ALMEIDA RICHARD J
Form 4
October 02, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
ALMEIDA RICHARD J

(Last) (First) (Middle)

P.O. BOX 66100-HDQLD

(Street)

CHICAGO, IL 60666

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
UAL CORP /DE/ [UAUA]

3. Date of Earliest Transaction (Month/Day/Year)
09/30/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

Derivative Security					Disposed of (D) (Instr. 3, 4, and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Share Units	(1)	09/30/2009	A		1,103.75 (2)		(3)	(3)	Common Stock	1,103.75

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ALMEIDA RICHARD J P.O. BOX 66100-HDQLD CHICAGO, IL 60666	X			

Signatures

/s/ Lydia J. Mathas for Richard J. Almeida	10/02/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Each share unit represents the economic equivalent of one share of common stock. At time of distribution, Reporting Person will receive a cash payment equal to the number of share units multiplied by the average of the high and the low sale prices of a share of the Company's common stock on the date of distribution.

(2) Additional share units accrue when and as dividends are paid on the Company's common stock. The number of share units accrued will be equal to the dollar amount of dividends that would be payable if the share units were actual shares of common stock, divided by the average of the high and low sale prices of a share of the Company's common stock on the date dividends are paid.

(3) Delivery of a cash payment in settlement of the share units will be made in January of the year following the calendar year in which Reporting Person ceases to be a director of the Company.

(4) Reporting Person elected to defer $10,000 of retainer and meeting fees for the third quarter 2009 in exchange for share units. The number of share units was determined by dividing $10,000 by $9.06, the average of the high and low sale prices of a share of the Company's common stock on September 30, 2009.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. es New Roman,Times,serif">27,336 (5,429) (66,641) 61,212 Interest expense 8,911,448 7,223,045 1,688,403 1,688,403 - Income tax (benefit) expense (359,767) (502,086) 142,319 (594,731) 737,050 18,529,799 10,875,668 7,654,131 223,086 7,431,045 Extraordinary loss on expropriation - (150,726,472) 150,726,472 150,726,472 - Total expenses for the period $24,505,302 $ (144,110,262) $168,615,564 $146,368,141 $ 22,247,423

Future expenditures associated with corporate general and administrative, corporate communications and legal and accounting are expected to decline at a moderate level, while we expect Venezuelan expenses to decline considerably from the amounts recorded in 2010. Costs associated with the arbitration are expected to moderate and decline as we incurred a substantial portion of the expected costs upfront in preparation of our initial Memorial and case. Equipment write-downs are expected to be negligible while equipment holding costs will continue until we are able to dispose of Brisas Project related equipment. Interest expense, which was previously capitalized and comprised of approximately $5.6 million of actual interest paid plus an amount related to accretion of the face value of the convertible note, is expected to stay at substantially the same level as 2010.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The carrying amounts for cash and cash equivalents, marketable securities, deposits, advances and other, accrued interest and accounts payable and accrued expenses on the balance sheet approximate fair value because of the immediate or short-term maturity of these instruments. Fair value estimates are made at the balance sheet date based on relevant market information but involve uncertainties and therefore cannot be determined with precision. The Company currently does not enter into any hedging transactions. The Company is exposed to various risks including credit risk, liquidity risk, currency risk and interest rate risk as described below which are substantially the same as the preceding period:

a) Credit risk is the risk that a counterparty will fail to meet its obligations to the Company. The Company s primary exposure to credit risk is through its cash and cash equivalents and restricted cash balances. The Company diversifies its cash holdings into major Canadian and U.S. financial institutions and corporations.

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b) Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company has historically managed this risk by maintaining adequate cash balances through equity and debt offerings to meet its obligations. With respect to the convertible notes, the holders have the option to require the Company to repurchase the notes on June 15, 2012, for the principal amount of the notes plus unpaid interest and the Company may satisfy this obligation, in whole or in part, by delivering Common Shares. The following table presents the Company s payments due on accounts payable and accrued expenses and its undiscounted interest and principal payments due on its convertible notes, based on the estimate that the term of the notes will end on June 15, 2012. If the notes were to reach their contractual maturity date of June 15, 2022, additional interest payments would amount to $56.3 million over the additional ten year term of the notes.

	Payments due by Period			
	Total	Less than 1 Year	1-3 Years	More Than 5 Years
AP and accruals	$1,633,150	$1,633,150		
Interest	8,443,793	$5,629,195	2,814,598	
Principal	102,349,000		102,349,000	
Total	$112,425,943	$7,262,345	$105,163,598	

c) Transactions denominated in foreign currency are exposed to exchange rate fluctuations which have an impact on the statement of operations. The Company s cash and other monetary assets and liabilities that are held in Venezuelan and Canadian currency are subject to fluctuations against the US dollar. A

10% weakening of those currencies against the US dollar would have increased (decreased) the Company s net loss from the translation of foreign currency denominated financial instruments, as at December 31, 2010 and 2009, by the amounts shown below.

	2010	**2009**
Venezuelan Bolívar	$ (38,365)	$ 60,766
Canadian Dollar	(11,363)	(10,894)
Total	$ (49,728)	$ 49,872

The Company limits the amount of currency held in non-U.S dollar accounts and does not actively use derivative instruments to limit its exposure to fluctuations in foreign currency rates.

d)

The Company may be subject to the risk that changes in market interest rates will cause fluctuations in the fair values of its financial instruments. Cash and cash equivalents earn floating market rates of interest. Other current financial assets and liabilities are generally not exposed to this risk because of their immediate or short-term maturity. The interest rate on the Company s convertible notes is fixed and therefore the interest payments are not subject to changes in market rates of interest.

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Item 8. Financial Statements and Supplementary Data

MANAGEMENT S REPORT

To the Shareholders of Gold Reserve Inc.

The accompanying consolidated financial statements of the Company were prepared by management in accordance with accounting principles generally accepted in Canada, consistently applied and within the framework of the summary of significant accounting policies in these consolidated financial statements. Management is responsible for all information in the Annual Report on Form 10-K. All financial and operating data in the Annual Report on Form 10-K is consistent, where appropriate, with that contained in the consolidated financial statements.

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. Management has established and maintains a system of internal accounting control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, financial information is reliable and accurate and transactions are properly recorded and executed in accordance with management s authorization. This system includes established policies and procedures, the selection and training of qualified personnel and an organization providing for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors fulfills its responsibilities for the consolidated financial statements primarily through the activities of its Audit Committee, which is composed of three directors, none of whom are members of management. This Committee monitors the independence and performance of our independent auditors and meets with the auditors to discuss the results of their audit and their audit report prior to submitting the consolidated financial statements to the Board of Directors for approval. This Committee reviews and discusses with management the consolidated financial statements, related accounting principles and practices and (when required of management under securities commissions or the applicable listing standards) management s assessment of internal control over financial reporting. This Committee also monitors the integrity of our financial reporting process and systems of internal controls regarding finance, accounting and legal compliance.

The consolidated financial statements have been audited on behalf of the shareholders by the Company s independent auditors, PricewaterhouseCoopers LLP. The auditors report outlines the scope of their examination and their opinion on the consolidated financial statements. The auditors have full and free access to the Audit Committee.

/s/ Rockne J. Timm	/s/ Robert A. McGuinness
Chief Executive Officer	Vice President Finance and CFO
March 22, 2011	March 22, 2011

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Independent Auditor s Report

To the Shareholders of
Gold Reserve Inc.

We have audited the accompanying consolidated financial statements of **Gold Reserve Inc.** (the Company) which comprise the consolidated balance sheets as at December 31, 2010 and 2009, consolidated statements of operations, comprehensive loss, changes in shareholders equity and cash flows for each of the three years ended December 31, 2010, 2009 and 2008 and the related notes including a summary of significant accounting policies.

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 Canadian generally accepted accounting principles 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 require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence 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. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and 2009 and the results of its operations and its cash flows for each of the years in the period ended December 31, 2010, 2009 and 2008 in accordance with Canadian generally accepted accounting principles.

