the Majority Holders; provided, that such consent may not be unreasonably withheld, denied or delayed; provided, further, that nothing in this covenant prohibits us from using Award Proceeds to make any payments permitted under the 2015 Restructuring Agreement, including as to paying obligations as they come due, taxes and Current Payment Obligations; and provided, further, that in connection with obtaining such consent, we shall have provided to the Majority Holders certain certificates of the type contemplated by the Security and Pledge Agreement.

Events of default; notice and waiver

The following are events of default under the Indenture:

- we fail to pay the principal amount of the Notes when due upon redemption, repurchase or otherwise on the Notes;
- we fail to pay interest or additional amounts, if any, on the Notes, when due and such failure continues for a period of 30 days;
- we fail to perform or observe any other covenant or warranty in the Indenture for 60 days after written notice;
- we fail to convert Notes into Class A common shares and for cash at our election upon exercise of a holder's conversion right and such failure continues for five business days or more;
- any indebtedness (other than indebtedness which is non-recourse to us or any of our subsidiaries) for money borrowed by us or one of our subsidiaries (all or substantially all of the outstanding voting securities of which are owned, directly or indirectly, by us) in an outstanding principal amount in excess of US$15 million (or the equivalent thereof in any other currency or currency unit) is not paid at final maturity or upon acceleration and such failure is not cured or the acceleration is not rescinded or annulled, within 10 days after written notice as provided in the Indenture;
- the rendering of a final judgment or judgments (not subject to appeal and not covered by insurance) against us or any of our subsidiaries in excess of US$15 million (or the equivalent thereof in any other currency or currency unit) which remains unstayed, undischarged or unbonded for a period of 60 days;

- our failure to give notice of a fundamental change as described under "*Offer to purchase upon a fundamental change*" or notice of a specified corporate transaction as described under "*—Conversion upon specified corporate transactions*" when due;
- our failure to comply with our obligations under "*—Consolidation, merger and sale of assets by us*";
- certain events involving our bankruptcy, insolvency or reorganization involving us or our subsidiaries;
- a material breach occurring and continuing under the 2015 Restructuring Agreement that, if curable, has not been cured by us within 20 business days following our receipt of notice of such breach; or
- the Security and Pledge Agreement shall for any reason cease to create a valid and (to the extent required thereunder) perfected first priority lien on and security interest in the Collateral (other than Collateral that is individually or in the aggregate immaterial; including, for the avoidance of doubt, Collateral consisting of capital stock or other equity interests in a subsidiary pledged or to be pledged thereunder which Subsidiary is a "shell" company or otherwise holds only immaterial assets), which has not been cured by us within 20 business days following the receipt by us of notice of such cessation.

The Trustee may withhold notice to the holders of the Notes of any default, except defaults in payment of principal or interest, including additional amounts, if any, on the Notes. However, the Trustee must in good faith determine it to be in the interest of the holders of the Notes to withhold this notice.

If an event of default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the principal amount of the Notes and interest, including additional amounts, if any, on the outstanding Notes to be immediately due and payable. In case of certain events of bankruptcy, insolvency or reorganization involving us or our subsidiaries, principal amount plus interest, including additional amounts, if any, on the Notes will automatically become due and payable. However, if we cure all defaults, except the nonpayment of the principal amount of the Notes plus interest, including additional amounts, if any, that became due as a result of the acceleration, and meet certain other conditions, with certain exceptions, this declaration may be cancelled and the holders of a majority of the principal amount of outstanding Notes may waive these past defaults.

Payments of redemption price, repurchase price, fundamental change repurchase price, principal or interest, including additional amounts on the Notes, if any, that are not made when due will accrue interest at the annual rate of 1% above the then-applicable interest rate from the required payment date to the extent lawful.

The Trustee will not be obligated to exercise any of its rights or powers at the request of the holders, unless the holders have offered to the Trustee indemnity reasonably satisfactory to it. Subject to the Indenture, applicable law and the Trustee's indemnification, the holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of any proceedings for any remedy available to the Trustee.

No holder of the Notes may pursue any remedy under the Indenture, except in the case of a default in the payment of redemption price, repurchase price, fundamental change repurchase price, principal or interest, including additional amounts (in respect of any default in payment under a note on or after the due date) on the Notes, unless:

- the holder has given the Trustee written notice of an event of default;
- the holders of at least 25% in principal amount of outstanding Notes make a written request, and offer indemnity to the Trustee reasonably satisfactory to it to pursue the remedy;
- the Trustee does not receive an inconsistent direction from the holders of a majority in principal amount of the Notes; and
- the Trustee fails to comply with the request within 60 days after receipt.

An event of default under the Indenture would give the Collateral Agent the right to take enforcement action with respect to the Collateral.

Modification and waiver of Indenture and Security Documents

Except as described below, with the consent of holders of not less than a majority in aggregate principal amount of the outstanding Notes, voting together as a single class, we, when authorized by a resolution of our board of directors, the Trustee and, if applicable, the Co-Trustee may enter into an indenture or indentures supplemental or amend the Security Documents for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or the Security Documents or of modifying in any manner the rights of the holders under the Indenture or the Security Documents; provided, however, that no such supplemental indenture or amendment shall, without the consent of the holder of each Note affected thereby:

- extend the fixed maturity of any Note;
- reduce the principal amount of, or interest rate on or extend the stated time for payment of interest, including additional amounts, if any, payable on, any Note;
- reduce any amount payable upon redemption or repurchase of any Note;
- after the occurrence of a fundamental change, modify the provisions with respect to the purchase right of the holders upon a fundamental change in a manner adverse to holders;
- impair the right of a holder to convert any Note;
- change the currency in which any Note is payable;
- impair the right of a holder to institute suit for payment on any Note;
- reduce the percentage in principal amount of the outstanding Notes, the consent of whose holders is required for any such supplemental indenture or amendment, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Indenture or the Security Documents or certain defaults hereunder or thereunder and their consequences) provided for in the Indenture or the Security Documents;
- change any obligation of ours to maintain an office or agency in the places and for the purposes specified in the indenture;
- change the ranking of the Notes in a manner adverse to the holder of the Notes;
- subject to specified exceptions, modify certain of the provisions of the Indenture relating to modification or waiver of provisions of the Indenture; or
- reduce the percentage of Notes required for consent to any modification of the Indenture.

Unless provided otherwise in the Security and Pledge Agreement, without the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, voting together as a single class, an amendment, supplement or waiver may not modify any Security Document relating to such Notes or the provisions of the Indenture dealing with the Security Documents in any manner materially adverse to the holders of such Notes other than in accordance with the Indenture and the Security Documents. Notwithstanding the foregoing, to the extent requested by the Majority Holders, the Company, any additional Grantors and the Collateral Agent shall amend the provisions of the Security and Pledge Agreement to delineate between the Notes, taken together, and the CVRs in such fashion as reasonably agreed by such holders, the Company, any additional Grantors and the Collateral Agent (acting on its own behalf and not on behalf of the holders of the CVRs).

Subject to the provisions of the Indenture requiring the consent of the holder of each outstanding Note described above, any amendment or modification to, or waiver of, any terms or provisions of the Indenture or the Notes issuable under the Indenture, in each case that applies only to either or both of such securities or the holders thereof, shall require the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, voting together as a single class as described above.

We are also permitted to modify certain provisions of the Indenture without the consent of the holders of the Notes.

Form, denomination and registration

The Notes are issued:

- in fully registered form; and
- in denominations of $1,000 principal amount and integral multiples of $1.00 in excess thereof.

Global note, book-entry form

The Notes are currently evidenced by physical. In connection with the filing of the registration statement of which this prospectus forms a part, we have agreed to use commercially reasonable efforts to cause the Notes to become eligible for deposit with DTC. We have also agreed to use commercially reasonable efforts to cause the Interest Notes to become eligible for deposit with DTC prior to their first issuance in connection with a regular interest payment date on March 31, 2016. If the Interest Notes are not made eligible for deposit with DTC on that date, the Interest Notes will also be evidenced by physical certificates. If and when the Notes and Interest Notes have been made eligible with DTC, the Notes and Interest Notes will be evidenced by one or more global notes, deposited and registered in the name of Cede & Co., as DTC's nominee. Except as set forth below, a global note issued in the future may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Beneficial interests in a global note may be held through organizations that are participants in DTC. Transfers between participants will be effected in the ordinary way in accordance with DTC rules and will be settled in clearing house funds. The laws of some states require that certain persons take physical delivery of securities in definitive form. As a result, the ability to transfer beneficial interests in the global note to such persons may be limited.

Beneficial interests in a global note held by DTC may be held only through participants, or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a participant, either directly or indirectly, and when indirectly they are called "indirect participants." So long as Cede & Co., DTC's nominee, is the registered owner of a global note, Cede & Co. for all purposes will be considered the sole holder of such global note. Except as provided below, owners of beneficial interests in a global note will:

- not be entitled to have certificates registered in their names;
- not receive physical delivery of certificates in definitive registered form; and
- not be considered holders of the global note.

If global notes are issued, we will pay interest, if any, and the repurchase price of a global note to Cede & Co., as the registered owner of the global note. Neither we, the Trustee nor any paying agent will be responsible or liable:

- for the records relating to, or payments made on account of, beneficial ownership interests in a global note; or
- for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

Neither we, the Trustee, registrar, paying agent nor conversion agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations. DTC has advised us that it will take any action permitted to be taken by a holder of Notes and Interest Notes, including the presentation of Notes for conversion, only at the direction of one or more participants to whose account with DTC interests in the global note are credited, and only in respect of the principal amount of the Notes represented by the global note as to which the participant or participants has or have given such direction.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York, and a member of the Federal Reserve System; and
- a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants. Participants include securities brokers, dealers, banks, trust companies and clearing corporations and other organizations. Some of the participants or their representatives, together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

We anticipate that, if the Notes and Interest Notes are eligible for deposit with DTC, DTC will agree to the foregoing procedures to facilitate transfers of interests in a global note among participants. However, DTC is under no obligation to perform or continue to perform these procedures, and may discontinue these procedures at any time.

Following the issuance of global notes, we will issue Notes and Interest Notes in definitive certificate form again only if:

- DTC notifies us that it is unwilling or unable to continue as depositary or DTC ceases to be a clearing agency registered under the Exchange Act, and a successor depositary is not appointed by us within 90 days;
- an event of default shall have occurred and the maturity of the Notes and Interest Notes shall have been accelerated in accordance with the terms of the Notes and Interest Notes and any holder shall have requested in writing the issuance of definitive certificated notes; or
- we have determined in our sole discretion that Notes and Interest Notes shall no longer be represented by global notes.

Information concerning the Trustee

We have appointed U.S. Bank National Association, the Trustee under the Indenture, as paying agent, conversion agent and note registrar for the Notes and Interest Notes and Computershare Trust Company of Canada as Co-Trustee. The Trustee or its affiliates may provide banking and other services to us in the ordinary course of their business.

The Indenture contains certain limitations on the rights of the Trustee, if it or any of its affiliates is then our creditor, to obtain payment of claims in certain cases or to realize on certain property received on any claim as security or otherwise. The Trustee and its affiliates will be permitted to engage in other transactions with us. However, if the Trustee or any affiliate continues to have any conflicting interest and a default occurs with respect to the Notes and Interest Notes, the Trustee must eliminate such conflict or resign.

INTERESTS OF EXPERTS

There is no person or company who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under Canadian National Instrument 51-102 Continuous Disclosure Obligations, by us during, or related to, our most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company, other than PricewaterhouseCoopers LLP and Ed Hunter, BSc., P. Geo and Gary H. Giroux, M.A. Sc., P. Eng..

PricewaterhouseCoopers LLP, our independent auditor, has advised us that they are independent with respect to us within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia, the meaning of the Securities Acts administered by the SEC and relevant legislation and the requirements of the Public Company Accounting Oversight Board (PCAOB).

In February 2016, a NI 43-101 technical report on the Property entitled "Technical Report on the LMS Gold Project, Goodpaster Mining District, Alaska," was updated by Ed Hunter, BSc., P. Geo and Gary H. Giroux, M.A. Sc., P. Eng. To the best of our knowledge as of the date hereof, the aforementioned persons own, directly or indirectly, less than 1% of our securities. In addition, neither of the aforementioned persons is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Additional financial information is provided in our audited consolidated financial statements for the year ended December 31, 2015, together with the auditor’s report thereon, and managements’ discussion and analysis for the most recently completed financial year, both of which are also available separately, on the aforementioned websites. Information, including information relating to directors' and officers' remuneration and indebtedness, principal holders of our securities, securities authorized for issuance under equity compensation plans and interests of insiders in material transactions, where applicable, is contained in the 2015 Proxy Circular.

Exhibit 99.2 – Audited Consolidated Financial Statements

Management's Annual Report on Internal Control over Financial Reporting

The accompanying audited consolidated financial statements of Gold Reserve Inc. were prepared by management in accordance with accounting principles generally accepted in the United States, consistently applied and within the framework of the summary of significant accounting policies contained therein. Management is responsible for all information in the accompanying audited consolidated financial statements.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the U.S. Internal control over financial reporting includes:

- maintaining records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of our executive officers; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management, including the CEO and CFO, assessed the effectiveness of our internal control over financial reporting as of December 31, 2015 based on the framework established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of internal control over financial reporting as of December 31, 2015 has been audited by our independent auditors, PricewaterhouseCoopers LLP ("PwC"), as stated in their audit report, which is dated April 20, 2016 and included below.

/s/ Rockne J. Timm
Chief Executive Officer
April 20, 2016

/s/ Robert A. McGuinness
Vice President–Finance and CFO
April 20, 2016

Independent Auditor's Report

To the Shareholders of Gold Reserve Inc.

We have completed integrated audits of Gold Reserve Inc.'s (the Company) December 31, 2015, 2014 and 2013 consolidated financial statements and its internal control over financial reporting as at December 31, 2015. Our opinions, based on our audits are presented below.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Gold Reserve Inc., which comprise the consolidated balance sheets as at December 31, 2015 and 2014 and the consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Gold Reserve Inc. as at December 31, 2015 and 2014 and results of its operations and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Report on internal control over financial reporting
We have also audited Gold Reserve Inc.'s internal control over financial reporting as at December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibility for internal control over financial reporting
Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Controls over Financial Reporting.

Auditor's responsibility
Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the Company's internal control over financial reporting.

Definition of internal control over financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, Gold Reserve Inc. maintained, in all material respects, effective internal control over financial reporting as at December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

s/*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Vancouver, British Columbia
April 20, 2016

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

	December 31, 2015	December 31, 2014 (Revised, Note 3)
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 5)	$ 9,350,892	$ 6,439,147
Marketable securities (Notes 6 and 7)	180,986	175,541
Deposits, advances and other	590,250	353,742
Total current assets	10,122,128	6,968,430
Property, plant and equipment, net (Note 8)	12,258,599	12,440,654
Total assets	$ 22,380,727	$ 19,409,084
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses (Note 4)	$ 1,549,905	$ 3,928,608
Accrued interest	2,388	2,388
Convertible notes and interest notes (Note 11)	–	34,400,030
Total current liabilities	1,552,293	38,331,026
Convertible notes and interest notes (Note 11)	39,671,870	1,042,000
Other (Note 11)	1,012,491	1,012,491
Total liabilities	42,236,654	40,385,517
SHAREHOLDERS' EQUITY		
Serial preferred stock, without par value		
Authorized: Unlimited		
Issued: None		
Common shares and equity units	290,467,418	289,326,172
Class A common shares, without par value		
Authorized: Unlimited		
Issued and outstanding: 2015…76,447,147 2014…76,077,547		
Equity Units		
Issued and outstanding: 2015……. Nil 2014……100		
Contributed Surplus (Note 11)	30,435,625	11,682,644
Warrants	–	543,915
Stock options (Note 10)	20,523,325	20,669,308
Accumulated deficit	(361,351,373)	(343,215,476)
Accumulated other comprehensive income	69,078	17,004
Total shareholders' deficit	(19,855,927)	(20,976,433)
Total liabilities and shareholders' equity	$ 22,380,727	$ 19,409,084

Contingencies (Note 4)
Subsequent Event (Note 13)

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

Approved by the Board of Directors:

/s/ Patrick D. McChesney /s/ James P. Geyer

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

	For the Years Ended December 31,		
	2015	**2014**	**2013**
		(Revised, Note 3)	
OTHER INCOME (LOSS)			
Interest income	$ 651	$ 737	$ 1,146
Gain (loss) on settlement of debt	(495,101)	(161,292)	340
Write-down of property, plant and equipment (Note 8)	–	(6,921,531)	–
Loss on sale of equipment	(9,432)	(11,350)	–
Loss on impairment of marketable securities	(46,629)	(162,479)	(178,250)
Loss on sale of marketable securities	–	–	(4,039)
Foreign currency gain (loss)	12,710	(15,755)	4,205
	(537,801)	(7,271,670)	(176,598)
EXPENSES			
Corporate general and administrative	3,025,037	2,923,937	3,113,320
Debt restructuring	1,399,148	632,000	–
Exploration	249,619	883,739	1,116,339
Legal and accounting	270,138	666,241	512,344
Venezuelan operations	118,222	185,543	196,196
Arbitration (Note 4)	2,153,123	4,956,439	3,982,436
Equipment holding costs	752,288	864,173	913,913
Interest expense (Note 11)	9,630,521	7,186,237	5,425,264
	17,598,096	18,298,309	15,259,812
Net loss for the year	$ (18,135,897)	$ (25,569,979)	$ (15,436,410)
Net loss per share, basic and diluted	$ (0.24)	$ (0.34)	$ (0.21)
Weighted average common shares outstanding, basic and diluted	76,118,236	76,061,770	74,255,484

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

	For the Years Ended December 31,		
	2015	**2014**	**2013**
		(Revised, Note 3)	
Net loss for the year	$ (18,135,897)	$ (25,569,979)	$ (15,436,410)
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, net of tax of nil	5,445	(142,901)	(396,546)
Realized loss included in net loss, net of tax of nil	–	–	4,039
Impairment loss on marketable securities, net of tax of nil	46,629	162,479	178,250
Other comprehensive income (loss)	52,074	19,578	(214,257)
Comprehensive loss for the year	$ (18,083,823)	$ (25,550,401)	$ (15,650,667)

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

GOLD RESERVE INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2015, 2014(Revised, Note 3) and 2013

(Expressed in U.S. dollars)

	Common Shares and Equity Units							Accumulated Other
	Common Shares	Equity Units	Amount	Contributed Surplus	Warrants	Stock Options	Accumulated Deficit	Comprehensive income (loss)
Balance, December 31, 2012	72,211,473	500,236	$ 283,482,779	$ 5,171,603	$ -	$ 19,762,883	$(302,209,087)	$ 211,683
Net loss							(15,436,410)	
Other comprehensive loss								(214,257)
Stock option compensation						594,517		
Fair value of options exercised			508,175			(508,175)		
Fair value of warrants issued					543,915			
Common shares issued for:								
Private placement	1,750,000		4,478,566					
Option exercises	1,560,188		677,718					
Debt settlement	750		2,175					
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						896,742		
Fair value of options exercised			76,659			(76,659)		
Equity Units converted to shares	500,136	(500,136)						
Equity component – convertible notes				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							(18,135,897)	
Other comprehensive income								52,074
Stock option compensation						315,273		
Fair value of options exercised			461,256			(461,256)		
Equity Units converted to shares	100	(100)						
Warrant expiration				543,915	(543,915)			
Equity component – convertible notes				18,209,066				
Common shares issued for:								
Option exercises	369,500		679,990					
Balance, December 31, 2015	76,447,147	-	$ 290,467,418	$ 30,435,625	$ -	$ 20,523,325	$(361,351,373)	$ 69,078

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

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

	For the Years Ended December 31,		
	2015	2014 (Revised, Note 3)	2013
Cash Flows from Operating Activities:			
Net loss for the year	$ (18,135,897)	$ (25,569,979)	$ (15,436,410)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock option compensation	315,273	896,742	594,517
Depreciation	7,623	10,328	15,781
Loss (gain) on settlement of debt	495,101	161,292	(340)
Loss on sale of equipment	9,432	11,350	–
Write-down of property, plant and equipment	–	6,921,531	–
Accretion of convertible notes	9,573,212	6,481,609	3,975,719
Non cash restructure expense	1,399,148	–	–
Restructure fees included in financing activities	–	632,000	–
Net loss on sale of marketable securities	–	–	4,039
Impairment loss on marketable securities	46,629	162,479	178,250
Shares issued for compensation	–	–	5,827
Changes in non-cash working capital:			
Net (increase) decrease in deposits and advances	(236,508)	(194,548)	10,272
Net increase (decrease) in accounts payable and accrued expenses	(2,378,703)	3,251,461	(299,711)
Net cash used in operating activities	(8,904,690)	(7,235,735)	(10,952,056)
Cash Flows from Investing Activities:			
Proceeds from disposition of marketable securities	–	–	8,461
Purchase of property, plant and equipment	–	(150,000)	(128,285)
Proceeds from sales of equipment	165,000	69,433	–
Net cash provided by (used in) investing activities	165,000	(80,567)	(119,824)
Cash Flows from Financing Activities:			
Proceeds from the issuance of convertible notes	11,989,575	11,700,000	–
Proceeds from the issuance of common shares and warrants	679,990	100,100	5,700,199
Debt restructuring fees	(1,018,130)	(1,016,488)	–
Settlement of convertible notes	–	(4,000)	–
Net cash provided by financing activities	11,651,435	10,779,612	5,700,199
Change in Cash and Cash Equivalents:			
Net increase (decrease) in cash and cash equivalents	2,911,745	3,463,310	(5,371,681)
Cash and cash equivalents - beginning of year	6,439,147	2,975,837	8,347,518
Cash and cash equivalents - end of year	$ 9,350,892	$ 6,439,147	$ 2,975,837
Supplemental Cash Flow Information:			
Cash paid for interest	$ 57,310	$ 766,502	$ 1,449,553

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

Note 1. The Company and Significant Accounting Policies:

Gold Reserve Inc. ("Gold Reserve", the "Company", "we", "us", or "our") is engaged in the business of acquiring, exploring and developing mining projects. We are an exploration stage company incorporated in 1998 under the laws of the Yukon Territory, Canada and continued to Alberta, Canada in September 2014.

Gold Reserve Inc. is the successor issuer to Gold Reserve Corporation which was incorporated in 1956. A significant portion of our activities relate to enforcement and collection efforts associated with the September 2014 Arbitral Award in connection with Venezuela's seizure of our mining project known as the Brisas Project (See Note 4, Arbitral Award Enforcement). All amounts shown herein are expressed in U.S. dollars unless otherwise noted. In February 1999 each Gold Reserve Corporation shareholder exchanged their 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 were comprised of one Gold Reserve Inc. Class B common share and one Gold Reserve Corporation Class B common share and substantially equivalent to one Class A common share of Gold Reserve Inc. As of December 31, 2015, all equity units had been converted to Class A common shares.

Basis of Presentation and Principles of Consolidation. These audited 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 our interest in our foreign subsidiaries or for future transactions. All subsidiaries are wholly owned. All intercompany accounts and transactions have been eliminated on consolidation. Our policy is to consolidate those subsidiaries where control exists. We have only one operating segment, the exploration and development of mineral properties.

Cash and Cash Equivalents. We consider 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. We manage the exposure of our cash and cash equivalents to credit risk by diversifying our holdings into major Canadian and U.S. financial institutions.

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, as a result of impairment tests, to its estimated fair value of $12.2 million and it is not being depreciated as it is not yet available for its intended use. The ultimate recoverable value of this equipment may be different than management’s current estimate.

We have additional property, plant and equipment which are recorded at cost less impairment charges and accumulated depreciation. Replacement costs 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. Furniture and office equipment is depreciated using the straight-line method over 5 to 10 years. The remaining property, plant and equipment are fully depreciated.

Impairment of Long Lived Assets. We review 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 eventual 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 based on a determination of the asset's fair value. Fair value is generally determined by discounting estimated cash flows based on market participant expectations of those future cash flows, or applying a market approach that uses market prices and other relevant information generated by market transactions involving comparable assets.

Foreign Currency. The U.S. dollar is our (and our 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. We maintain the 2012 Equity Incentive Plan (the "2012 Plan") which provides for the grant of stock options to purchase our Class A common shares. We use 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. We also maintain the Gold Reserve Director and Employee Retention Plan (the "Retention Plan"). Each Unit (each, a "Retention 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 Class A common Share (1) on the date the Retention Unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater. We will not accrue a liability for these Retention Units until and unless events required for vesting of the units occur. Stock options and Retention Units granted under the respective plans become fully vested and exercisable upon a change of control.

Income Taxes. We use 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.

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 contractual life of the notes, with the resulting charge recorded as interest expense.

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 ("CVRs") 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 (the "Mining Data") that we compiled.

Warrants. Common share purchase warrants ("Warrants") issued by us entitle the holder to acquire our common shares 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:

Recently issued accounting pronouncements

In April 2015, the Financial Accounting Standards Board ("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. We do not expect the adoption of this ASU to have a significant impact on our financial statements.

In August 2014, the FASB issued ASU 2014-15, which provides guidance 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 us commencing with the annual period ending after December 15, 2016. We are still in the process of evaluating the impact of this standard.

In May 2014, the FASB issued ASU 2014-09, Revenue from contracts with customers. This standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This update is effective for us commencing with the annual period ending after December 15, 2017. We are still in the process of evaluating the impact of this standard.

Note 3. Revision of Prior Year Financial Statements:

During the year and specifically in connection with the preparation of our unaudited interim 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 2014. Additional compensation expense related to options granted in 2011 should have been recognized in 2014 as a result of the vesting conditions that were met 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, we assessed the materiality of the error and concluded that it was not material to our previously issued 2014 consolidated financial statements, but that the error would be corrected by revising the comparative amounts for 2014 in connection with the issuance of our unaudited consolidated financial statements for the three and nine months ended September 30, 2015, as well as revising the comparative amounts for 2014 in the consolidated financial statements for the year ended December 31, 2015. As such, in accordance with the guidance in ASC 250, Accounting Changes and Error Corrections, we have revised our 2014 comparative amounts as described below. This non-cash revision did not impact net cash flows or total shareholders' equity for any period in or for the year ended December 31, 2014.

(Expressed in U.S. dollars)

The following table presents the effect of this revision on the individual line items within our Consolidated Statements of Operations, Consolidated Statements of Comprehensive Loss, Consolidated Balance Sheets and Consolidated Statements of Changes in Shareholders' Equity.

	Year Ended December 31, 2014			As at December 31, 2014		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Arbitration (stock option comp.)	$ 4,267,230	$689,209	$ 4,956,439			
Net loss for the year	24,880,770	689,209	25,569,979			
Net loss per share, basic and diluted	0.33	0.01	0.34			
Comprehensive loss for the year	$24,861,192	$689,209	$25,550,401			
Stock options				$ 19,980,099	$ 689,209	$ 20,669,308
Accumulated deficit				$(342,526,267)	$ (689,209)	$(343,215,476)

Note 4. Arbitral Award Enforcement:

SETTLEMENT EFFORTS

On February 24, 2016, we entered into a Memorandum of Understanding (the "MOU") with the Venezuelan government that contemplates settlement, including payment and resolution, of the Award granted in our favor by ICSID in respect of the Brisas Project, the transfer of the Mining Data, as well as the development of the Brisas and the adjacent Cristinas gold-copper project, which will be combined into one project (the "Brisas-Cristinas Project") by the parties.