Signed PricewaterhouseCoopers LLP

Chartered Accountants
March 22, 2010
Vancouver, BC

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GOLD RESERVE INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2010 and 2009

(Expressed in U.S. dollars)

	2010	2009
ASSETS		
Cash and cash equivalents (Note 4)	$ 58,186,478	$ 60,962,813
Assets held for sale (Note 9)	7,968,813	
Marketable debt securities (Note 5)		10,175,020
Marketable equity securities (Note 6)	2,263,923	598,825
Deposits, advances and other	1,507,822	566,483

Total current assets				69,927,036	72,303,141
Property, plant and equipment, net (Note 9)				28,503,330	38,122,102
Restricted cash (Note 15)					9,489,777
Total assets				$ 98,430,366	$ 119,915,020
LIABILITIES					
Accounts payable and accrued expenses				$ 1,633,150	$ 3,790,003
Accrued interest				234,550	234,550
Total current liabilities				1,867,700	4,024,553
Convertible notes (Note 17)				96,975,421	93,693,168
Total liabilities				$ 98,843,121	$ 97,717,721
Noncontrolling interest					2,279,699
Measurement Uncertainty (Note 1)					
Commitments and Contingencies (Note 15)					
SHAREHOLDERS' EQUITY					
Serial preferred stock, without par value					
Authorized:	Unlimited				
Issued:	None				
Common shares and equity units:				$ 249,280,489	$ 247,905,231
Class A common shares, without par value					
Authorized:	Unlimited				
Issued:	2010 58,769,851	2009	57,694,997		
Outstanding:	2010 58,769,851	2009	57,444,997		
Equity Units					
Issued:	2010 500,236	2009	500,236		
Outstanding:	2010 500,236	2009	961		
Equity component of convertible notes (Note 17)				28,652,785	28,652,785
Less, common shares and equity units held by affiliates					(636,267)
Stock options (Note 11)				10,083,817	10,014,136
Accumulated deficit				(289,177,303)	(265,630,369)
Accumulated other comprehensive income (loss)				858,148	(277,225)
KSOP debt (Note 10)				(110,691)	(110,691)
Total shareholders' (deficit) equity				(412,755)	19,917,600
Total liabilities and shareholders' equity				$ 98,430,366	$ 119,915,020

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

Approved by the Board of Directors:

s/ Chris D. Mikkelsen s/Patrick D.McChesney

GOLD RESERVE INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2010, 2009 and 2008

(Expressed in U.S. dollars)

	2010	2009	2008
Other Income:			
Interest income	$ 242,170	$ 288,952	$ 2,687,825
Gain (loss) on disposition of marketable securities	241,621	2,274,848	(243,053)
Gain on sale of subsidiaries (Note 12)	474,577		
Gain on extinguishment of debt		601,936	76,530
	958,368	3,165,736	2,521,302
Expenses:			
Corporate general and administrative	3,288,691	4,559,721	7,707,545
Venezuela expenses	1,714,543	3,600,648	5,030,541
Equipment holding costs	1,567,181	401,336	15,000
Write-down of machinery and equipment (Note 9)	2,518,796		
Loss (gain) on sale of equipment	(419,413)	3,423,544	1,346,423
Corporate communications	525,658	753,737	1,043,227
Legal and accounting	446,611	1,320,855	1,035,065
Arbitration (Note 3)	6,289,647	673,592	
Takeover defense (Note 18)		1,330,366	5,271,360
Foreign currency (gain) loss	21,907	(5,429)	61,212
	15,953,621	16,058,370	21,510,373
Loss before interest expense, income tax and extraordinary item	(14,995,253)	(12,892,634)	(18,989,071)
Interest expense	(8,911,448)	(1,688,403)	
Loss before income tax and extraordinary item	(23,906,701)	(14,581,037)	(18,989,071)
Income tax benefit (expense) (Note 13)	359,767	(142,319)	(737,050)
Loss before extraordinary item	(23,546,934)	(14,723,356)	(19,726,121)

Extraordinary loss on expropriation of assets (Note 3)		(150,726,472)	
Net loss for the year	$ (23,546,934)	$ (165,449,828)	$(19,726,121)
Basic and diluted net loss per share:			
Loss before extraordinary item	(0.41)	(0.26)	(0.35)
Extraordinary loss on expropriation of assets		(2.63)	
Basic and diluted net loss per share	$ (0.41)	$ (2.89)	$ (0.35)
Weighted average common shares outstanding	57,754,492	57,309,238	55,988,372

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

GOLD RESERVE INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the Years Ended December 31, 2010 and 2009

(Expressed in U.S. dollars)

	2010	2009
Net loss for the year	$(23,546,934)	$(165,449,828)
Other comprehensive income (loss), net of tax:		
Unrealized gain on marketable securities	1,376,994	1,667,983
Adjustment for realized gains included in net loss	(241,621)	(2,274,848)
Other comprehensive income (loss)	1,135,373	(606,865)
Comprehensive loss for the year	$(22,411,561)	$(166,056,693)

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

GOLD RESERVE INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2010, 2009, and 2008

(Expressed in U.S. dollars)

	Common Shares and Equity Units Issued			Equity Component of Convertible Notes	Common Shares and Equity Units Held by Affiliates	Stock Options	Accumulated Deficit	Accumulated Other Comprehensive income
	Common Shares	Equity Units	Amount					
Balance, December 31, 2007	55,060,934	1,085,099	244,295,503	28,784,710	(636,267)	7,662,237	(80,454,420)	1,779,737

Equity units exchanged for								
common shares	584,863	(584,863)						
Net loss							(19,726,121)	
Other comprehensive loss								(1,450,097)
Stock option compensation						1,958,470		
Conversions and repurchase of								
convertible notes				(10,489)				
Fair value of options exercised			191,905			(191,905)		
Common shares issued for:								
Cash	162,133		309,205					
Services	1,311,125		2,704,659					
Balance, December 31, 2008	57,119,055	500,236	247,501,272	28,774,221	(636,267)	9,428,802	(100,180,541)	329,640
Net loss							(165,449,828)	
Other comprehensive loss								(606,865)
Stock option compensation						590,180		
Conversions and repurchase of								
convertible notes				(121,436)				
Fair value of options exercised			4,846			(4,846)		
Common shares issued for:								
Cash	24,442		7,088					
Services	551,500		392,025					
Balance, December 31, 2009	57,694,997	500,236	247,905,231	28,652,785	(636,267)	10,014,136	(265,630,369)	(277,225)
Net loss							(23,546,934)	
Other comprehensive income								1,135,373
Stock option compensation						99,532		
Fair value of options exercised			29,851			(29,851)		
Common shares issued for:								
Cash	150,554		43,661					
Services	924,300		1,503,566					
Decrease in shares held								
by affiliates			(201,820)		636,267			
Balance, December 31, 2010	58,769,851	500,236	$249,280,489	$ 28,652,785	$ -	$ 10,083,817	$ (289,177,303)	$ 858,148

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

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GOLD RESERVE INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010, 2009 and 2008
(Expressed in U.S. dollars)

	2010	2009	2008
Cash Flow from Operating Activities:			
Net loss for the year	$ (23,546,934)	$ (165,449,828)	$(19,726,121)
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock option compensation	99,532	590,180	1,958,470
Depreciation	132,653	213,902	224,071
Gain on extinguishment of debt		(601,936)	(76,530)
Loss (gain) on sale of equipment	(419,413)	3,423,544	1,346,423
Gain on sale of subsidiaries	(474,577)		
Loss on expropriation of assets		150,726,472	
Write-down of machinery and equipment	2,518,796		
Amortization of premium on marketable debt securities	175,020	109,715	
Accretion of convertible notes	3,282,253	554,581	
Foreign currency loss		50,522	6,796
Other		(27,124)	(8,712)
Net (gain) loss on disposition of marketable securities	(241,621)	(2,274,848)	243,053
Future income tax expense (benefit) (Note 13)	(359,767)	169,815	747,019
Shares issued for compensation	1,503,566	392,025	2,704,659
Changes in non-cash working capital:			
Decrease (increase) in deposits, advances and accrued interest	(941,339)	507,737	(442,931)
Decrease in accounts payable and accrued expenses	(2,156,853)	(3,515,102)	(834,419)
Net cash used in operating activities	(20,428,684)	(15,130,345)	(13,858,222)
Cash Flow from Investing Activities:			
Purchase of marketable securities	(1,028,144)	(12,095,811)	(3,262,239)
Purchase of property, plant and equipment	(9,496,692)	(17,771,441)	(38,699,588)
Proceeds from the sale of marketable securities	11,158,787	4,053,179	4,466,821
Proceeds from the sale of equipment	8,914,615	7,297,598	19,184,740
Decrease (increase) in restricted cash	9,489,777	8,019,895	34,570,931
Capitalized interest paid on convertible notes		(4,507,319)	(5,688,430)
Deconsolidation of subsidiaries	(1,429,655)		
Other		(44,944)	(117,760)
Net cash provided by (used in) investing activities	17,608,688	(15,048,843)	10,454,475
Cash Flow from Financing Activities:			

Net proceeds from issuance of common shares	43,661	7,088	309,205
Extinguishment of convertible notes		(415,254)	(35,867)
Net cash provided by (used in) financing activities	43,661	(408,166)	273,338
Change in Cash and Cash Equivalents:			
Net increase decrease in cash and cash equivalents	(2,776,335)	(30,587,354)	(3,130,409)
Cash and cash equivalents - beginning of year	60,962,813	91,550,167	94,680,576
Cash and cash equivalents - end of year	$ 58,186,478	$ 60,962,813	$ 91,550,167

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

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1. The Company and Significant Accounting Policies:

The Company. Gold Reserve Inc. (the Company) is engaged in the business of acquiring, exploring and developing mining projects. The Company is an exploration stage company incorporated in 1998 under the laws of the Yukon Territory, Canada and is the successor issuer to Gold Reserve Corporation which was incorporated in 1956.

In February 1999, the shareholders of Gold Reserve Corporation approved a plan of reorganization whereby Gold Reserve Corporation became a subsidiary of Gold Reserve Inc., the successor issuer (the Reorganization). Generally, each shareholder of Gold Reserve Corporation received one Gold Reserve Inc. Class A common share for each common share owned of Gold Reserve Corporation.

Certain U.S. holders of Gold Reserve Corporation elected, for tax reasons, to receive equity units in lieu of Gold Reserve Inc. Class A common shares. An equity unit is comprised of one Gold Reserve Inc. Class B common share and one Gold Reserve Corporation Class B common share. Each equity unit is substantially equivalent to a Class A common share and is immediately convertible into a Gold Reserve Inc. Class A common share, upon compliance with certain procedures. Equity units are not listed for trading on any stock exchange, but, subject to compliance with applicable federal, provincial and state securities laws, may be transferred. Unless otherwise noted, general references to common shares of the Company include Class A common shares and Class B common shares as a combined group.

From 1992 to 2008 the Company focused substantially all of its management and financial resources on the development of the Brisas gold and copper project located in the Kilometre 88 mining district of the State of Bolivar in south-eastern Venezuela (which we refer to as the Brisas Project or Brisas). As further detailed in Note 3, we discontinued development of the Brisas Project after it was seized by the Bolivarian Republic of Venezuela (Venezuela). While we are resolving our investment dispute, either through arbitration or settlement, with Venezuela we are also seeking to invest in or acquire alternative mining projects. The Company has no revenue producing mining operations at this time. All amounts shown herein are expressed in U.S. dollars unless otherwise noted. The expense categories shown in the consolidated statements of operations have been revised on a comparative basis to better present the current operations of the Company. The revisions had no effect on previously reported results of operations.

Principles of Consolidation. The consolidated financial statements contained herein have been prepared in accordance with accounting principles generally accepted in Canada, which as described in Note 19, differ in certain material respects from accounting principles generally accepted in the U.S.

These consolidated financial statements include the accounts of the Company, Gold Reserve Corporation, four Venezuelan subsidiaries, two Barbadian subsidiaries and one Aruban subsidiary which were formed to hold the Company s interest in its foreign subsidiaries or for future transactions. All subsidiaries are wholly owned. All intercompany accounts and transactions have been eliminated on consolidation. The Company s policy is to consolidate those subsidiaries where control exists. In years ended 2009 and 2008, the consolidated financial statements also included the accounts of two domestic subsidiaries, Great Basin Energies, Inc. (Great Basin) and MGC Ventures Inc. (MGC Ventures). Great Basin and MGC Ventures were 45% and 44% owned, respectively until the Company in December 2010, disposed of its equity interest in the subsidiaries. See Note 12. to the consolidated financial statements.

Cash and Cash Equivalents. The Company considers 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. Cash and cash equivalents are designated as held-for-trading and recorded at fair value. The Company manages the exposure of its cash and cash equivalents to credit risk by diversifying its holdings into major Canadian and U.S. financial institutions and corporations.

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Exploration and Development Costs. Exploration costs incurred in locating areas of potential mineralization are expensed as incurred. Exploration costs of properties or working interests with specific areas of potential mineralization are capitalized at cost pending the determination of a property s economic viability. Development costs of proven mining properties not yet producing are capitalized at cost and classified as capitalized exploration costs under property, plant and equipment. Costs related to staffing and maintenance of offices and facilities in Venezuela are charged to operations. 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. Property, plant and equipment are recorded at cost less accumulated depreciation. Replacements 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. Depreciation is provided using straight-line and accelerated methods over the lesser of the useful life or lease term of the related asset. Interest and financing costs incurred during the construction and development of qualifying assets are capitalized on an interest avoidance basis. The amount capitalized during an accounting period is determined by applying an interest rate to the average amount of accumulated qualifying assets during the period. Adjustments increasing the carrying value of convertible notes upon remeasurement due to a change in estimated life are considered interest costs and are therefore eligible for capitalization. The Company s qualifying assets include its costs of developing mining properties and constructing new facilities.

Assets Held for Sale. Long-Lived assets are classified as held for sale in the period in which certain criteria are met. Assets held for sale are measured at the lower of carrying amount or fair value less cost to sell and are not depreciated as long as they remain classified as held for sale.

Impairment of Long Lived Assets. The Company reviews 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 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 and the asset is written down to fair value. Fair value is generally determined by discounting estimated cash flows, using quoted market prices where available or making estimates based on the best information available.

Foreign Currency. The U.S. dollar is the Company s functional currency. The Company s foreign subsidiaries are integrated foreign operations and accordingly foreign currency amounts are translated into U.S. dollars using the temporal method. Non-monetary assets and liabilities are translated at historical rates, monetary assets and liabilities are translated at current 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 operating expenses.

Stock Based Compensation The Company uses 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 11 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, if earlier, 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. Fair value of restricted stock issued as compensation is based on the grant date market value and expensed over the vesting period. The Company also maintains the Gold Reserve Director and Employee Retention Plan. Units granted under the plan become fully vested and payable upon a change of control. Each Unit granted to a participant entitles such person to receive a cash payment equal to the fair market value of one Gold Reserve Class A Common Share (1) on the date the Unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater.

Income Taxes. The Company uses the liability method of accounting for income taxes. Future 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 future tax assets or liabilities are calculated using the substantively enacted tax rates expected to apply in the periods in which the differences are expected to be settled. Future 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.

Measurement Uncertainty. Any 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 we may operate.

In 2009, as a result of the loss of control and physical access to the Brisas project, we recorded a $150.7 million non-cash expense adjustment related to the carrying value of the Brisas Project related assets including an adjustment of approximately $14.5 million for the estimated net realizable value of certain processing and related equipment. See Notes 3, 9 and 15. The Company operates and files tax returns in a number of jurisdictions. The preparation of such tax filings requires considerable judgment and the use of assumptions. Accordingly, the amounts reported could vary in the future.

Net Loss Per Share. Net loss per share is computed by dividing net loss by the combined weighted average number of Class A and B common shares 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 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 expected life of the notes estimated to be June 15, 2012, with the resulting charge recorded as interest expense. Interest expense allocable to the qualifying cost of developing mining properties and to constructing new facilities is capitalized until assets are ready for their intended use.

Comprehensive Income. Comprehensive income includes net income or loss and other comprehensive income. Other comprehensive income may include unrealized gains and losses on available-for-sale securities, gains and losses on certain derivative instruments and foreign currency gains and losses from self sustaining foreign operations. The Company presents comprehensive income and its components in the consolidated statements of comprehensive loss.

Financial Instruments. The Company s financial instruments consist of cash and cash equivalents, marketable securities, accounts payable, accrued expenses and convertible notes. Cash and cash equivalents are classified as held for trading and any changes in fair value are charged to the statement of operations. Marketable equity securities are classified as available for sale with any unrealized gain or loss recorded in other comprehensive income. Marketable debt securities are classified as held-to-maturity and are measured at amortized cost using the effective interest rate method. Other financial liabilities are accounted for at cost or amortized cost.

2. New Accounting Policies:

US GAAP. The Company currently prepares its financial statements in accordance with Canadian GAAP and includes a footnote reconciliation to US GAAP. Effective January 1, 2011, the Company will adopt US GAAP and will prepare its financial statements in accordance with US GAAP for all subsequent US and Canadian filings.