Under the terms proposed in the MOU, Venezuela would proceed with payment of the Award including accrued interest and enter transactional (settlement) and mixed company ("joint venture") agreements, which are contemplated by the terms of the MOU, subject to various conditions, including without limitation, receipt of all necessary regulatory and corporate approvals and the successful negotiation and execution of definitive agreements. In addition, Venezuela would pay an amount to be agreed upon for our contribution of the Mining Data to the Brisas-Cristinas Project.

Following completion of the definitive agreements, it is anticipated that Venezuela, with our assistance, would work to complete the financing to fund the contemplated payments to us pursuant to the Award and for our Mining Data and $2 billion towards the anticipated capital costs of the Brisas-Cristinas Project. Upon payment of the Award, we will cease all legal activities related to the collection of the Award.

The Brisas and Cristinas properties, together with our technical data with respect to the Brisas Project, would be transferred to a Venezuelan mixed company, which is expected to be beneficially owned 55% by Venezuela and 45% by Gold Reserve. We also intend to be engaged under a technical assistance agreement to provide procurement, engineering and construction services for the project. The parties would also seek, subject to the approval of the National Executive Branch of the Venezuelan government, the creation of a special economic zone providing the establishment of a special customs framework for the mixed company and other tax and economic benefits.

The MOU is not binding on either party and may be unilaterally terminated by either party at any time upon simple communication to the other party indicating the date of termination. The MOU will terminate on April 24, 2016, unless otherwise extended by the parties.

We are required to satisfy our outstanding obligations under the Convertible Notes and the Contingent Value Rights ("CVRs"), and intend to distribute to our shareholders substantially all of the net proceeds (subject to the payment of all outstanding or incurred corporate obligations and/or taxes) following any payment by Venezuela under the Award or with respect to contribution by us of the Mining Data to the mixed company.

ENFORCEMENT AND COLLECTION EFFORTS

In October 2009, we initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the ICSID of the World Bank to obtain compensation for the losses caused by the 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 us the Arbitral 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 $64,000 per day based on current rates) for a total estimated Award as of the date of this report of $772 million. An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards.

The December 15, 2014 Reconfirmation of Arbitral Award

Subsequent to the issuance of the Award, both parties 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. We identified what we 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 our favor on September 22, 2014 (the "December 15th Decision"). This proceeding marked the end of the Tribunal's jurisdiction with respect to the Award.

Although the process of getting an Award recognized and enforced is different in each jurisdiction, the process in general is–we file 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 judgment against Venezuela. Thereafter we will begin the process of executing the judgment by identifying and attaching specific property owned by Venezuela that is not protected by sovereign immunity. Currently, we are diligently pursuing enforcement and collection of the Award in France, England, Luxembourg and the United States.

Our Intent to Distribute Collection of the Arbitral Award to Shareholders

Subject to applicable regulatory requirements 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 or sale of the Mining Data including payments pursuant to the terms of the Convertible Notes (if not otherwise converted), Interest Notes, CVRs, Bonus Plan and Retention Plan (all as defined herein) or undertakings made to a court of law, our current plans are to distribute to our shareholders, in the most cost efficient manner, a substantial majority of any net proceeds.

(Expressed in U.S. dollars)

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 (the "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 or sale of the Mining Data, 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 multiplied by 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. We also maintain the Gold Reserve Director and Employee Retention Plan (See Note 9). Units (the "Retention Units") granted under the plan become fully vested and payable upon: (1) collection of proceeds from the Arbitral Award and/or sale of the Mining Data and we notify our shareholders that we will distribute a substantial majority of the proceeds to them or, (2) the event of a change of control. We currently do not accrue a liability for the Bonus or Retention Plan as events required for payment under the Plans have not yet occurred. By agreement, in December 2015 the Company paid approximately $2.5 million in legal fees which were deferred during the arbitration and became payable as a result of the Arbitral Award. 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.

We also have outstanding CVRs which entitle each holder that participated in the note restructuring completed in 2012 to receive, net of certain deductions (including income tax calculation and the payment of our then current obligations), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by us with respect to the Award or disposition of the Mining Data related to the development of the Brisas Project. The proceeds, if any, could be cash, commodities, bonds, shares and/or any other consideration we received 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 CVRs and will become our obligation only as the Arbitral Award is collected.

Note 5. Cash and Cash Equivalents:

	December 31, 2015	December 31, 2014
Bank deposits	$ 9,278,730	$ 6,367,049
Money market funds	72,162	72,098
Total	$ 9,350,892	$ 6,439,147

Note 6. Marketable Securities:

	December 31, 2015	December 31, 2014
Fair value at beginning of year	$ 175,541	$ 318,442
Impairment loss	(46,629)	(162,479)
Increase in market value	52,074	19,578
Fair value at balance sheet date	$ 180,986	$ 175,541

Our marketable securities are classified as available-for-sale and are recorded at fair 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 December 31, 2015 and 2014, marketable securities had a cost basis of $111,908 and $158,537, respectively.

(Expressed in U.S. dollars)

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. The level 2 inputs used for the convertible notes include the volume weighted average trading price of our common stock and the trading history of the Old Notes (as defined in Note 11).

	Fair value December 31, 2015	Level 1	Level 2
Marketable securities	$ 180,986	$ 180,986	$ –
Convertible notes and interest notes	$ 50,268,471	$ –	$ 50,268,471

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

Note 8. Property, Plant and Equipment:

	Cost	Accumulated Depreciation	Net
December 31, 2015			
Machinery and equipment	$ 12,234,092	$ –	$ 12,234,092
Furniture and office equipment	348,387	(337,880)	10,507
Leasehold improvements	41,190	(41,190)	–
Venezuelan property and equipment	171,445	(157,445)	14,000
	$ 12,795,114	$ (536,515)	$ 12,258,599

	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
	$ 13,150,807	$ (710,153)	$ 12,440,654

Machinery and equipment consists of infrastructure and milling equipment intended for use on the Brisas Project. In 2014, based on a market valuation for mining equipment which included the review of transactions involving comparable assets, we recorded a further $6.5 million write-down of our equipment to an estimated fair value. During the second quarter of 2015, equipment with a carrying value of $174,432 was sold and we recorded a loss on sale of $9,432.

(Expressed in U.S. dollars)

We continually evaluate our equipment to determine whether events or changes in circumstances have occurred that may indicate further impairment has occurred. During 2015, there were no additional impairment charges recorded for the carrying amount of the Brisas equipment, based on updated comparable market data which provided evidence of fair value less cost to sell that was in excess of the carrying amount.

In April 2012, we entered into an Option Agreement with Soltoro Ltd. ("Soltoro") whereby Soltoro granted us the right to earn an undivided 51% interest in the La Tortuga property located in Jalisco State, Mexico (the "Soltoro Agreement"). The Soltoro Agreement required us to make aggregate option payments to Soltoro of $650,000 as well as expend $3 million on the property over three years. In August 2014, we formally advised Soltoro of our decision to discontinue exploration and, as a result, we wrote off our $425,010 (including a $150,000 property payment made in 2014) investment in the La Tortuga property.

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 us, 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 KSOP Plan since 2011. Cash contributions for the KSOP Plan years 2015, 2014 and 2013 were approximately $150,000, $164,000 and $172,000, respectively.

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 our 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 December 31, 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 TSX Venture Exchange ("TSXV") and as may be determined by a committee established pursuant to the 2012 Plan, or in certain cases, by the Board.

Share option transactions for the years ended December 31, 2015, 2014 and 2013 are as follows:

	2015		2014		2013	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding - beginning of year	5,698,000	$ 2.31	5,443,000	$ 2.21	6,753,188	$ 1.77
Options exercised	(369,500)	1.84	(55,000)	1.82	(1,560,188)	0.43
Options granted	315,000	3.90	310,000	4.02	250,000	3.00
Options outstanding - end of year	5,643,500	$ 2.43	5,698,000	$ 2.31	5,443,000	$ 2.21
Options exercisable - end of year	5,593,500	$ 2.42	5,491,331	$ 2.25	4,493,000	$ 2.27

(Expressed in U.S. dollars)

The following table relates to stock options at December 31, 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	2,273,000	$1.82	$1,613,830	0.01	2,273,000	$1.82	$1,613,830	0.01
$1.92	875,000	$1.92	533,750	5.44	875,000	$1.92	533,750	5.44
$2.89	1,620,500	$2.89	-	1.08	1,620,500	$2.89	-	1.08
$3.00	250,000	$3.00	-	2.44	250,000	$3.00	-	2.44
$3.89	100,000	$3.89	-	4.21	50,000	$3.89	-	4.21
$3.91	215,000	$3.91	-	9.49	215,000	$3.91	-	9.49
$4.02	310,000	$4.02	-	8.56	310,000	$4.02	-	8.56
$1.82 - $4.02	5,643,500	$2.43	$2,147,580	2.17	5,593,500	$2.42	$2,147,580	2.15

During the years ended December 31, 2015, 2014 and 2013, we granted 0.32 million, 0.31 million and 0.25 million options, respectively. We recorded non-cash compensation expense during 2015, 2014 and 2013 of $0.3 million, $0.9 million and $0.6 million, respectively, for stock options granted in 2015 and prior periods.

The weighted average fair value of the options granted in 2015, 2014 and 2013 was calculated at $0.85, $0.87 and $0.98, respectively. The fair value of options granted was determined using the Black-Scholes model based on the following weighted average assumptions:

	2015	2014	2013
Risk free interest rate	0.66%	0.53%	0.34%
Expected term	2.0 years	2.0 years	2.0 years
Expected volatility	38%	38%	59%
Dividend yield	nil	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 our common stock over a period equal to the expected term of the option.

Retention Plan

We also maintain the Retention Plan. Retention 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 the Mining Data and we agree to distribute a substantial majority of the proceeds to our shareholders or, (2) the event of a change of control. Each Retention Unit granted to a participant entitles such person to receive a cash payment equal to the fair market value of one Class A common share (1) on the date the Retention Unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater. As of December 31, 2015 an aggregate of 1,457,500 unvested Retention Units have been granted to our directors and executive officers and 315,000 Retention Units have been granted to other employees. We currently do not accrue a liability for these Retention Units as events required for vesting of the Retention Units have not yet occurred. The minimum value of these Retention Units, based on the grant date value of our Class A common shares, was approximately $7.7 million.

Note 11. Convertible Notes and Interest Notes:

During the second quarter of 2014, we extended the maturity date of approximately $25.3 million convertible notes from June 29, 2014 to December 31, 2015 and issued approximately $12.0 million of additional convertible notes also maturing December 31, 2015, net of costs of approximately $1.3 million. Approximately $27.2 million of the notes were issued to affiliated funds and considered to be related party transactions.

During the fourth quarter of 2015, we issued approximately $13.4 million of new convertible notes (the "New Notes") due December 31, 2018 and modified, amended and extended the maturity date of approximately $43.7 million of outstanding convertible notes, interest notes and accrued interest (the "Modified Notes") from December 31, 2015 to December 31, 2018, together with the New Notes, (the "2018 Notes"). The New Notes are comprised of approximately $12.3 million with an original issue discount of 2.5% of the principal amount and approximately $1.1 million representing 2.5% of the extended principal and interest amount due to the note holders as a restructuring fee.

The total cost of the new issuance and restructuring of the 2018 Notes was approximately $2.4 million, which includes approximately $1.4 million of extension and issuance fees that were expensed and approximately $1.0 million associated with legal and associated transactional fees that were capitalized.

Approximately $30.7 million of the Modified Notes and $10.7 million of the New Notes were issued to affiliated funds which exercised control or direction over more than 10% of our 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 include convertible notes and interest notes from previous financings and restructurings in 2007, 2012 and 2014. Pursuant to a 2012 restructuring, we issued CVRs that entitle the holders to an aggregate of 5.468% of any future proceeds, net of certain deductions (including income tax calculation and the payment of our then current obligations), actually received by us with respect to the Brisas Arbitration proceedings and/or disposition of the Mining Data.

The 2018 Notes 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, together with the 2018 Notes, the "Notes") and be payable in cash at maturity. The 2018 Notes are convertible, at the option of the holder, into 333.3333 Class A common shares per US $1,000 principal amount (equivalent to a conversion price of US $3.00 per common share) at any time upon prior written notice to us. The Notes are senior obligations, secured by substantially all of our assets and are subject to certain other terms including restrictions regarding the pledging of our assets and incurrence of certain capital expenditures or additional indebtedness without consent of note holders; and participation rights in future equity or debt financing.

We also have outstanding $1.0 million notes issued in May 2007 ("2022 Notes") with a maturity date of June 15, 2022. The 2022 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 we may redeem, repurchase or convert the 2022 Notes into our Class A common shares at a conversion price of $7.54 per common share.

The amount recorded as Convertible Notes and Interest Notes in the consolidated balance sheet as of December 31, 2015 is comprised of approximately $38.2 million carrying value of 2018 Notes issued pursuant to the 2015 Restructuring, approximately $1.0 million of previously issued 2022 Notes held by note holders who declined to participate in the note restructuring effected in 2012 and post restructuring Interest Notes of approximately $0.5 million. The carrying value of Convertible Notes will be accreted to face value using the effective interest rate method over the expected life of the Convertible Notes with the resulting charge recorded as interest expense.

(Expressed in U.S. dollars)

The Notes are the Company's secured indebtedness and are subject to certain terms including: (1) the technical data related to the development of the Brisas Project and any award related to the Brisas Arbitration may not be pledged without consent of holders comprising at least 75% in aggregate principal amount of outstanding Notes; (2) subject to certain exceptions, we may not incur any additional indebtedness without consent of holders comprising at least 75% in aggregate principal amount of the outstanding Notes; (3) each holder of the Notes will have the right to participate, on a pro-rata basis based on the amount of equity it holds, including Class A common shares issuable upon conversion of convertible securities, in any future equity (or equity-linked) or debt financing; (4) the Notes shall be redeemable on a pro-rata basis, by us at the note holders' option, for an amount of cash equal to 120% of the outstanding principal balance upon (a) the issuance of a final Arbitration Award, with respect to which enforcement has not been stayed and no annulment proceeding is pending, or (b) our receipt of proceeds from the sale of the technical data related to the development of the Brisas Project; provided we 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 professional fees and expenses and accrued and unpaid prospective operating expenses; (5) capital expenditures (including exploration and related activities) shall not exceed an aggregate of $500,000 in any 12-month period without the prior consent of holders of a majority in the aggregate principal amount of the outstanding Notes; (6) subject to certain exceptions, we shall not incur, create or suffer to exist any liens securing indebtedness without consent of holders comprising at least 75% in aggregate principal amount of the outstanding Notes; and (7) we shall not agree with any holder of the Notes to any amendment or modification to any terms of any security issued under the indenture governing the Notes, provide any fees or other compensation whether in cash or in-kind to any holder of such securities, or engage in the repurchase, redemption or other defeasance of any such security without offering such terms, compensation or defeasance to all holders of the Notes on an equitable and pro-rata basis.

Accounting standards require that we allocate the 2018 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 an effective interest rate 27% which was the estimated market rate for a similar liability that does not have an associated equity component. The equity portion of the 2018 Notes was estimated using the residual value method at approximately $18.2 million net of issuance costs which were allocated pro rata between the equity and liability components. The fair value of the liability component is accreted to the face value of the 2018 Notes using the effective interest rate method over the expected life of the 2018 Notes, with the resulting charge recorded as interest expense. Extinguishment accounting was used for the Modified Notes resulting in a loss of $0.5 million due to the unamortized discount remaining on the Modified Notes prior to the restructuring. As of December 31, 2015, we had $58.1 million face value of Convertible Notes and $0.5 million face value of Interest Notes outstanding.

Note 12. Income Tax:

Income tax expense differs from the amount that would result from applying Canadian tax rates to net loss before taxes. These differences result from the items noted below:

	2015	2014 (Revised, Note 3)	2013
Income tax benefit based on Canadian tax rates	$ 4,533,974	$ 6,392,495	$ 3,859,103
Increase (decrease) due to:			
Different tax rates on foreign subsidiaries	222,999	313,917	284,904
Non-deductible expenses	(1,712,121)	(1,725,616)	(1,419,266)
Change in valuation allowance and other	(3,044,852)	(4,980,796)	(2,724,741)
	$ –	$ –	$ –

(Expressed in U.S. dollars)

No current income tax has been recorded by us for each of the three years ended December 31, 2015. We have recorded a valuation allowance to reflect the estimated amount of the future tax assets which may not be realized, principally due to the uncertainty of utilization of net operating losses and other carry forwards prior to expiration. The valuation allowance for future tax assets may be reduced in the near term if our estimate of future taxable income changes. The components of the Canadian and U.S. future income tax assets as of December 31, 2015 and 2014 were as follows:

	Future Tax Asset	
	2015	2014
Net operating loss carry forwards	40,779,302	41,147,463
Property, Plant and Equipment	3,087,432	(2,558)
Capital loss carry forwards	1,116,595	314,962
Other	325,467	50,329
	45,308,796	41,510,196
Valuation allowance	(45,308,796)	(41,510,196)
Net deferred tax asset	$ –	$ –

At December 31, 2015, we had the following U.S. and Canadian tax loss carry forwards:

U.S.	Canadian	Expires
$ 1,386,674	$ –	2018
1,621,230	–	2019
665,664	–	2020
896,833	–	2021
1,435,774	–	2022
1,806,275	–	2023
2,386,407	–	2024
3,680,288	–	2025
4,622,825	1,888,381	2026
6,033,603	3,504,590	2027
4,360,823	13,357,899	2028
1,769,963	12,659,380	2029
2,159,079	15,639,960	2030
3,216,024	17,513,135	2031
3,041,866	5,080,758	2032
5,532,290	6,533,690	2033
1,933,918	8,559,155	2034
2,099,507	12,217,563	2035
$ 48,649,043	$ 96,954,511	

Note 13. Subsequent Events:

LMS Gold Project

On March 1, 2016, we completed the acquisition of certain wholly-owned mining claims known as the LMS Gold Project (the "Property"), together with certain personal property for US$350,000, pursuant to a Purchase and Sale Agreement with Raven Gold Alaska Inc. ("Raven"), a wholly-owned subsidiary of Corvus Gold Inc.

Raven retains a royalty interest with respect to (i) "Precious Metals" produced and recovered from the Property equal to 3% of "Net Smelter Returns" on such metals (the "Precious Metals Royalty") and (ii) "Base Metals" produced and recovered from the Property equal to 1% of Net Smelter Returns on such metals, provided that we have the option, for a period of 20 years from the date of closing of the acquisition, to buy back a one-third interest (i.e. 1 %) in the Precious Metals Royalty at a price of US$ 4 million.

Memorandum of Understanding

On February 24, 2016, we entered into the MOU with the government of the Bolivarian Republic of Venezuela that contemplates settlement, including payment and resolution, of the Award granted in our favor by the International Centre for Settlement of Investment Disputes ("ICSID") in respect of the Brisas Project, the transfer of the Mining Data previously compiled by the Company, as well as the development of the Brisas-Cristinas Project by the parties (See Note 4 for further discussion).

Equity Transactions

Exercise of share Purchase Options

During the first week of 2016, certain directors, officers, employees and consultants exercised approximately 2.3 million outstanding options that were expiring at exercise price of $1.82. As a result, we received net proceeds from the exercise of approximately $4.1 million.

Proposed Private Placement

On March 9, 2016, we announced, subject to the approval of the TSXV, a non-brokered private placement with certain arm's length investors for gross proceeds of up to US $38.0 million (the "Private Placement"). Pursuant to the Private Placement the Company will issue up to 9,500,000 Class A common shares ("Shares") at a price of US $4.00 per Share. The proceeds will be used by the Company for general working capital purposes. In addition to seeking the approval of the TSXV to complete the Private Placement subject to certain standard conditions, the Company is diligently working to conclude and execute the documentation required to affect the Private Placement, including waivers from our current note holders of their right to participate in the Private Placement. No commission or finder's fee will be paid in connection with the Private Placement. The Shares will be offered pursuant to exemptions from the prospectus requirements of applicable securities legislation and will be subject to a hold period in Canada of four months and a day from their date of issuance.

In connection with the Private Placement, we requested from the holders of the 2018 Notes a waiver of their right to participate in the Private Placement as defined in the Note Restructuring and Note Purchase Agreement dated November 30, 2015. The agreed upon waiver is subject to: 1) the completion of the Private Placement on or before May 15, 2016; 2) our agreement that we will not engage in any future financings, including equity (or equity linked) or debt, whether by private placement or otherwise, without the consent of the majority of note holders; provided, however, that such consent will no longer be required upon the earliest to occur of the following events: (i) the abandonment of the Private Placement or, if the Private Placement is not earlier abandoned, the failure to close the Private Placement on or prior to May 15, 2016; (ii) a substantial majority of any proceeds from the Award have been distributed by the Company to our shareholders; and (iii) December 31, 2016, whether or not the Private Placement has been consummated.

Exhibit 99.3 Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Gold Reserve Inc. ("Gold Reserve", the "Company", "we", "us", or "our") should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2015, 2014 and 2013, the related notes contained therein as well as the 2014 MD&A. This MD&A has been approved by our Board of Directors (the "Board") and is dated April 20, 2016

In connection with the preparation of our 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 2014. Additional compensation expense related to options granted in 2011 should have been recognized in 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 Year 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 prior year comparative period.

CURRENCY

Unless otherwise indicated, all references to "$", "U.S. $" or "U.S. dollars" in this MD&A refer to U.S. dollars and references to "Cdn$" or "Canadian dollars" refer to Canadian dollars. The 12 month average rate of exchange for one Canadian dollar, expressed in U.S. dollars, for each of the last three calendar years equaled 0.7820, 0.9052 and 0.9709, respectively, and the exchange rate at the end of each such period equaled 0.7226, 0.8620 and 0.9401, respectively.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference in this MD&A contains both historical information and "forward looking information" (within the meaning of applicable Canadian securities laws) or "forward-looking statements" (within the meaning of Section 27A of the U.S. Securities Act, as amended (the "Securities Act") and Section 21E of the U.S. Securities Exchange Act, as amended (the " Exchange Act")) (collectively referred to herein as "forward-looking statements") that may state our intentions, hopes, beliefs, expectations or predictions for the future.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause our actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are outside our control. Forward-looking statements contained herein include statements with respect to our plans to conclude the transactions contemplated by the MOU (as defined below)and to develop the Brisas-Cristinas Project (as defined below), enforcement and collection of the Award (as defined below) and our intent to distribute a substantial majority of any net proceeds from the collection of the Award.

Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: our ability to complete the transactions contemplated by the Memorandum of Understanding (the "MOU") we entered into with the Bolivarian Republic of Venezuela ("Venezuela"), on February 24, 2016, with respect to the potential settlement, including the payment and resolution, of the amounts awarded (including pre and post award interest and legal costs) (the "Arbitral Award" or "Award") by the International Centre for Settlement of Investment Disputes ("ICSID"), an amount yet to be agreed to by the parties in exchange for our contribution to the Brisas-Cristinas Project of the technical mining data (the "Mining Data") related to our previous mining project in Venezuela known as the "Brisas Project" and the potential subsequent joint development and financing of the Brisas-Cristinas Project by us and Venezuela; the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments to us pursuant to the Arbitral Award or the other transactions contemplated by the MOU; risks associated with the concentration of our potential future operations and assets in Venezuela; the timing of our enforcement or collection of the Arbitral Award if the transactions contemplated by the MOU are not concluded; actions and/or responses by the Venezuelan government in connection with the negotiation of definitive documentation pursuant to the MOU and/or with respect to our ongoing collection efforts related to the Arbitral Award; economic and industry conditions influencing the sale of the equipment related to the Brisas Project ; conditions or events impacting our ability to fund our operations and/or service our debt; our ability to maintain listing of our Class A common shares on the TSX Venture Exchange ("TSXV"); and our long-term plans for identifying and achieving revenue producing operations.

Forward-looking statements involve risks and uncertainties, as well as assumptions that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause our results to differ materially from those expressed or implied by such forward-looking statements. The words "believe", "anticipate", "expect", "intend","estimate", "plan", "may", "could" and other similar expressions that are predictions of or indicate future events and future trends, which do not relate to historical matters, identify forward-looking statements. Any such forward-looking statements are not intended to provide any assurances as to future results.

Numerous factors could cause actual results to differ materially from those described in the forward-looking statements, including without limitation:

- our ability to reach agreement with Venezuela on definitive documentation for the transactions contemplated by the MOU and complete such transactions;
- the timing of the conclusion of the transactions contemplated by the MOU or our collection of the Arbitral Award, if at all;
- the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments pursuant to the Arbitral Award or the other transactions contemplated by the MOU, including the potential development of the Brisas-Cristinas Project;
- value realized from the disposition of the Mining Data, if any, pursuant to the transactions contemplated by the MOU or otherwise;
- our ability with Venezuela to obtain the approval of the National Executive Branch of the Venezuelan government to create a special economic zone or otherwise provide tax and other economic benefits for the activities of the jointly owned entity (which we refer to herein as the “mixed company”) contemplated by the MOU;
- our ability to repay our outstanding notes and associated interest in cash, if required, satisfy our obligations under our outstanding contingent value rights (the "CVRs") or make a distribution of any remaining funds to our shareholders after repaying our then existing obligations following any payment by Venezuela pursuant to the Arbitral Award or with respect to our contribution of the Mining Data to the mixed company;
- the costs associated with the enforcement and collection of the Arbitral Award, including the costs that we may incur in connection with the completion of the MOU;
- the complexity and uncertainty of varied legal processes in multiple international jurisdictions associated with our ongoing efforts to collect the Arbitral Award;

- concentration of our potential future operations and assets, if any, in Venezuela;
- the potential for corruption and uncertain legal enforcement, civil unrest, military actions and crime in Venezuela and its impact on our potential future operations in Venezuela;
- risks associated with future exploration and development of the Brisas-Cristinas Project;
- our current liquidity and capital resources and access to additional funding in the future when required;
- continued servicing or restructuring of our outstanding convertible notes and interest notes or other obligations as they come due;
- our ability to maintain continued listing of our Class A common shares on the TSXV;
- shareholder dilution resulting from restructuring, refinancing or conversion of our outstanding Convertible Notes and Interest Notes or from the sale of additional equity;
- value realized from the disposition of the remaining Brisas Project related assets, if any;
- prospects for our exploration and development of Brisas-Cristinas Project and/or the LMS Gold Project;
- currency, metal prices and metal production volatility;
- adverse U.S. and/or Canadian tax consequences;
- or ability to attract new employees, if required, and the continued participation of existing employees; and
- other 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 our forward-looking statements. See "*Risk Factors*."

Investors are cautioned not to put undue reliance on forward-looking statements, whether in this document, other documents periodically furnished or filed with the U.S. Securities and Exchange Commission (the "SEC") or other securities regulators or presented on our website. Forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this notice. We disclaim 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 our disclosure obligations under applicable rules promulgated by the SEC and the Ontario Securities Commission (the "OSC"). Investors are urged to read our filings with U.S. and Canadian securities regulatory authorities, which can be viewed online at www.sec.gov and www.sedar.com, respectively.