3. Expropriation of Brisas Project by Venezuela and Related Arbitration:

From 1992 to 2008 we focused substantially all of our management and financial resources on the development of the Brisas gold and copper project located in the Kilometre 88 mining district of the State of Bolivar in southeastern Venezuela. After approval of the Brisas operating plan by the Ministry of Mines and the Environmental and Social Impact Study by the Ministry of Environment in 2003 and early 2007, respectively, the Ministry of Environment issued in March 2007, the Authorization to Affect which authorized the commencement of construction activities on the Brisas Project. In April 2008, the Ministry of Environment revoked the Authorization to Affect without prior notification.

After months of continuous efforts to meet with representatives of Venezuela to resolve the issues related to the revocation of the Authorization to Affect, on April 21, 2009 the Company notified Venezuela of the existence of a dispute under the Canada Venezuela Treaty.

After several additional months of efforts to meet with representatives of Venezuela to resolve the issues related to the revocation of the Authorization to Affect, on October 21, 2009 we filed a Request for Arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes (ICSID), against Venezuela (Respondent). On October 26, 2009, Venezuelan government personnel arrived at the Brisas Project camp site, claimed ownership of the Brisas Alluvial Concession, seized assets, expelled our personnel and took physical possession of the property. Subsequently, on November 4, 2009, Venezuela notified the Company through the issuance of an Administrative Act, dated October 20, 2009, of its intent to cancel the Company s underlying hard rock concession which was formally cancelled in June 2010. In November 2009 our Request for Arbitration was registered by ICSID (Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1)).

As a result of the seizure of the Brisas Project by Venezuela we no longer have control or physical access to the project which has caused the Company to discontinue the development of its Venezuelan properties, including Brisas and Choco 5 (which was a grass-roots exploration property also located in the State of Bolivar) and discontinue reporting mineral reserves for Brisas. In 2009 we recorded a $150.7 million non-cash expense adjustment related to the carrying value of the Brisas Project related assets including an adjustment of approximately $14.5 million for the estimated net realizable value of certain processing and related equipment.

The Company is seeking compensation of $1.98 billion in the arbitration for all of the loss and damage resulting from Venezuela s wrongful conduct which includes the full market value of the legal rights to develop the Brisas Project. The Tribunal held the first session with the parties on April 23, 2010 during which time several procedural matters were agreed to, including the time schedule for the Arbitration. In compliance with that schedule, we filed our initial written submission, known as the Memorial, on September 24, 2010. The Respondent is required to file its reply to the Company s Memorial by April 14, 2011. Thereafter, further written submissions are scheduled to be made prior to the oral hearings, which are scheduled to commence on February 6, 2012.

4. Cash and Cash Equivalents:

	2010	2009
Bank deposits	$ 52,307,918	$ 53,900,646
Money market funds	5,878,560	7,062,167
Total	$ 58,186,478	$ 60,962,813

The above amounts exclude restricted cash of approximately $9.5 million in 2009. See Note 15. At December 31, 2010 and 2009, the Company had approximately $39,000 and $59,000, respectively, in Venezuela and banks outside Canada and the U.S.

5. Marketable Debt Securities:

	2010	2009
Amortized cost	$	$10,175,020

All of the Company s marketable debt securities matured in December, 2010. These securities were classified as held-to-maturity and measured at amortized cost using the effective interest rate method.

6. Marketable Equity Securities:

	2010	2009
Fair value at beginning of year	$ 598,825	$ 1,342,760

Acquisitions	778,144	2,135,293
Dispositions, at cost	(667,166)	(2,102,548)
Realized gain on sale	(241,621)	(2,274,848)
Unrealized gain	1,795,741	1,498,168
Fair value at end of year	$ 2,263,923	$ 598,825

The Company s marketable equity securities are classified as available-for-sale and are recorded at quoted market value with gains and losses recorded within other comprehensive income until realized. As of December 31, 2010 and 2009 marketable equity securities had a cost basis of $1,046,009 and $876,049, respectively.

7. Financial Instruments:

The fair values as at December 31, 2010 and 2009 along with the carrying amounts shown on the consolidated balance sheets for each classification of financial instrument are as follows:

		December 31, 2010		December 31, 2009	
		Carrying	Fair	Carrying	Fair
	Classification	Amount	Value	Amount	Value
Cash and cash equivalents	held for trading	$ 58,186,478	$ 58,186,478	$ 60,962,813	$ 60,962,813
Restricted cash	held for trading			9,489,777	9,489,777
Marketable debt securities	held to maturity			10,175,020	10,208,950
Marketable equity securities	available for sale	2,263,923	2,263,923	598,825	598,825
A/P and accruals	other financial liabilities	1,633,150	1,633,150	3,790,003	3,790,003
Accrued interest	other financial liabilities	234,550	234,550	234,550	234,550
Convertible notes	other financial liabilities	96,975,421	69,477,790	93,693,168	69,085,575

Fair value estimates for marketable securities are made at the balance sheet date by reference to recent market transactions. The convertible notes are not listed on an exchange but are traded on a limited basis in a grey market. Fair value estimates for convertible notes are based on an assessment of available market information.

CICA 3862 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 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.

	Fair value			
	December 31, 2010	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 58,186,478	$ 58,186,478		
Marketable equity securities	2,263,923	2,263,923		

	Fair value December 31, 2009	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 60,962,813	$ 60,962,813		
Marketable equity securities	598,825	598,825		
Restricted cash	9,489,777	9,489,777		

The Company is exposed to various risks including credit risk, liquidity risk, currency risk and interest rate risk as described below:

a) Credit risk is the risk that a counter party will fail to meet its obligations to the Company. The Company s primary exposure to credit risk is through its cash and cash equivalents, restricted cash and marketable debt securities balances. The Company diversifies its cash holdings into major Canadian and U.S. financial institutions and corporations.

b) Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company has historically managed this risk by maintaining adequate cash balances through equity and debt offerings to meet its obligations. With respect to the convertible notes, the holders have the option to require the Company to repurchase the notes on June 15, 2012, for the principal amount of the notes plus unpaid interest and the Company may satisfy this obligation, in whole or in part, by delivering Common Shares. The following table presents the Company s payments due on accounts payable and accrued expenses and its undiscounted interest and principal payments due on its convertible notes, based on the estimate that the term of the notes will end on June 15, 2012. If the notes were to reach their contractual maturity date of June 15, 2022, additional interest payments would amount to $56.3 million over the additional ten year term of the notes.

	Payments due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
A/P and accruals	$ 1,633,150	$ 1,633,150			
Interest	8,443,793	5,629,195	$ 2,814,598		
Principal	102,349,000		102,349,000		
Total	$ 112,425,943	$ 7,262,345	$ 105,163,598		

c) The Company is subject to currency risk mainly due to its operations in Venezuela. Transactions denominated in foreign currency are exposed to exchange rate fluctuations which have an impact on the statement of operations.

The Company s cash and other monetary assets and liabilities that are held in Venezuelan and Canadian currency are subject to fluctuations against the US dollar. A 10% weakening of those currencies against the US dollar would have increased (decreased) the Company s net loss from the translation of foreign currency denominated financial instruments, as at December 31, 2010 and 2009, by the amounts shown below.

	2010	2009
Venezuelan Bolívar	$ (38,365)	$ 60,766
Canadian Dollar	(11,363)	(10,894)
Total	$ (49,728)	$ 49,872

The Company limits the amount of currency held in non-U.S dollar accounts, but does not actively use derivative instruments to limit its exposure to fluctuations in foreign currency rates.

d) The Company is subject to the risk that changes in market interest rates will cause fluctuations in the fair values of its financial instruments. Cash and cash equivalents earn floating market rates of interest. Other current financial assets and liabilities are generally not exposed to this risk because of their immediate or short-term maturity. The interest rate on the Company s convertible notes is fixed and therefore the interest payments are not subject to changes in market rates of interest.

8. Capital Management:

The capital structure of the Company consists of common shares and equity units, convertible notes, stock options, accumulated deficit, accumulated other comprehensive income and KSOP debt. The Company s objectives when managing its capital are to:

a) maintain sufficient liquidity in order to meet financial obligations including the costs of acquiring and developing mining projects and servicing debt;

b) safeguard the Company s assets and its ability to continue as a going concern and

c) maintain a capital structure that provides the flexibility to access additional sources of capital with minimal dilution to existing shareholders.

The Company manages its capital consistent with the objectives stated above and makes adjustments to its capital structure based on economic conditions and the risk characteristics of the underlying assets. The Company is in compliance with the covenants of its convertible notes. There were no changes to the Company s capital management during 2010.