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

- Continued efforts to ensure timely payment of the Award issued by the tribunal (the "ICSID Tribunal" or "Tribunal") of the ICSID on September 22, 2014 in connection with Venezuela's seizure of our mining project known as the Brisas Project.
- Sustained communication with representatives of Venezuela to collect the Award which led to the signing, on February 24, 2016, of the MOU with Venezuela that contemplates settlement, including payment and resolution, of the Award, the transfer of the Mining Data previously compiled by the Company, as well as the joint development of the Brisas and the adjacent Cristinas gold-copper project, which will be combined into one project (the "Brisas-Cristinas Project").
- The issuance of approximately $13.4 million of new notes (the "New Notes") due December 31, 2018 and modified, amended and extended the maturity date of approximately $43.7 million of outstanding convertible notes, interest notes and accrued interest (the "Modified Notes") from December 31, 2015 to December 31, 2018, together with the New Notes, the ("2018 Notes") in the fourth quarter of 2015.

- Efforts to complete a non-brokered private placement for gross proceeds of up to US $38.0 million. The private placement is subject to the approval of the TSXV.
- Pursing opportunities to dispose of the remaining Brisas Project related assets; and
- Evaluating other exploration mining prospects which on March 1, 2016, concluded in the acquisition of certain wholly-held Alaska mining claims pursuant to a Purchase and Sale Agreement dated as of January 12, 2016.

EXPLORATION PROSPECTS

LMS Gold Project

On March 1, 2016, we completed the acquisition of certain wholly-owned mining claims known as the LMS Gold Project (the "Property"), together with certain personal property for US$350,000, pursuant to a Purchase and Sale Agreement with Raven Gold Alaska Inc. ("Raven"), a wholly-owned subsidiary of Corvus Gold Inc.

Raven retains a royalty interest with respect to (i) "Precious Metals" produced and recovered from the Property equal to 3% of "Net Smelter Returns" on such metals (the "Precious Metals Royalty") and (ii) "Base Metals" produced and recovered from the Property equal to 1% of Net Smelter Returns on such metals, provided that we have the option, for a period of 20 years from the date of closing of the acquisition, to buy back a one-third interest (i.e. 1 %) in the Precious Metals Royalty at a price of US$ 4 million. The Property consists of 36 contiguous State of Alaska mining claims covering 61 km² in the Goodpaster Mining District situated approximately 25 km north of Delta Junction and 125 km southeast of Fairbanks, Alaska and is accessible either by winter road or river boat providing year-round, non-helicopter support access. Several trails have been constructed providing surface access across the property.

The Property remains at an early stage of exploration and is the subject of a National Instrument 43-101 Technical Report entitled "Technical Report on the LMS Gold Project, Goodpaster Mining District, Alaska" dated February 19, 2016 prepared for us by Ed Hunter, BSc., P. Geo and Gary H. Giroux, M.A. Sc., P. Eng.

La Tortuga Property

In April 2012, Soltoro Ltd. granted us 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. Over approximately a two year period we compiled data, completed a number of studies on the property and made option payments totaling $0.4 million (including a $0.15 million property payment made in 2014). During this period, the Mexican authorities changed its focus on environmental reviews and approvals which caused the Environment Ministry to require us to resubmit our drilling permit application, expand our environmental baseline study and add additional other items. The perceived change in the Mexican government's posture towards mining led management and the Board to conclude that continued investment in the property was no longer warranted and as a consequence we expensed all previously capitalized costs as of June 30, 2014 and formally terminated our option on the property in August 2014.

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

BRISAS ARBITRAL AWARD

SETTLEMENT EFFORTS

On February 24, 2016, we entered into an MOU with Venezuela that contemplates settlement, including payment and resolution, of the Award granted in our favor by the ICSID in respect of the Brisas Project, the transfer of the Mining Data and the development of the Brisas-Cristinas Project by the parties.

Under the terms proposed in the MOU, Venezuela would proceed with payment of the Award including accrued interest and enter transactional (settlement) and mixed company ("joint venture") agreements, which are expected to be executed in approximately 60 days, subject to various conditions, including without limitation, receipt of all necessary regulatory and corporate approvals and the successful negotiation and execution of definitive agreements. In addition, Venezuela would pay an amount to be agreed upon for our contribution of the Mining Data to the Brisas-Cristinas Project.

Following completion of the definitive agreements, it is anticipated that Venezuela, with our assistance, would work to complete the financing to fund the contemplated payments to us pursuant to the Award and for our Mining Data and $2 billion towards the anticipated capital costs of the Brisas-Cristinas Project. Upon payment of the Award, we will cease all legal activities related to the collection of the Award.

The Brisas and Cristinas properties, together with our technical data with respect to the Brisas project, would be transferred to a Venezuelan mixed company, which is expected to be beneficially owned 55% by Venezuela and 45% by Gold Reserve. We also expect to be engaged under a technical assistance agreement to provide procurement, engineering and construction services for the project. The parties would also seek, subject to the approval of the National Executive Branch of the Venezuelan government, the creation of a special economic zone providing the establishment of a special customs framework for the mixed company and other tax and economic benefits.

The combined Brisas-Cristinas Project, a gold-copper deposit located in the Kilometer 88 mining district of the State of Bolivar in south-eastern Venezuela, when constructed, is anticipated to be the largest gold mine in South America and one of the largest in the world.

The MOU is not binding on either party and may be unilaterally terminated by either party at any time upon simple communication to the other party indicating the date of termination. The MOU will otherwise terminate on April 24, 2016.

We expect to satisfy our outstanding obligations under the Convertible Notes, associated interest notes ("Interest Notes") and the CVRs and distribute to our shareholders substantially all of the net proceeds (subject to the payment of all outstanding or incurred corporate obligations and/or taxes) following any payment by Venezuela under the Award or with respect to contribution by us of the Mining Data to the mixed company.

ENFORCEMENT AND COLLECTION EFFORTS

In October 2009, we initiated a claim (the "Brisas Arbitration") under the Additional Facility Rules of the ICSID of the World Bank to obtain compensation for the losses caused by the 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 us 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 $64,000 per day based on current rates) for a total estimated Award as of the date of this report of $772 million. An ICSID Additional Facility Award is enforceable globally in jurisdictions that allow for the recognition and enforcement of commercial arbitral awards.

The December 15, 2014 Reconfirmation of Arbitral Award

Subsequent to the issuance of the Award, both parties 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. We identified what we 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 our favor on September 22, 2014 (the "December 15th Decision"). This proceeding marked the end of the Tribunal's jurisdiction with respect to the Award.

Although the process of getting an Award recognized and enforced is different in each jurisdiction, the process in general is–we file 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 judgment against Venezuela. Thereafter we will begin the process of executing the judgment by identifying and attaching specific property owned by Venezuela that is not protected by sovereign immunity.

Currently, we are diligently pursuing enforcement and collection of the Award in France, England, Luxembourg and the United States. A more in-depth discussion of our enforcement and collection activities in each jurisdiction is contained in our Annual Information Form (the "AIF") for the fiscal year ended December 31, 2015, which is incorporated by reference herein. The AIF has been filed on SEDAR and can be viewed at www.sedar.com.

Our Intent to Distribute Collection of the Arbitral Award to Shareholders

Subject to applicable regulatory requirements 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 or sale of the Mining Data including payments pursuant to the terms of the 2018 Notes (if not otherwise converted), Interest Notes, CVRs, Bonus Plan and Retention Plan (all as defined herein) or undertakings made to a court of law, our current plans are to distribute to our 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 (the "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 or sale of the Mining Data, 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 multiplied by 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. We also maintain the Gold Reserve Director and Employee Retention Plan (See Note 9 to the audited consolidated financial statements). Units (the "Retention Units") granted under the plan become fully vested and payable upon: (1) collection of proceeds from the Arbitral Award and/or sale of the Mining Data and we notify our shareholders that we will distribute a substantial majority of the proceeds to them or, (2) the event of a change of control. We currently do not accrue a liability for the Bonus or Retention Plan as events required for payment under the Plans have not yet occurred. An estimated $1.8 million of contingent legal fees will also become due upon the collection of the Award.

The 2018 Notes can be redeemed at a price equal to 120% of the principal amount paid upon payment of the Award or receipt of proceeds from the disposition of the Mining Data, subject to certain limitations. See "Description of Capital Structure". We also have outstanding contingent value rights ("CVRs") which entitle each holder that participated in the note restructuring completed in 2012 to receive, net of certain deductions (including income tax calculation and the payment of our then current obligations), a pro rata portion of a maximum aggregate amount of 5.468% of the proceeds actually received by us with respect to the Award or disposition of the Mining Data related to the development of the Brisas Project. The proceeds, if any, could be cash, commodities, bonds, shares and/or any other consideration we received 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 CVRs and will become our obligation only as the Arbitral Award is collected.

FINANCIAL OVERVIEW

Our overall financial position continues to be influenced by a number of significant historical events: the seizure of our mining project known as the Brisas Project by the Venezuelan government, legal costs related to obtaining the Arbitral Award and efforts to enforce and collect it, interest expense related to Convertible Notes, 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, 2014 and 2015.

Recent operating results continue to be influenced by expenses associated with the enforcement and collection of the Arbitral Award in various international jurisdictions, interest expense related to our debt, the 2014 write-down of Brisas Project equipment, maintaining our legal and regulatory obligations in good standing and expenses associated with exploration projects including past activities on the La Tortuga project.

Overall we experienced a net decrease or use of cash and cash equivalents for the twelve months ended December 31, 2015, of approximately $2.9 million compared to a net decrease of approximately $3.5 million for the same period in 2014, which was primarily as a result of an increase in net cash used by operating activities in 2015 compared to 2014, offset by an increase in net cash provided by financing activities during the same period. Net loss for the year ended December 31, 2015 decreased from the comparable period in 2014 by approximately $7.7 million primarily a result of a write-down of property, plant and equipment in 2014 and a reduction in arbitration expense from 2014 to 2015.

We have no commercial production and, as a result, continue to experience losses from operations, a trend we expect to continue unless we collect, in part or whole, the Arbitral Award, proceeds from the sale of the Mining Data and/or successfully develop the Brisas-Cristinas or LMS Gold Projects.

Historically we have financed our 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 Interest Notes and/or future financings, if any. We have only one operating segment, the exploration and development of mineral properties.

Our efforts to address 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.

During the fourth quarter of 2015, we issued approximately $13.4 million of New Notes and modified, amended and extended the maturity date of approximately $43.7 million of Modified Notes. The terms of the agreement were finalized on November 30, 2015. 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 audited consolidated financial statements).

During the second quarter of 2014, we extended the maturity date of approximately $25.3 million convertible notes from June 29, 2014 to December 31, 2015 and issued approximately $12 million of new convertible notes also maturing December 31, 2015, net of transaction costs of approximately $1.3 million.

SELECTED ANNUAL INFORMATION [1]

	2015	2014 Revised	2013
Other income (loss)	$ (537,801)	$ (7,271,670)	$ (176,598)
Expenses	$ (17,598,096)	$ (18,298,309)	$ (15,259,812)
Net loss [2]	$ (18,135,897)	$ (25,569,979)	$ (15,436,410)
Per share	$ (0.24)	$ (0.34)	$ (0.21)
Total assets	$ 22,380,727	$ 19,409,084	$ 22,756,769
Total non-current financial liabilities	$ 40,684,361	$ 2,054,491	$ 25,011,149
Distributions or cash dividends declared per share	-	-	-

(1) The selected annual information shown above is derived from our audited consolidated financial statements that have been prepared in accordance with U.S. generally accepted accounting principles.

(2) Net loss from continuing and total operations attributable to owners of the parent.

Factors that have caused period to period variations are more fully discussed below.

Liquidity and Capital Resources

At December 31, 2015, we had cash and cash equivalents of approximately $9.4 million which represents an increase from December 31, 2014 of approximately $2.9 million. The net increase was primarily due to proceeds from the issuance of the New Notes offset by cash used by operations. The activities that resulted in the net change in cash are more fully described in the "Operating," "Investing" and "Financing" Activities sections below.

	2015	Change	2014
Cash and cash equivalents	$ 9,350,892	$ 2,911,745	$ 6,439,147

As of December 31, 2015, we had financial resources including cash, cash equivalents and marketable securities totaling approximately $9.5 million, Brisas Project related equipment with an estimated fair value of approximately $12.2 million (See Note 8 to the audited consolidated financial statements), short-term financial obligations including accounts payable and accrued expenses of approximately $1.6 million and long-term indebtedness of approximately $58.1 million face value. Approximately $2.5 million in legal fees which were deferred during the arbitration and became payable as a result of the Arbitral Award were, by agreement, 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.

We have no revenue producing operations at this time and our working capital position, cash burn rate and debt maturity schedule will require us to seek additional sources of funding to ensure our ability to continue our activities in the normal course. We are continuing our efforts to realize value from the remaining Brisas Project related assets and pursue a timely collection or settlement of the Arbitral Award and sale of the Mining Data. We may also initiate other debt and equity funding alternatives that may be available.

Operating Activities

Cash flow used in operating activities for the years ended December 31, 2015, 2014 and 2013 was approximately $8.9 million, $7.2 million and $11.0 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, write-down of property, plant and equipment, settlement of debt, stock options compensation and certain non-cash changes in working capital.

Cash flow used in operating activities during the year ended December 31, 2015 increased from the prior comparable period generally due to payments on accounts payable and costs associated with the restructuring of 2018 Notes partially offset by decrease in exploration, legal and accounting, Venezuelan operations and equipment holding costs.