9. Property, Plant and Equipment:

	Cost	Accumulated Depreciation	Net
2010			
United States			
Machinery and equipment	$ 28,071,469	$	$ 28,071,469
Furniture and office equipment	506,339	(435,224)	71,115
Leasehold improvements	41,190	(38,874)	2,316
	$ 28,618,998	$ (474,098)	$ 28,144,900
Venezuela			
Buildings	403,286	(285,696)	117,590
Furniture and office equipment	480,751	(462,208)	18,543
Transportation equipment	214,112	(201,196)	12,916
Machinery and equipment	497,808	(288,427)	209,381
	1,595,957	(1,237,527)	358,430
Total	$ 30,214,955	$ (1,711,625)	$ 28,503,330

	Cost	Accumulated Depreciation	Net
2009			
United States			
Machinery and equipment deposits	$ 37,491,372	$	$ 37,491,372
Furniture and office equipment	506,007	(399,737)	106,270
Leasehold improvements	41,190	(37,022)	4,168
	$ 38,038,569	$ (436,759)	$ 37,601,810

Venezuela			
Buildings	403,286	(254,200)	149,086
Furniture and office equipment	482,562	(439,028)	43,534
Transportation equipment	480,198	(361,907)	118,291
Machinery and equipment	497,808	(288,427)	209,381
	1,863,854	(1,343,562)	520,292
Total	$ 39,902,423	$ (1,780,321)	$ 38,122,102

Machinery and equipment includes amounts paid for infrastructure and milling equipment previously intended for use on the Brisas project. In 2010 we recorded a $2.5 million write-down of some of this equipment to estimated net realizable value. In 2009 we recorded a $150.7 million non-cash expense adjustment related to the carrying value of the Brisas Project related assets including an adjustment of approximately $14.5 million for the estimated net realizable value of certain processing and related equipment.

At December 31, 2010 certain equipment with a carrying value of approximately $8.0 was reclassified to assets held for sale. During the first quarter of 2011, this equipment was sold for $8.3 million and the Company recorded a gain on sale of $0.3 million.

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10. KSOP Plan:

The KSOP Plan, adopted in 1990 for the benefit of employees, is comprised of two parts, (1) a salary reduction component, or 401(k), and (2) an employee share ownership component, or ESOP. Unallocated shares are recorded as a reduction to shareholders equity. Allocation of common shares or cash contributions to participants accounts, subject to certain limitations, is at the discretion of the Company s board of directors. The fair market value of the shares when allocated is recorded in the statement of operations with a reduction of the KSOP debt account. The Company made cash contributions to eligible participants for the Plan years 2010, 2009, and 2008 of $175,174, $57,292, and $269,679, respectively. As of December 31, 2010, 22,246 common shares remain unallocated to plan participants.

11. Stock Based Compensation Plans:

Equity Incentive Plans

The Company has two equity incentive plans; the 1997 Equity Incentive Plan (last amended in March 2006 and last re-approved by the shareholders in June 2009, the 1997 Plan) and the 2008 Venezuelan Equity Incentive Plan (approved by the shareholders in June 2008, the Venezuelan Plan). Both plans permit the grants of stock options, stock appreciation rights and restricted stock, or any combination thereof, and each shall be 10% of the Company s outstanding shares, from time to time. The grants will be for terms up to ten years with vesting periods ranging from immediate to up to 3 years Subsequent to shareholder approval in June 2008, 1,056,947 options previously granted to Venezuelan employees and consultants under the 1997 Plan were transferred to the Venezuelan Plan. The 1997 Plan remains available for insiders, employees and consultants of the Company.

Combined share option transactions for the years ended December 31, 2010, 2009 and 2008 are as follows:

	2010		2009		2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price

Options outstanding at beginning of year	4,573,318	$ 2.67	5,007,931	$ 3.18	4,445,139	$ 4.14
Options exercised	(150,554)	0.29	(24,442)	0.29	(162,133)	1.91
Options expired	(1,142,745)	3.75	(875,004)	4.28	(494,427)	4.37
Options forfeited	(101,917)	2.83	(82,667)	4.44	(84,000)	4.72
Options granted			547,500	0.73	1,303,352	0.29
Options outstanding at end of year	3,178,102	2.39	4,573,318	$ 2.67	5,007,931	$ 3.18
Options exercisable at end of year	3,178,102	2.39	3,591,362	$ 3.25	3,792,324	$3.70
Options available for grant at end of year under 1997 plan	3,058,076		2,045,790		1,793,750	
Options available for grant at end of year under Venezuelan plan	5,617,840		5,019,938		4,722,177	

	2010	2009	2008
	Price Range	Price Range	Price Range
Exercise price at end of year	$ 0.29 - $ 5.36	$ 0.29 - $ 5.36	$ 0.29 - $ 5.36
Exercise price of exercisable options	$ 0.29 - $ 5.36	$ 0.29 - $ 5.36	$ 0.29 - $ 5.36

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The following table relates to stock options at December 31, 2010

Price Range	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price of Exercisable Options
$0.29 - $0.29	1,121,689	2.93	$0.29	1,121,689	$0.29
$0.73 - $0.73	535,000	3.21	$0.73	535,000	$0.73
$3.95 - $4.19	686,000	0.76	$4.12	686,000	$4.12
$4.30 - $4.62	298,500	0.92	$4.57	298,500	$4.57
$4.83 - $4.83	257,913	0.40	$4.83	257,913	$4.83
$5.07 - $5.36	279,000	1.91	$5.19	279,000	$5.19
$0.29 - $5.36	3,178,102	1.94	$2.39	3,178,102	$2.39

The Company recorded compensation expense during 2010, 2009, and 2008 of $99,532, $590,180, and $1,958,470, respectively, for stock options granted. The fair value of the options granted was calculated using the Black-Scholes model based on the following assumptions:

	2010	2009	2008
Weighted average risk free interest rate		1.46%	1.55%
Expected life		4.6 years	4.5 years
Expected volatility		120%	92%
Dividend yield		nil	nil

Retention Units Plan

In addition to the equity incentive plans, the Company also maintains the Gold Reserve Director and Employee Retention Plan. Units granted under the plan become fully vested and payable upon achievement of certain milestones related to the Brisas project or in the event of a change of control. The Company s Board of Directors is currently evaluating modifying the vesting provisions of the units to more adequately reflect the current business objectives of the Company including successful arbitration, settlement of our dispute with Venezuela, reacquiring an interest in the Brisas Project and successful acquisition of a new business opportunity meeting specific parameters. Each Unit granted to a participant entitles such person to receive a cash payment equal to the fair market value of one Gold Reserve Class A Common Share (1) on the date the Unit was granted or (2) on the date any such participant becomes entitled to payment, whichever is greater. As of December 31, 2010 an aggregate of 1,607,500 unvested Units have been granted to directors and executive officers of the Company and 315,000 Units have been granted to other employees. The Company currently does not accrue a liability for these units as events required for vesting of the units have not yet occurred. The value of these units, based on the grant date value of the Class A shares, was approximately $8.4 million.

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12. Related Party Transactions:

MGC Ventures. The Chief Executive Officer, President, Vice President-Finance and Vice President-Administration of the Company are also officers and/or directors and shareholders of MGC Ventures. On December 15, 2010, the non-affiliated shareholders of MGC Ventures approved the redemption of all of the shares of MGC Ventures common stock held by Gold Reserve. Gold Reserve received $0.9 million and recorded a gain on sale of subsidiary of $0.2 million. Prior to the redemption, Gold Reserve owned 12,062,953 common shares of MGC Ventures which represented 44% of its outstanding shares. MGC Ventures owned 258,083 common shares of the Company at December 31, 2010 and 2009. During the last three years, the Company sublet a portion of its office space to MGC Ventures for $6,000 per year.

Great Basin. The Chief Executive Officer, President, Vice President-Finance and Vice President-Administration of the Company are also officers and/or directors and shareholders of Great Basin. On December 15, 2010, the non-affiliated shareholders of Great Basin approved the redemption of all of the shares of Great Basin common stock held by Gold Reserve. Gold Reserve received $1.2 million and recorded a gain on sale of subsidiary of $0.3 million. Prior to the redemption, Gold Reserve owned 15,661,595 common shares of Great Basin which represented 45% of its outstanding shares. Great Basin owned 491,192 common shares of the Company at December 31, 2010 and 2009. During the last three years, the Company sublet a portion of its office space to Great Basin for $6,000 per year.

13. Income Tax:

	2010	2009	2008
Current income tax expense (benefit)	$	$ (27,496)	$ (9,969)
Future income tax expense (benefit)	(359,767)	169,815	747,019
	$ (359,767)	$ 142,319	$ 737,050

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:

	2010	2009	2008
Income tax benefit based on Canadian tax rates	$ (6,693,876)	$ (48,765,715)	$ (5,601,776)
Increase (decrease) due to:			
Different tax rates on foreign subsidiaries	(218,882)	(5,333,076)	(544,744)
Non-deductible expenses	1,108,571	509,749	1,461,477
Change in valuation allowance and other	5,444,420	53,731,361	5,422,093
	$ (359,767)	$ 142,319	$ 737,050

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No current income tax has been recorded by the parent company for the three years ended December 31, 2010. Current income tax in 2009 and 2008 relates to two of the Company s former U.S. subsidiaries. Future income tax relates to unrealized gains and losses on available-for-sale securities.

The Company has 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 the Company s estimate of future taxable income changes. The components of the Canadian and U.S. future income tax assets and liabilities as of December 31, 2010 and 2009 were as follows:

	Future Tax Asset	
	2010	2009
Accounts payable and accrued expenses	$ 129,618	$ 153,649
Property, plant and equipment	(9,170)	(11,914)
Total temporary differences	120,448	141,735
Net operating loss carry forward	30,134,668	26,049,292
Alternative minimum tax credit	19,871	19,871
Total temporary differences, operating losses		
and tax credit carry forwards	30,274,987	26,210,898
Valuation allowance	(30,274,987)	(26,210,898)
Net deferred tax asset	$	$

At December 31, 2010, the Company had the following U.S. and Canadian tax loss carry forwards and tax credits:

	U.S.	Canadian	Expires
Regular tax net operating loss:	$ 645,622		2011
	1,424,144		2012
		1,725,246	2014
		2,150,316	2015
	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	2,610,981	2026
	6,033,603	4,845,641	2027
	4,360,823	18,469,375	2028
	1,769,963	17,503,563	2029
	2,159,079	21,639,404	2030
	$ 34,895,204	$ 68,944,526	
Alternative minimum tax net operating loss:	$ 618,845		2011
	1,399,529		2012
	$ 2,018,374		

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14. Segmented Financial Information:

The Company has one operating segment, which is the exploration and development of mineral properties.

Segmented financial information by geographic region is as follows:

	U.S./Canada	Venezuela	Consolidated
2010			
Other income	$ 958,368	$	$ 958,368
Depreciation	40,913	91,740	132,653
Net loss after tax	$ 21,921,652	$ 1,625,282	$ 23,546,934
Identifiable assets			
Property, plant and equipment, net	$ 28,144,900	$ 358,430	$ 28,503,330
General corporate assets	69,529,033	398,003	69,927,036
Total identifiable assets	$ 97,673,933	$ 756,433	$ 98,430,366
2009			
Other income	$ 3,165,736	$	$ 3,165,736
Depreciation	46,774	167,128	213,902
Extraordinary loss		150,726,472	150,726,472
Net loss after tax	$ 8,028,733	$ 157,421,095	$ 165,449,828

Identifiable assets			
Property, plant and equipment, net	$ 37,601,810	$ 520,292	$ 38,122,102
General corporate assets	81,428,089	364,829	81,792,918
Total identifiable assets	$ 119,029,899	$ 885,121	$ 119,915,020
2008			
Other income	$ 2,444,772	$	$ 2,444,772
Depreciation	50,053	174,018	224,071
Net loss after tax	$ 15,075,179	$ 4,650,942	$ 19,726,121
Identifiable assets			
Property, plant and equipment, net	$ 129,112	$ 175,003,366	$ 175,132,478
General corporate assets	110,951,216	1,530,820	112,482,036
Total identifiable assets	$ 111,080,328	$ 176,534,186	$ 287,614,514

Net loss and identifiable assets of each segment are those that are directly identified with those geographic locations.

15. Commitments:

In mid 2007, we commenced procurement efforts for the Brisas Project and placed orders totaling approximately $125 million for a gyratory crusher, pebble crushers, SAG and ball mills, mill motors, and other equipment for the Brisas Project. Since the revocation of the Authorization to Affect, the Company has sold certain equipment originally costing approximately $61.4 million. The Company recovered approximately $35.1 million of progress payments and the purchaser assumed the Company's remaining payment obligations of approximately $21.9 million resulting in a combined loss on sale of equipment of approximately $4.4 million. As of December 31, 2010, the Company had remaining equipment commitments of less than $0.1 million. The Company opened an irrevocable standby letter of credit with a Canadian chartered bank providing security on the performance of a portion of these obligations. As of December 31, 2010 and December 31, 2009, the Company had restricted cash of $0 and $9.5 million, respectively, as required by this letter of credit.

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16. Shareholder Rights Plan:

The Company instituted a shareholder rights plan (the Rights Plan) in 1999. Since the original approval by the shareholders, the Rights Plan and the Rights Plan agreement have been amended and continued from time to time. In June 2009, the shareholders approved certain amendments to the Rights Plan including continuing the Shareholder Rights Plan until June 30, 2012. The Rights Plan is intended to give adequate time for shareholders of the Company to properly assess the merits of a take-over bid without pressure and to allow competing bids to emerge. The Rights Plan is designed to give the Board of Director s time to consider alternatives to allow shareholders to receive full and fair value for their common shares. One right is issued in respect of each outstanding share. The rights become exercisable only when a person, including any party related to it or acting jointly with it, acquires or announces its intention to acquire 20% or more of the Company s outstanding shares without complying with the permitted bid provisions of the Rights Plan. Each right would, on exercise, entitle the holder, other than the acquiring person and related persons, to purchase Class A common shares of the Company at a 50% discount to the market price at the time.

17. Convertible Notes:

In May 2007, the Company issued $103,500,000 aggregate principal amount of its 5.50% Senior subordinated convertible notes. The notes are unsecured, bear interest at a rate of 5.50% annually, pay interest semi-annually in arrears and are due on June 15, 2022. The notes are convertible into Class A common shares of the Company at the initial conversion rate, subject to adjustment, of 132.626 shares per $1,000 principal amount (equivalent to a conversion price of $7.54). Upon conversion, the Company will have the option, unless there has occurred and is then continuing an event of default under the Company s indenture, to deliver common shares, cash or a combination of common shares and cash for the notes surrendered.

The note holders have the option to require the Company to repurchase the notes on June 15, 2012, at a price equal to 100% of the principal amount of the notes plus accrued but unpaid interest. The Company may elect to satisfy its obligation to pay the repurchase price, in whole or in part, by delivering Common Shares. In the event of a change of control of the Company, the Company may be required to offer to repurchase the notes at a purchase price equal to 100% of the principal amount of the notes plus accrued but unpaid interest unless there has occurred and is continuing certain events of default under the Company s indenture.

At any time on or after June 16, 2010, and until June 15, 2012, the Company may redeem the notes, in whole or in part, for cash at a redemption price equal to 100% of the principal amount being redeemed plus accrued and unpaid interest if the closing sale price of the Common Shares is equal to or greater than 150% of the conversion price then in effect and the closing price for the Company s Common Shares has remained above that price for at least twenty trading days in the period of thirty trading days preceding the Company s notice of redemption. Beginning on June 16, 2012, the Company may, at its option, redeem all or part of the notes for cash at a redemption price equal to 100% of the principal amount being redeemed plus accrued and unpaid interest.

The covenants contained in the 5.50% convertible note indenture are limited to administrative issues such as payments of interest, maintenance of office or agency location, delivery of reports and other related issues. Likewise, events of default are defined as failure to pay interest and principal amounts when due, default in the performance of covenants, failure to convert notes upon holder s exercise of conversion rights and similar provisions or the Company s failure to give notice of a fundamental change which is generally defined as events related to a change of control in the Company.

Canadian accounting standards require the Company to allocate the notes between their equity and debt 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 the prevailing market rate for a similar liability that does not have an associated equity component. The equity portion of the notes was estimated using the residual value method at approximately $29 million, net of issuance costs. The fair value of the debt component is accreted to the face value of the notes using the effective interest rate method over the expected life of the notes which is estimated to be June 15, 2012, with the resulting charge recorded as interest expense. The Company capitalized interest and accretion on the notes until October, 2009, when the Company filed for arbitration and when Venezuela seized the Brisas Project. Thereafter all interest and accretion on the notes has been expensed. As of December 31, 2010, convertible notes with a face value of $1,151,000 had been settled in cash or repurchased by the Company at a total cost of approximately $451,000.