Investing Activities

	2015	Change	2014	Change	2013
Proceeds from disposition of marketable securities	$ -	$ -	$ -	$ (8,461)	$ 8,461
Purchase of property, plant and equipment	-	150,000	(150,000)	(21,715)	(128,285)
Proceeds from sale of equipment	165,000	95,567	69,433	69,433	-
	$ 165,000	$ 245,567	$ (80,567)	$ 39,257	$ (119,824)

During the years ended December 31, 2015 and 2014, we sold certain Brisas project related equipment for $165,000 and $69,433, respectively. During the years ended December 31, 2014 and 2013, we paid $150,000 and $125,000, respectively in accordance with the terms of our option agreement related to the La Tortuga property. In August 2014, we terminated our option agreement and wrote-off $0.4 million in option payments previously capitalized, which included the option payments noted above (See Note 8 to the audited consolidated financial statements). As of December 31, 2015, we held approximately $12.2 million of Brisas equipment intended for future sale.

Financing Activities

	2015	Change	2014	Change	2013
Issuance of convertible notes	$ 11,989,575	$ 289,575	$ 11,700,000	$ 11,700,000	$ -
Issuance of common shares	679,990	579,890	100,100	(5,600,099)	5,700,199
Debt restructuring fees	(1,018,130)	(1,642)	(1,016,488)	(1,016,488)	-
Settlement of convertible notes	-	4,000	(4,000)	(4,000)	-
	$ 11,651,435	$ 871,823	$ 10,779,612	$ 5,079,413	$ 5,700,199

During the fourth quarter of 2015, we issued approximately $13.4 million of New Notes and modified, amended and extended the maturity date of approximately $43.7 million of Modified Notes. The New Notes are comprised of approximately $12.3 million with an original issue discount of 2.5% of the principal amount and approximately $1.1 million representing 2.5% of the extended principal and interest amount due to the note holders as a restructuring fee. The total cost of the new issuance and restructuring of the 2018 Notes was approximately $2.4 million, which includes approximately $1.4 million of extension and issuance fees that were expensed and approximately $1.0 million associated with legal and associated transactional fees that were capitalized.

The 2018 Notes bear interest at a rate of 11% per year, which are accrued quarterly on a compounded basis, issued in the form of Interest Notes and payable in cash at maturity. The 2018 Notes are convertible, at the option of the holder, into 333.3333 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 us. The 2018 Notes are senior obligations, secured by substantially all of our assets and are subject to certain other terms including restrictions regarding the pledging of assets and incurrence of certain capital expenditures or additional indebtedness without consent of note holders; and participation rights in future equity or debt financing

The amount recorded as Convertible Notes and Interest Notes in the audited consolidated balance sheet as of December 31, 2015 is comprised of approximately $38.2 million carrying value of 2018 Notes issued pursuant to the 2015 Restructuring, approximately $1.0 million of previously issued 2022 Notes held by note holders who declined to participate in the note restructuring effected in 2012 and post restructuring Interest Notes of approximately $0.5 million. The carrying value of Convertible Notes will be accreted to face value using the effective interest rate method over the expected life of the Convertible Notes with the resulting charge recorded as interest expense. (See Note 11 to the audited consolidated financial statements).

During the second quarter of 2014, we extended the maturity date of approximately $25.3 million of convertible notes from June 29, 2014 to December 31, 2015 and issued approximately $12 million face value of new convertible notes also maturing December 31, 2015. The extended convertible notes were amended to be consistent with the terms of the new notes. The total cost of the new issuance and restructuring of notes including original issue discount, extension fees and other expenses was approximately $1.3 million.

Net proceeds from the issuance of common shares during the years ended December 31, 2015 and 2014 relate to the exercise of employee stock options. In 2013, we completed a $5.0 million private placement financing and also received $0.7 million from the exercise of employee stock options.

Contractual Obligations

The following table sets forth information on the Company's material contractual obligation payments for the periods indicated as of December 31, 2015. For further details see "Financing Activities" above and Note 11 to the audited 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]	$ 58,099,717	$ -	$ 57,057,717	$ -	$ 1,042,000
Interest Notes[1]	22,679,177	-	22,679,177	-	-
Interest	372,515	57,310	114,620	114,620	85,965
	$ 81,151,409	$ 57,310	$ 79,851,514	$ 114,620	$ 1,127,965

1 Includes $57,057,717 principal amount of 2018 Notes and $1,042,000 principal amount of 5.50% convertible notes due June 15, 2022 (The "2022 Notes" and, together with the 2018 Notes, the "Convertible Notes", which consists of convertible notes and interest notes from previous financings and restructurings in 2007, 2012 and 2014 as well as 2015. Subject to the terms of the Indenture governing the Convertible Notes, the Convertible Notes may be converted into our Class A common shares, redeemed or repurchased. During 2014 we extended the maturity date of approximately $25.3 million notes from June 29, 2014 to December 31, 2015 and issued approximately $12 million of new notes also maturing December 31, 2015. The interest paid on the extended notes was increased to 11% from 5.5% consistent with the interest paid on the new notes.

During 2015 we extended the maturity date of approximately $43.7 million notes and interest notes from December 31, 2015 to December 31, 2018 and issued approximately $13.4 million of additional notes also maturing December 31, 2018 (the "2015 Restructuring"). The amounts shown above include the principal payments due unless the notes are converted, redeemed or repurchased prior to their due date (See Note 11 to the audited consolidated financial statements).

The amount recorded as Convertible Notes and Interest Notes in the audited consolidated balance sheet as of December 31, 2015 is comprised of approximately $38.2 million carrying value of 2018 Notes issued pursuant to the 2015 Restructuring, approximately $1.0 million of previously issued 2022 Notes held by note holders who declined to participate in the note restructuring effected in 2012 and post restructuring Interest Notes of approximately $0.5 million. The carrying value of Convertible 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

Consolidated other income (loss), total expenses and net loss for the three years ended December 31, 2015 were as follows:

	2015	Change	2014 Revised	Change	2013
Other Income (Loss)	$ (537,801)	$ 6,733,869	$ (7,271,670)	$ (7,095,072)	$ (176,598)
Total Expenses	(17,598,096)	700,213	(18,298,309)	(3,038,497)	(15,259,812)
Net Loss	$ (18,135,897)	$ 7,434,082	$ (25,569,979)	$(10,133,569)	$ (15,436,410)
Net loss per share	$ (0.24)		$ (0.34)		$ (0.21)

Other Income (Loss)

We have no commercial production at this time and, as a result, other income (loss) is typically variable from period to period.

	2015	Change	2014	Change	2013
Interest	$ 651	$ (86)	$ 737	$ (409)	$ 1,146
Gain (loss) on settlement of debt	(495,101)	(333,809)	(161,292)	(161,632)	340
Write-down of property & equipment	-	6,921,531	(6,921,531)	(6,921,531)	-
Loss on sale of equipment	(9,432)	1,918	(11,350)	(11,350)	-
Loss on impairment of marketable securities	(46,629)	115,850	(162,479)	15,771	(178,250)
Loss on sale of marketable securities	-	-	-	4,039	(4,039)
Foreign currency gain (loss)	12,710	28,465	(15,755)	(19,960)	4,205
	$ (537,801)	$ 6,733,869	$ (7,271,670)	$ (7,095,072)	$ (176,598)

In 2015 and 2014, we recognized a loss on settlement of debt related to the remaining unamortized discount on convertible notes prior to the notes being restructured (See Note 11 to the audited consolidated financial statements). In 2014, the write-down of property and equipment was a result of management's estimate of a decrease in the recoverable amount of certain equipment originally purchased for the Brisas Project (as disclosed in Note 8 to the consolidated financial statements) as well as management's decision to terminate the agreement with Soltoro in which we had made a $0.425 million investment in the La Tortuga property.

Expenses

	2015	Change	2014 Revised	Change	2013
Corporate general and administrative	$ 3,025,037	$ 101,100	$ 2,923,937	$ (189,383)	$ 3,113,320
Debt restructuring	1,399,148	767,148	632,000	632,000	-
Exploration	249,619	(634,120)	883,739	(232,600)	1,116,339
Legal and accounting	270,138	(396,103)	666,241	153,897	512,344
	4,943,942	(161,975)	5,105,917	363,914	4,742,003
Venezuelan operations	118,222	(67,321)	185,543	(10,653)	196,196
Arbitration	2,153,123	(2,803,316)	4,956,439	974,003	3,982,436
Equipment holding costs	752,288	(111,885)	864,173	(49,740)	913,913
Interest expense	9,630,521	2,444,284	7,186,237	1,760,973	5,425,264
	12,654,154	(538,238)	13,192,392	2,674,583	10,517,809
Total expenses for the period	$ 17,598,096	$ (700,213)	$ 18,298,309	$ 3,038,497	$ 15,259,812

Corporate general and administrative, debt restructuring, exploration and legal and accounting expenses decreased approximately $0.2 million during the year ended December 31, 2015 compared to the same period in 2014 and increased approximately $0.4 million during the year ended December 31, 2014 compared to the same period in 2013.

The net increase in 2015 compared to 2014, in corporate general and administrative expense, was primarily due to non-cash expense associated with the issuance of stock options. The increase in debt restructuring was due to additional extension fees as a result of the increased amount of convertible notes (excluded from expenses is an additional amount of approximately $1.0 million that was capitalized as part of the transaction, See Note 11 to the audited consolidated financial statements and Financing Transactions). The decrease in exploration expense was attributable to the termination of activities on the La Tortuga property in 2014 and the decrease in legal and accounting expense was primarily attributable to fees incurred for corporate and tax planning activities in 2014. The net decrease in 2014 compared to 2013, as it relates to corporate general and administrative, was primarily due to a decrease in stock option compensation. The decrease in exploration expense in 2014 is attributable to a decrease in activities on the La Tortuga property and the increase in legal and accounting expense is primarily attributable to fees incurred for corporate and tax planning activities as well as regulatory obligations arising from the extension of the debt and issuance of additional equity.

Venezuelan operations, arbitration, equipment holding and interest expense on a net basis decreased approximately $0.5 million during the year ended December 31, 2015 compared to the same period in 2014 and increased approximately $2.7 million during the year ended December 31, 2014 compared to the same period in 2013.

Arbitration expense in 2015 decreased from 2014 due to a decrease in financial and technical expert fees associated with the arbitration proceedings and 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 is related to an increase in accretion of Convertible Notes as well as additional interest on the new convertible notes issued in 2015 and 2014.

SUMMARY OF QUARTERLY RESULTS (1)

Quarter ended	12/31/15	9/30/15	6/30/15	3/31/15	12/31/14	9/30/14	6/30/14	3/31/14
Other income (loss)	$(541,993)	$(1,662)	$(10,748)	$16,602	$(7,099,515)	$(3,967)	$(162,556)	$(5,632)
Net loss								
before tax (2)	(6,389,066)	(3,581,046)	(4,453,454)	(3,712,331)	(10,616,891)	(7,792,138)	(4,347,337)	(2,813,613)
Per share	(0.08)	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)
Fully diluted	(0.08)	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)
Net loss (2)	(6,389,066)	(3,581,046)	(4,453,454)	(3,712,331)	(10,616,891)	(7,792,138)	(4,347,337)	(2,813,613)
Per share	(0.08)	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)
Fully diluted	(0.08)	(0.05)	(0.06)	(0.05)	(0.14)	(0.10)	(0.06)	(0.04)

(1) The information shown above is derived from our audited consolidated financial statements that have been prepared in accordance with U.S. generally accepted accounting principles.

(2) Net loss from continuing and total operations attributable to owners of the parent.

During 2015, the amount of non-cash stock option compensation expense recorded in 2014 was revised. See Note 3 to the audited consolidated financial statements.

Other income (loss) in the fourth quarter of 2015 was primarily due to the restructuring of the 2018 Notes and the impairment of marketable securities. Other income (loss) in the first and third quarters of 2015 was a result of 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. During the first and third quarters of 2014, other income (loss) consisted of foreign currency gains (losses), losses on marketable securities and interest income.

The increase in net loss in the fourth quarter of 2015 was due to costs and fees incurred in restructuring 2018 Notes. 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.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the fourth quarter of 2015, we issued approximately $13.4 million of New Notes and modified, amended and extended the maturity date of approximately $43.7 million of Modified Notes. The New Notes are comprised of approximately $12.3 million with an original issue discount of 2.5% of the principal amount and approximately $1.1 million representing 2.5% of the extended principal and interest amount due to the note holders as a restructuring fee. $30.7 million of the Modified Notes and $10.7 million of the New Notes were issued to affiliated funds which exercised control or direction over more than 10% of our common shares prior to the transactions and as a result, those portions of the transactions were considered to be related party transactions. (See Note 11 to the audited consolidated financial statements).

During the second quarter of 2014, we extended the maturity date of our approximately $25.3 million aggregate principal amount of convertible notes from June 29, 2014 to December 31, 2015 and issued approximately $12 million aggregate principal amount of new convertible notes also maturing December 31, 2015, net of costs of approximately $1.3 million. Approximately $19.2 million of the extended convertible notes and $8 million of the new convertible notes were issued to affiliated funds which exercised control or direction over more than 10% of our common shares prior to the transactions and as a result, those portions of the transactions were considered to be related party transactions.

CRITICAL ACCOUNTING 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.

Critical accounting estimates used in the preparation of the audited consolidated financial statements include the:

- assessments of the recoverability of the Brisas Project related equipment and the estimated fair value determined in connection with impairment testing;

- determination of the fair value of our Convertible Notes which are accreted to their face value at maturity using the effective interest rate method over the contractual life of the Convertible Notes, with the resulting charge recorded as interest expense;
- use of the fair value method of accounting for stock options which is computed using the Black-Scholes method which utilizes estimates that affect the amounts ultimately recorded as stock based compensation;
- preparation of tax filings in a number of jurisdictions requires considerable judgment and the use of assumptions. Accordingly, the amounts reported could vary in the future.