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18. Takeover defense and Litigation:

On December 15, 2008, Rusoro Mining Ltd. (Rusoro) commenced an unsolicited offer to acquire all of the outstanding shares and equity units of the Company in consideration for three shares of Rusoro for each Company share or equity unit. On December 16, 2008, the Company filed an action in the Ontario Superior Court of Justice against Rusoro and Rusoro s financial advisor Endeavour Financial International Corporation (Endeavour) seeking an injunction restraining Rusoro and Endeavour from proceeding with Rusoro s unsolicited offer, significant monetary damages, and various other items. Endeavour was the Company s financial advisor from 2004 until shortly after the commencement of Rusoro s offer.

On February 10, 2009, the Ontario Superior Court of Justice granted an interlocutory injunction restraining Rusoro from proceeding with any hostile takeover bid to acquire the shares of the Company until the conclusion and disposition at trial of the action commenced by the Company. The injunction was granted by the Court following a motion by the Company on the basis that Rusoro had access to or benefited from the use of the Company s confidential information as a result of Rusoro s relationship with Endeavour. The Court also issued an interlocutory injunction restraining Endeavour from having any involvement with a hostile takeover bid for the Company. The Court further required that Rusoro, Endeavour and their agents return to the Company both all the confidential information of the Company and also anything produced from that confidential information and pay the court costs. Following the issuance of the interlocutory injunctions, Rusoro withdrew its unsolicited offer to acquire the outstanding shares and equity units of the Company.

On February 15, 2009, Rusoro and Endeavour both served a motion with the Ontario Superior Court of Justice seeking permission to appeal to the Divisional Court the February 10, 2009 order that was granted against them. The Company opposed these motions which were heard in Toronto on April 2, 2009 and on April 6, 2009 the permission to appeal was denied. Rusoro has filed a counterclaim against the Company for, among other things, damages of Cdn $102.5 million allegedly arising from the Company s successful motion for an interlocutory injunction.

Endeavour has filed a $0.5 million counter claim against the Company relating to the lost opportunity to earn a success fee from the successful completion of the Rusoro offer. During 2010, the Company developed its strategy for the execution of this action, added two additional defendants and amended the claim for monetary damages and collected all its relevant documents, including electronically stored information and is in the process of proceeding to depositions.

19. Differences Between Canadian and U.S. GAAP:

The Company prepares its consolidated financial statements in accordance with generally accepted accounting principles (GAAP) in Canada, which differ in certain respects from GAAP in the United States. The effect of the principal measurement differences between U.S. and Canadian GAAP are summarized below.

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Consolidated Summarized Balance Sheets

	Canadian GAAP	Change	U.S. GAAP
December 31, 2010			
Assets			
Current assets	$ 69,927,036	$	$ 69,927,036
Property, plant and equipment, net	28,503,330		28,503,330
	$ 98,430,366	$	$ 98,430,366
Liabilities			
Convertible notes C	$ 96,975,421	$ 3,778,983	$100,754,404
Other liabilities	1,867,700		1,867,700
	98,843,121	3,778,983	102,622,104
Shareholders equity			
Common shares & equity units B,E	249,280,489	(5,698,031)	243,582,458
Equity component of convertible notes C	28,652,785	(28,652,785)	
Contributed surplus E		5,171,603	5,171,603
Stock options B	10,083,817	4,434,753	14,518,570
Accumulated deficit A,B,D	(289,177,303)	20,605,710	(268,571,593)
Accumulated other comprehensive income A	858,148	359,767	1,217,915
KSOP debt	(110,691)		(110,691)
Total shareholders equity (deficit)	(412,755)	(3,778,983)	(4,191,738)
	$ 98,430,366	$	$ 98,430,366

	Canadian GAAP	Change	U.S. GAAP
December 31, 2009			
Assets			
Current assets	$ 72,303,141	$	$ 72,303,141
Property, plant and equipment, net	38,122,102		38,122,102

Other assets	9,489,777		9,489,777
	$119,915,020	$	$119,915,020
Liabilities			
Convertible notes C	$ 93,693,168	$ 6,048,554	$ 99,741,722
Other liabilities	4,024,553		4,024,553
	97,717,721	6,048,554	103,766,275
Noncontrolling interest F	2,279,699	(2,279,699)	
Shareholders equity			
Common shares & equity units B,E	247,905,231	(5,698,031)	242,207,200
Equity component of convertible notes C	28,652,785	(28,652,785)	
Less, common shares & equity units held by affiliates	(636,267)		(636,267)
Contributed surplus E		5,171,603	5,171,603
Stock options B	10,014,136	4,434,753	14,448,889
Accumulated deficit B,D	(265,630,369)	18,695,906	(246,934,463)
Accumulated other comprehensive income	(277,225)		(277,225)
KSOP debt	(110,691)		(110,691)
Total Gold Reserve Inc. equity	19,917,600	(6,048,554)	13,869,046
Noncontrolling interest F		2,279,699	2,279,699
Total Shareholders Equity	19,917,600	(3,768,855)	16,148,745
	$119,915,020	$	$119,915,020

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Consolidated Summarized Statements of Operations

	2010	2009	2008
Net Loss under Canadian GAAP	$ (23,546,934)	$ (165,449,828)	$ (19,726,121)
Interest expense D	2,269,571	405,054	(224,139)
Gain on settlement of debt C		(47,429)	28,838
Income tax A	(359,767)	169,815	747,019
Expropriation of assets		64,892,575	
Net loss under U.S. GAAP	(21,637,130)	(100,029,813)	(19,174,403)

Other comprehensive income (loss)

Unrealized gain (loss) on available-

for-sale securities: A			
Holding gain (loss) arising during period	1,736,761	1,498,168	(2,440,169)
Reclassification adjustment for (gain)			
loss included in net loss	(241,621)	(2,274,848)	243,053
Total comprehensive loss under			
U.S. GAAP	$ (20,141,990)	$ (100,806,493)	$ (21,371,519)
Basic and diluted net loss per share			
under U.S. GAAP	$ (0.37)	$ (1.75)	$ (0.34)

Consolidated Summarized Statements of Cash Flows

	2010	2009	2008
Cash flow used by operating activities			
under Canadian GAAP	$ (20,428,684)	$ (15,130,345)	$ (13,858,222)
Cash paid for interest D		35,483	(214,729)
Cash flow used in operating activities			
under U.S. GAAP	$ (20,428,684)	$ (15,094,862)	$ (14,072,951)
Cash flow (used) provided by investing			
activities under Canadian GAAP	$ 17,608,688	$ (15,048,843)	$ 10,454,475
Cash paid for interest D		(35,483)	214,729
Cash flow provided by (used in) investing			
activities under U.S. GAAP	$ 17,608,688	$ (15,084,326)	$ 10,669,204

A Effective September 30, 2008, the Company adopted EIC 172, which requires that the tax benefit of tax loss carryforwards recognized to offset unrealized gains in other comprehensive income, such as unrealized gains on available-for-sale securities, be recognized in net income (loss). EIC 172 was applied retrospectively with restatement of prior periods from January 1, 2007. Under US GAAP, the tax benefit is recorded in other comprehensive income.

B For U.S. GAAP purposes, the Company adopted SFAS 123R (codified within ASC 718), Accounting for Stock Based Compensation effective January 1, 2006. SFAS 123R requires the use of the fair value method of accounting for stock based compensation. This standard is substantially consistent with the revised provisions of CICA 3870, which was adopted by the Company for Canadian GAAP effective January 1, 2004. For U.S.GAAP, the Company applied the modified prospective method of adoption included in SFAS 123R which requires that the company expense the fair value of all unvested and new grants on a prospective basis beginning January 1, 2006. In 2005, for U.S. GAAP purposes, the Company accounted for stock-based employee compensation arrangements using the intrinsic value method prescribed in Accounting Principles Board (APB) Opinion No.25, Accounting for Stock Issued to Employees. Under Opinion No. 25, when the exercise price of certain stock options is amended, these options are accounted for as variable compensation from the date of the effective repricing. Under this method, following the repricing date, compensation expense is recognized when the quoted market value of the Company s common shares exceeds the amended exercise price. Should the quoted market value subsequently decrease, a recovery of a portion, or all of the previously recognized compensation expense will be recognized. The Company has not amended the exercise price of any stock options since 2001.