Any current or future operations we may have are subject to the effects of changes in legal, tax and regulatory regimes, political, labor and economic developments, social and political unrest, currency and exchange controls, import/export restrictions and government bureaucracy in the countries in which it operates.

RISK FACTORS

Set out below are certain risk factors that could materially adversely affect our future business, operating results or financial condition. Investors should carefully consider these risk factors and the other risk factors and information in this Management's Discussion and Analysis and our filings with Canadian and U.S. securities regulators, before making investment decisions involving our securities. The following risk factors, as well as risks not currently known to us, could adversely affect our future business, operations and financial condition and could cause future results to differ materially from the estimates described in our forward-looking statements.

Risks Related to Collection of Arbitral Award

Failure to negotiate and execute definitive documentation contemplated by the MOU and/or complete the transactions outlined therein, could materially adversely affect the Company.

On February 24, 2016, we entered into the MOU with Venezuela that contemplates settlement, including payment and resolution, of the Arbitral Award. Pursuant to the MOU and our discussions with Venezuela, if definitive documentation is entered into, and financing is arranged by Venezuela with our assistance, we would jointly develop the Brisas-Cristinas Project through a mixed company. In addition, Venezuela would pay (i) all amounts due under the Arbitral Award (including accrued interest), (ii) an amount yet to be agreed to by the parties, in exchange for our contribution of the Mining Data to the mixed company and (iii) fund $2.0 billion related to future capital costs of the Brisas-Cristinas Project.

The MOU contemplates definitive documentation with respect to the creation of the mixed company and the settlement of the Arbitral Award to be executed in approximately 60 days, subject to various conditions precedent including, without limitation, receipt of all necessary regulatory and corporate approvals and the successful negotiation and execution of the definitive documentation. If the transactions contemplated by the MOU, which is subject to various conditions precedent, are successfully concluded in accordance with the definitive documentation, we will terminate our ongoing legal activities with respect to the Arbitral Award. It is anticipated that Venezuela would, with our assistance, work to obtain financing to fund the contemplated payments to us pursuant to the Arbitral Award and in connection with the contribution of the Mining Data to the mixed company and fund future capital costs of any Brisas-Cristinas Project as well as seek the creation of a special economic zone providing the establishment of a special customs framework for the mixed company and other tax and economic benefits, subject to the approval of the National Executive Branch of the Venezuelan government.

There can be no assurances that we will be able to successfully negotiate definitive documentation with Venezuela for the transactions contemplated by the MOU prior to its termination, or that the terms of such documentation will be acceptable to us or not differ materially from the terms contemplated by the MOU. Even if we are successful in negotiating definitive documentation on terms acceptable to us, there can be no assurances that the conditions precedent will be completed, all approvals will be obtained, Venezuela, with our assistance, will be successful in obtaining the approval of the National Executive Branch of the Venezuelan government to create a special economic zone or otherwise realize expected tax and other economic benefits for the activities of the mixed company or be successful in obtaining required financing for the transactions contemplated by the MOU. Such failure may require us to seek to renegotiate a settlement with Venezuela or otherwise continue the lengthy enforcement and collection process and could materially adversely affect, among other things, our ability to service debt and maintain sufficient liquidity to operate as a going concern.

In the event that we do not conclude the transactions contemplated by the MOU, our failure to otherwise collect the Arbitral Award could materially adversely affect the Company.

In October 2009, we initiated the Brisas Arbitration under the Additional Facility Rules of the ICSID of the World Bank. On September 22, 2014, the ICSID Tribunal unanimously awarded us damages totaling $740.3 million, plus post award interest at a rate of LIBOR plus 2% per annum.

Although the process of getting the Arbitral Award recognized and enforced is different in each jurisdiction, the process in general is—we file a petition or application to confirm the Arbitral 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 Arbitral Award then the court will issue a judgment against Venezuela. Thereafter we will begin the process of executing the judgment by identifying and attaching specific property owned by Venezuela that is not protected by sovereign immunity. We are currently pursuing enforcement of the Arbitral Award in a number of jurisdictions and will continue to do so pending the consummation of the transactions contemplated by the MOU.

Pending the completion of the transactions contemplated by the MOU, we will continue to pursue enforcement and collection of the Arbitral Award as described herein. Enforcement and collection of the Arbitral Award is a lengthy process and will be ongoing for the foreseeable future if we are not successful in consummating the transactions contemplated by the MOU. In addition, the cost of pursuing collection of the Arbitral Award will be substantial and there is no assurance that we will be successful. Failure to otherwise collect the Arbitral Award if we do not conclude the transactions contemplated by the MOU, or a substantial passage of time before we are able to otherwise collect the Arbitral Award, would materially adversely affect our ability to service debt and maintain sufficient liquidity to operate as a going concern.

We cannot predict when or if the Arbitral Award will be collected either partially or in full or if we will conclude the transactions contemplated by the MOU.

We understand that numerous pending arbitration actions are being pursued against Venezuela at this time before the ICSID (See ICSID website at *icsid.worldbank.org/ICSID/*) and further understand that Venezuela historically has reportedly settled and/or made full or partial payment for damages to a limited number of claimants. ICSID arbitrations are non-public proceedings and, as a result, we have no specific information regarding the actual amounts paid or what percentage such payments represented of the original claim against Venezuela or the timing of such payments. We expect that the timing for our various efforts to enforce and collect the Arbitral Award will be lengthy and we are not able to estimate the timing or likelihood of collection of the Arbitral Award, if any. Accordingly, if we are not successful in consummating the transactions contemplated by the MOU, there can be no assurances that the Arbitral Award will be otherwise collected or settled, in whole or in part, within any specific or reasonable period of time.

Risks Relating to the Convertible Notes and Interest Notes (collectively the "Notes")

Our ability to generate the cash needed to pay principal and interest amounts on the Notes or pay similar obligations in the future depends on many factors, some of which are beyond our control.

We are currently primarily engaged in managing the Brisas Arbitration in an effort to enforce and collect the Arbitral Award or otherwise settle our dispute with the Venezuelan government as contemplated by the MOU. We have no commercial production and no ability to generate cash from operations to meet scheduled payments. If our capital resources are insufficient to fund our operational or debt service obligations and/or we cannot collect or otherwise settle the Arbitral Award, in whole or in part, we may be forced to seek to obtain additional equity capital, restructure our debt, file for *Companies' Creditors Arrangement Act* (Canada) protection, reduce or delay capital expenditures or sell assets. There can be no assurance that we will have, or be able to generate, sufficient capital resources in the future or that we will be successful in collecting the Arbitral Award through the courts or pursuant to a settlement with Venezuela.

We may not be able to refinance or extend the maturity date of the Notes if required or if we so desire.

We may need or desire to refinance or extend the maturity date of all or a portion of the Notes or any other future indebtedness that we may incur on or before the maturity date of the Notes. There can be no assurance that we will be able to refinance or otherwise extend the maturity date of any of our indebtedness or incur additional indebtedness on commercially reasonable terms, if at all, which may result in an event of default that would require us to file for protection under the *Companies' Creditors Arrangement Act* (Canada).

Our existing shareholders could be significantly diluted if our Convertible Notes are converted to Class A common shares.

As of December 31, 2015, we had outstanding approximately $58.1 million aggregate principal amount of Convertible Notes. If all of such Convertible Notes were converted to Class A common shares at their current conversion rates, an additional approximately 19.3 million Class A common shares would be issued, thereby significantly diluting the ownership of existing shareholders.

We may not have sufficient cash to repurchase the Notes upon the occurrence of a fundamental change, upon the conversion of the Convertible Notes or if an event of default with respect to the Notes occurs and is continuing, as required by the Indenture.

We will be required to make an offer to repurchase the Notes upon the occurrence of a fundamental change as described in the Indenture (as defined herein). We may not have sufficient funds to repurchase the Notes in cash or to make the required repayment at such time or have the ability to arrange necessary financing on acceptable terms. A Fundamental Change is generally defined as events related to a change of control of the Company.

A fundamental change may also constitute an event of default or require prepayment under, or result in the acceleration of the maturity of, our other indebtedness outstanding at the time. Our ability to repurchase the Notes in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the Notes or pay cash or issue our Class A common shares in respect of conversions of the Convertible Notes, if applicable, when required would result in an event of default with respect to the Notes. If an event of default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the principal amount of the Notes and interest, including additional amounts, if any, on the outstanding Notes to be immediately due and payable. In case of certain events of bankruptcy, insolvency or reorganization involving us or our subsidiaries, principal amount plus interest, including additional amounts, if any, on the Notes will automatically become due and payable.

The Notes may not have an active market and their price may be volatile. You may be unable to sell your Notes at the price you desire or at all.

There is no existing trading market for the Notes and we have no obligation to list the Notes at any time. We have not and do not intend to list the Notes on any United States or Canadian securities exchange or market place. As a result, there can be no assurance that a liquid market will develop or be maintained for the Notes, that note holders will be able to sell any of the Notes at a particular time (if at all) or that the prices you receive if or when you sell the Notes will be above their initial offering price.

Other Risks Related to the Notes

Our Notes are subject to a number of other risks as describe below. Holders are urged to refer to the terms and limitations described in the Indenture as supplemented and our filings with the SEC and/or OSC.

- We could incur substantially more debt and may take other actions which may affect our ability to satisfy our obligations under the Notes.
- Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Notes.
- Upon the occurrence of a fundamental change and in connection with note holders' right to require us to repurchase the Notes, we may satisfy our obligations through the issuance of our Class A common shares, the value of which may decrease.
- Upon conversion of the Convertible Notes, we will have the option to deliver cash in lieu of some or all the Class A common shares to be delivered upon conversion, the amount of cash to be delivered per Convertible Notes being calculated on the basis of average prices over a specified period, and note holders may receive fewer proceeds than expected.
- The adjustment to the conversion rate for the Convertible Notes converted in connection with a specified corporate transaction may not adequately compensate note holders for any lost value of Convertible Notes as a result of such transaction.
- The conversion rate of the Convertible Notes may not be adjusted for all dilutive events.
- The Notes may not be rated or may receive a lower rating than anticipated.
- If you hold Notes, note holders will not be entitled to any rights with respect to our Class A common shares, but will be subject to all changes made with respect to our Class A common shares.
- If the Notes are held in book-entry form, note holders will be required to rely on the procedures and the relevant clearing systems to exercise their rights and remedies.
- The value of the Collateral may not be sufficient to satisfy all the obligations secured by such Collateral. As a result, holders of the Notes may not receive full payment on their Notes following an event of default.
- Rights of holders of the Notes in the Collateral may be adversely affected by bankruptcy proceedings.
- Any future pledge of Collateral may be avoidable in bankruptcy.
- Rights of holders of Notes and CVRs in the Collateral may be adversely affected by the failure to perfect liens on the Collateral or on Collateral acquired in the future. Any future pledge of collateral may be avoidable in bankruptcy.

Risks Related to the Class A common shares

Failure to maintain the listing of our Class A common shares on the TSXV could have adverse effects.

We are required to maintain compliance with the TSXV listing rules, which in addition to other rules, require us as a “Mining Issuer” to hold an interest of 50% or more in a qualifying property or the right to acquire such an interest in a qualifying property in order to maintain our listing. As a result of our March 1, 2016 acquisition of the LMS Gold Project (see "PROPERTIES"), we are currently in compliance with the applicable TSXV listing rule.

We cannot provide assurances that we will always remain in compliance with applicable listing standards. A delisting of our Class A common shares from the TSXV could negatively impact us by: (i) reducing the liquidity and market price of our Class A common shares; (ii) reducing the number of investors willing to hold or acquire our Class A common shares, which could negatively impact our ability to raise equity or other financing; (iii) limiting our ability to access the public capital markets; (iv) impairing our ability to provide equity incentives to our employees; and (v) impairing our ability to pay holders of our Convertible Notes Class A common shares in lieu of cash upon certain terms and conditions under the Indenture.

The price and liquidity of our Class A common shares may be volatile.

The market price of our Class A common shares may fluctuate based on a number of factors, some of which are beyond our control, including:

- we do not have an active market for our Class A common shares and large sell or buy transactions may affect the market price;
- developments in our efforts to conclude the transactions contemplated by the MOU;
- developments in our other effort to collect the Arbitral Award and/or sell the Mining Data;
- economic and political developments in Venezuela;
- our operating performance and financial condition;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general purposes;
- shareholder dilution resulting from restructuring or refinancing our outstanding Notes due December 31, 2018.;
- the public's reaction to announcements or filings by us or other companies;
- the public's reaction to negative news regarding Venezuela and/or international responses to Venezuelan domestic and international policies announcements or filings by us or other companies;
- the price of gold, copper and silver; and
- the addition to or changes to existing personnel.

The effect of these and other factors on the market price of the Class A common shares has historically made our share price volatile and suggests that our share price will continue to be volatile in the future.

We may issue additional Class A common shares, debt instruments convertible into Class A common shares or other equity-based instruments to fund future operations.

We cannot predict the size of any future issuances of securities, or the effect, if any, that future issuances and sales of our securities will have on the market price of our Class A common shares. Any transaction involving the issuance of previously authorized but unissued shares, or securities convertible into shares, may result in dilution to present and prospective holders of shares.

We do not intend to pay cash dividends or make other distributions to shareholders unless we collect the Award, or some portion thereof, in the foreseeable future.

We have not declared or paid any dividends on our Class A common shares since 1984. We may declare cash dividends or make distributions in the future only if our earnings and capital are sufficient to justify the payment of such dividends or distributions. Regarding the collection of the Award and/or payment for the Mining Data, subject to applicable regulatory requirements regarding capital and reserves for operating expenses, accounts payable and taxes, we expect to distribute, in the most cost efficient manner, a substantial majority of any net proceeds pursuant to the Award after fulfillment of our corporate obligations.

Risks Related to the Business

Any development activities on the Brisas-Cristinas Project will require additional exploration work and financing and there is no assurance that the project will be determined feasible.

No formal exploration or development activities have taken place at the proposed location of the Brisas-Cristinas Project for some time. Even if definitive documentation is successfully negotiated and executed with respect to the transactions contemplated by the MOU and the required financing is obtained, substantial effort and financing would be required to re-commence work on any Brisas-Cristinas Project. We can provide no assurances that the project or its development would be determined feasible.

If we are successful in completing the transactions contemplated by the MOU, our potential future operations related to the Brisas-Cristinas Project will be concentrated in Venezuela and will be subject to inherent local risks.

If we are successful in completing the transactions contemplated by the MOU, our potential future operations related to the Brisas-Cristinas Project will be located in Venezuela and, as a result, we will be subject to operational, regulatory, political and economic risks specific to it location, including:

- the effects of local political, labor and economic developments, instability and unrest;
- significant or abrupt changes in the applicable regulatory or legal climate;
- currency instability, hyper-inflation and the environment surrounding the financial markets and exchange rate in Venezuela;
- international response to Venezuelan domestic and international policies;
- limitations on mineral exports;
- invalidation, confiscation, expropriation or rescission of governmental orders, permits, agreements or property rights;
- exchange controls and export or sale restrictions;
- currency fluctuations, repatriation restrictions and operation in a highly inflationary economy;
- competition with companies from countries that are not subject to Canadian and U.S. laws and regulations;
- laws or policies of foreign countries and Canada affecting trade, investment and taxation;
- civil unrest, military actions and crime;
- corruption, requests for improper payments, or other actions that may violate Canadian and U.S. foreign corrupt practices acts, uncertain legal enforcement and physical security; and
- new or changes in regulations related to mining, environmental and social issues.

Operating losses are expected to continue.

We have no commercial production at this time and, as a result, we have not recorded revenue or cash flows from mining operations and have experienced losses from operations for each of the last five years, a trend we expect to continue unless and until the Arbitral Award is collected, proceeds from the sale of the Mining Data are collected and/or we acquire or invest in alternative projects such as the Brisas-Cristinas Project and we achieve commercial production.

We may be unable to continue as a going concern.

We have no revenue producing operations at this time and our working capital position, cash burn rate and debt maturity schedule may require that we seek additional sources of funding to ensure our ability to continue activities in the normal course. Our efforts to address 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.

Failure to attract new and/or retain existing personnel could adversely affect us.

We are dependent upon the abilities and continued participation of existing personnel to manage negotiations with Venezuela and other activities related to the consummation of the transactions contemplated by the MOU, other efforts related to the enforcement and collection of the Arbitral Award and sale of the Mining Data and to identify, acquire and develop new opportunities. Substantially all of our existing management personnel have been employed by us for over 20 years. The loss of existing employees (in particular those long time management personnel possessing important historical knowledge related to the Brisas Project which is relevant to the Brisas Arbitration) or an inability to obtain new personnel necessary to execute the transactions contemplated by the MOU or future efforts to acquire and develop a new project, such as the Brisas-Cristinas Project, could have a material adverse effect on our future operations.

Risks inherent in the mining industry could adversely impact future operations.

Exploration for gold and other metals is speculative in nature, involves many risks and frequently is unsuccessful. As is customary in the industry, not all prospects will be positive or progress to later stages (e.g. the feasibility, permitting, development and operating stages), therefore, we can provide no assurances as to the future success of our efforts related to the Brisas-Cristinas Project and the LMS Gold Project. Exploration programs entail risks relating to location, metallurgical processes, governmental permits and regulatory approvals and the construction of mining and processing facilities. Development can take a number of years, requiring substantial expenditures and there is no assurance that we will have, or be able to raise, the required funds to engage in these activities or to meet our obligations with respect to the Brisas-Cristinas Project and the LMS Gold Project. Any one or more of these factors or occurrence of other risks could cause us not to realize the anticipated benefits of an acquisition of properties or companies.

U.S. Internal Revenue Service designation as a "passive foreign investment company" may result in adverse U.S. tax consequences to U.S. Holders.

U.S. taxpayers should be aware that we have determined that we were a "passive foreign investment company" (a "PFIC") under Section 1297(a) of the U.S. Internal Revenue Code (the "Code") for the taxable year ended December 31, 2015, and that we may be a PFIC for all taxable years prior to the time we have income from production activities. We do not believe that any of our subsidiaries were PFICs as to any of our shareholders for the taxable year ended December 31, 2015, however, due to the complexities of the PFIC determination summarized below, we cannot guarantee this belief and, as a result, we cannot determine that the Internal Revenue Service (the "IRS") would not take the position that certain subsidiaries are not PFICs. The determination of whether we and any of our subsidiaries will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether we and any of our subsidiaries will be a PFIC for any taxable year generally depends on our assets and income and those of our subsidiaries' over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this Management's Discussion and Analysis. Accordingly, there can be no assurance that we and any of our subsidiaries will not be a PFIC for any taxable year.

For taxable years in which we are a PFIC, any gain recognized on the sale of our Class A common shares and any "excess distributions" (as specifically defined) paid on our Class A common shares must be ratably allocated to each day in a U.S. taxpayer's holding period for the Class A common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Class A common shares generally will be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a timely and effective "QEF election" generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. For a U.S. taxpayer to make a QEF election, we must agree to supply annually to the U.S. taxpayer the "PFIC Annual Information Statement" and permit the U.S. taxpayer access to certain information in the event of an audit by the U.S. tax authorities. We will prepare and make the statement available to U.S. taxpayers, and will permit access to the information. As a possible second alternative, a U.S. taxpayer may make a "mark-to-market election" with respect to a taxable year in which we are a PFIC and the Class A common shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which we are a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Class A common shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in such Class A common shares.

There are material tax risks associated with holding and selling or otherwise disposing the Notes and Class A common shares.

There are material tax risks associated with holding and selling or otherwise disposing the Notes and Class A common shares. Each prospective investor is urged to consult its own tax advisor regarding the tax consequences to him or her with respect to the ownership and disposition of the Notes and Class A common shares.

It may be difficult to bring certain actions or enforce judgments against the Company and/or its directors and executive officers.

Investors in the U.S. or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against us, our directors or executive officers based on civil liability provisions of federal securities laws or other laws of the U.S. or any state thereof or the equivalent laws of other jurisdictions of residence. We are organized under the laws of Alberta, Canada. Some of our directors and officers, and some of the experts named from time to time in our filings, are residents of Canada or otherwise reside outside of the U.S. and all or a substantial portion of their and our assets, may be located outside of the U.S. As a result, it may be difficult for investors in the U.S. or outside of Canada to bring an action in the U.S. against our directors, officers or experts who are not residents in the U.S. It may also be difficult for an investor to enforce a judgment obtained in a U.S. court or a court of another jurisdiction of residence predicated upon the civil liability provisions of Canadian securities laws or U.S. federal securities laws or other laws of the U.S. or any state thereof against us or those persons.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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. We do not expect the adoption of this ASU to have a significant impact on our financial statements.

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 us commencing with the annual period ending after December 15, 2016. We are still in the process of evaluating the impact of this standard.

DISCLOSURE OF OUTSTANDING SHARE DATA

Class A common shares

We are authorized to issue an unlimited number of Class A common shares without par value of which 78,720,147 Class A common shares were issued and outstanding as at the date hereof. Shareholders are entitled to receive notice of and attend all meetings of shareholders with each Class A common share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. Shareholders are entitled to dividends if, as and when declared by the Board. Shareholders are entitled upon our liquidation, dissolution or winding up to receive our remaining assets available for distribution to shareholders.

Equity Units

In February 1999, Gold Reserve Corporation became a subsidiary of Gold Reserve Inc., the successor issuer. Generally, each shareholder of Gold Reserve Corporation received one Class A common share of Gold Reserve Inc. for each common share owned in Gold Reserve Corporation. For tax reasons, certain U.S. holders elected to receive Equity Units in lieu of Class A common shares. An Equity Unit comprised one Class B common share of Gold Reserve Inc. and one Gold Reserve Corporation Class B common share, and was substantially equivalent to a Class A common share and generally immediately convertible into Class A common shares. Equity Units were transferable but not listed for trading on any stock exchange and subject to compliance with applicable federal, provincial and state securities laws. As of December 31, 2015 all Equity Units had been converted to Class A common shares.

Preferred Shares

We are authorized, subject to the limitations prescribed by law and our articles of incorporation, from time to time, to issue an unlimited number of serial preferred shares; and to determine variations, if any, between any series so established as to all matters, including, but not limited to, the rate of dividend and whether dividends shall be cumulative or non-cumulative; the voting power of holders of such series; the rights of such series in the event of the dissolution of the Corporation or upon any distribution of the assets of the Corporation; whether the shares of such series shall be convertible; and such other designations, rights, privileges, and relative participating, optional or other special rights, and such restrictions and conditions thereon as are permitted by law. There are no preferred shares issued or outstanding as of the date hereof.

Share Purchase Warrants

We issued 1,750,000 share purchase warrants to acquire for a two-year period one-half of one Class A common share (875,000 whole warrants) at a price of $4.00 per share. The share purchase warrants expired on September 20, 2015.

Share Purchase Options

On June 27, 2012, the shareholders approved the 2012 Equity Incentive Plan (the "2012 Plan") to replace our previous equity incentive plans. In 2014, the Board amended and restated the 2012 Plan changing the maximum number of Class A Shares issuable under options granted under the 2012 Plan from a "rolling" 10% of the outstanding Class A Shares to a fixed number of 7,550,000 Class A Shares. As of December 31, 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.

Stock options exercisable for common shares as of the date herein:

Expiry Date	Exercise Price	Number of Shares
January 30, 2017	$ 2.89	1,620,500
June 11, 2018	$ 3.00	250,000
March 17, 2020	$ 3.89	100,000
June 9, 2021	$ 1.92	875,000
July 25, 2024	$ 4.02	310,000
June 29, 2025	$ 3.91	215,000
Total Class A common shares issuable pursuant to stock options		3,370,500

Convertible Notes and Interest Notes

We have a total of approximately $58.1 million of Convertible Notes outstanding, which are comprised of approximately $43.7 million aggregate principal amount of Modified Notes, (ii) approximately $13.4 million aggregate principal amount of New Notes and (iii) approximately $1.0 million aggregate principal amount of 2022 Notes. The 2018 Notes bear interest at a rate of 11% per annum and the 2022 Notes bear interest at 5.50% per annum. The 2018 Notes are convertible to Class A common shares under certain circumstances at $3.00 per share and 2022 Notes are convertible to Class A common shares under certain circumstances at $7.54 per share.

Interest on the 2018 Notes is paid quarterly in the form of a new series of 11% Senior Secured Interest Notes which are payable in cash at maturity on December 31, 2018. Outstanding Interest Notes are added to the 2018 Notes to calculate future issuances of Interest Notes. We had a total of approximately $0.5 million of Interest Notes outstanding at December 31, 2015.

Capital Structure

The following summarizes our share capital structure as of the date hereof:

Class A common shares outstanding	78,720,147
Shares issuable pursuant to the 2012 Equity Incentive Plan	3,370,500
Shares issuable pursuant to the Convertible Notes	19,157,435
Total shares outstanding, fully diluted	101,248,082

Exhibit 99.4 – Certification of Gold Reserve Inc. Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Rockne J. Timm, certify that:

1. I have reviewed this Annual Report on Form 40-F of Gold Reserve Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 20, 2016

s/ Rockne J. Timm

Rockne J. Timm,
Chief Executive Officer

Exhibit 99.5 – Certification of Gold Reserve Inc. Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert A. McGuinness, certify that:

1. I have reviewed this Annual Report on Form 40-F of Gold Reserve Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 20, 2016

s/ Robert A. McGuinness

Robert A. McGuinness,
Vice President-Finance & CFO

Exhibit 99.6 – Certification of Gold Reserve Inc. Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Gold Reserve Inc. on Form 40-F for the year ending December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof, I, Rockne J. Timm, Chief Executive Officer of Gold Reserve Inc., certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the my knowledge:

(1) The Annual Report on 40-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Annual Report on Form 40-F fairly presents, in all material respects, the financial condition and results of operations of Gold Reserve Inc.

s/ *Rockne J. Timm*

Rockne J. Timm
Chief Executive Officer
April 20, 2016

Exhibit 99.7– Certification of Gold Reserve Inc. Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Gold Reserve Inc. on Form 40-F for the year ending December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof, I, Robert A. McGuinness, Vice President-Finance & CFO of Gold Reserve Inc., certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the my knowledge:

(1) The Annual Report on 40-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Annual Report on Form 40-F fairly presents, in all material respects, the financial condition and results of operations of Gold Reserve Inc.

s/ *Robert A. McGuinness*

Robert A. McGuinness
Vice President-Finance & CFO
April 20, 2016

Exhibit 99.8 – Consent of Independent Auditor

We hereby consent to the incorporation by reference in this annual report on Form 40-F (No. 001-31819) of Gold Reserve Inc. of our report dated April 20, 2016, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in Exhibit 99.2 in this Form 40-F, which is incorporated by reference in this annual report on Form 40-F.

We also consent to the incorporation by reference in the registration statements on Form F-3 (No. 333-186851, 333-191955, 333-195992, 333-197506 and 333-208996) and Form S-8 (No. 333-188574 and 333-1972282) of Gold Reserve Inc. of our report referred to above.

We also consent to the reference to us under the heading "Interests of Experts" which appears in the Annual Information Form, which appears in Exhibit 99.1 in this Form 40-F, which is incorporated in this annual report on Form 40-F.

s/*PricewaterhouseCoopers LLP*

Chartered Professional Accountants
Vancouver, British Columbia
April 20, 2016