C In 2007, the company issued $103,500,000 aggregate principal amount of convertible notes. As described in Note 17, under Canadian GAAP these notes are allocated between their equity and debt component parts. The debt component is accreted to the face value of the notes with the resulting interest expense charged to operations. Under U.S. GAAP, the notes are classified as a liability net of issuance costs and accreted to face value over the term ending on the first put date of the notes. As of December 31, 2010 and 2009, an additional $24.9 million and $22.6 million, respectively of accretion expense had been incurred for Canadian GAAP purposes over the amount incurred under U.S. GAAP.

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D Prior to the seizure of the Brisas Project and related arbitration filing, the Company capitalized interest on its convertible notes on an interest avoidance basis. The amount capitalized during an accounting period is determined by applying an interest rate to the average amount of accumulated qualifying assets during the period. The Company s qualifying assets include its costs of developing mining properties and constructing new facilities. The amount capitalized under U.S. GAAP differed from the amount capitalized under Canadian GAAP due to the difference in the amount of qualifying mineral property costs which had been accumulated under the two sets of accounting principles. Subsequent to the loss of control of the Brisas Project, all capitalized interest was written off.

E In 2003 and 2004, the Company completed equity offerings consisting of common shares and common share purchase warrants. For Canadian GAAP purposes the proceeds from the offerings were recorded as common shares. For U.S. GAAP purposes a value was assigned to the warrants and recorded as a separate element of stockholders equity. Warrants that expired unexercised were subsequently recorded as contributed surplus.

F Under Canadian GAAP, the noncontrolling interest is shown on the balance sheet between liabilities and equity. Under US GAAP, the nononcontrolling interest is reclassified to equity and shown as a separate component from the equity of the parent.

Additional Balance Sheet disclosure - U.S. GAAP

	2010	2009
Accounts payable	$ 629,103	$ 2,531,523
Accrued expenses	1,004,047	1,258,480
Accounts payable and accrued expenses	$ 1,633,150	$ 3,790,003

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Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

Not Applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company s management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the Company s management, including the chief executive officer and chief financial officer, concluded that the Company s disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on 10-K to provide reasonable assurance that (1) information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to management on a timely basis, including the chief executive officer and chief financial officer and (2) such information required to be disclosed by the Company is recorded, processed, summarized and reported within the time period specified in the SEC rules and forms.

Report of Management on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Management assessed the effectiveness of internal control over financial reporting as of December 31, 2010 based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that assessment, management has concluded that the Company s internal control over financial reporting was effective as of December 31, 2010 to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes, in accordance with Canadian generally accepted accounting standards.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements, and can only provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. 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.

Changes in Internal Controls over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the period covered by this Form 10-K that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information requested by this item will be included in an amendment to this Form 10-K or incorporated by reference from the registrant s definitive proxy statement for its 2010 annual meeting of shareholders.

Item 11. Executive Compensation

The information requested by this item will be included in an amendment to this Form 10-K or incorporated by reference from the registrant s definitive proxy statement for its 2010 annual meeting of shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

The information requested by this item will be included in an amendment to this Form 10-K or incorporated by reference from the registrant s definitive proxy statement for its 2010 annual meeting of shareholders.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information requested by this item will be included in an amendment to this Form 10-K or incorporated by reference from the registrant s definitive proxy statement for its 2010 annual meeting of shareholders.

Item 14. Principal Accounting Fees and Services

The information requested by this item will be included in an amendment to this Form 10-K or incorporated by reference from the registrant s definitive proxy statement for its 2010 annual meeting of shareholders.

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Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report or incorporated by reference:

1. The consolidated financial statements of the Company listed on page 31 of this report.

2. All financial statement schedules called for by Form 10-K are omitted because they are inapplicable or the required information is shown in the consolidated financial statements, or Notes thereto.

3. The exhibits of the Company listed below under Item 15(b).

(b) Exhibits.

Exhibit Number	**Exhibit**
2.1	Agreement and Plan of Merger, dated as of October 5, 1998, by and among Gold Reserve Corporation (predecessor issuer), Gold Reserve Inc. (successor issuer) and GR Merger Corp filed as Annex I to the Proxy Statement/Joint Prospectus included as a part of the Company s Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein.
2.2	Exchange Agreement by and among Gold Reserve Corporation, the Company, TranSecurities International, Inc. and Holders of Unit Shares, dated November 17, 1998 filed as Exhibit 4.1 to the Proxy Statement/Joint Prospectus included as a part of the Company s Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein.
3.1	Restated Articles of Incorporation of the Company filed as Exhibit 3.1 to the Proxy Statement/Joint Prospectus included as a part of the Company s Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein.
3.2	Bylaws of the Company filed as Exhibit 3.2 to the Proxy Statement/Joint Prospectus included as a part of the Company s Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein.
4.1	Form of Certificate for the Company s Class A common shares filed as Exhibit 4.4 to the Proxy Statement/Joint Prospectus included as a part of the Company s Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein.
4.2	Form of Certificate for the Unit Share filed as Exhibit 4.5 to the Proxy Statement/Joint Prospectus included as a part of the Company s Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by reference herein.
4.3	Shareholder Rights Plan Agreement, as amended, of the Company (including form of Rights Certificate) filed as Exhibit 99.1, Appendix C of the Company s Form 6-K filed with the SEC on May 14, 2009 and incorporated by reference herein.
4.4	Form of Indenture between the Company and The Bank of New York, as Trustee, relating to the US$103,500,000 of 5.50% Senior Subordinated Convertible Notes due June 15, 2022 filed as Exhibit 7.1 to the Company s Registration Statement on Form F-10 (Registration No. 333-142944) filed with the SEC on May 14, 2007 and incorporated by reference herein.
10.1	Form of Change of Control Agreement entered into by and among Gold Reserve Inc., Gold Reserve Corporation and, individually, each of Rockne J. Timm and A. Douglas Belanger filed as Exhibit (e)(1) of the Company s Schedule 14D-9 filed with the SEC on December 30, 2008 and incorporated by reference herein.
10.2	Form of Change of Control Agreement entered into by and among Gold Reserve Inc., Gold Reserve Corporation and, individually, each of James P. Geyer, Robert A. McGuiness, Mary E. Smith, Douglas E. Stewart, Daniel M. Thompson and David P. Onzay filed as Exhibit (e)(2) of the Company s Schedule 14D-9 filed with the SEC on December 30, 2008 andincorporated by reference herein.
10.3	Gold Reserve Inc. Equity Incentive Plan filed as Exhibit 3.2 to the Company s Form 20-F (File No. 001-31819) filed with the SEC on April 3, 2006) and incorporated by reference herein.
10.4	Gold Reserve Inc. Venezuelan Equity Incentive Plan filed as Exhibit 4.1 to the Company s Registration Statement on FormS-8 (Registration No. 333-152883) filed with the SEC on April 3, 2006) and incorporated by reference herein.
10.5	Gold Reserve KSOP filed as Exhibit 4.1 to the Company s Registration Statement on Form S-8 filed with the SEC on August 29, 2007 and incorporated by reference herein.
10.6	Gold Reserve Inc. Director and Employee Retention Plan filed as Exhibit (e)(6) of the Company s Schedule 14D-9 filed with the SEC on December 30, 2008 and incorporated by reference herein.
10.7	Irrevocable Standby Letter of Credit issued in connection with equipment purchase commitment dated September 5, 2007 filed as Exhibit 10.7 to the Company s Form 10-K (File No. 001-31819) filed with the SEC on March 31, 2010 and incorporated by reference herein.
21.1	

Subsidiaries of Registrant filed as Exhibit 21 to the Proxy Statement/Joint Prospectus included as a part of the Company s Registration Statement on Form S-4 (Registration No. 333-68061) filed with the SEC on November 27, 1998 and incorporated by fererence herein.

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23.1	Consent of PricewaterhouseCoopers LLP *
31.1	Certificate of Gold Reserve Inc. Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certificate of Gold Reserve Inc. Vice President-Finance pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certificate of Gold Reserve Inc. Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certificate of Gold Reserve Inc. Vice President-Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
99.1	Executive Summary Brisas Project Feasibility Study, dated January 2005 filed on Form 6-K (File No. 001-31819) with the SEC on February 14, 2005 and incorporated by reference herein.
*	Filed herewith
	Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GOLD RESERVE INC.

By: /s/ Rockne J. Timm
Rockne J. Timm
Chief Executive Officer
March 22, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Rockne J. Timm Rockne J. Timm	Chief Executive Officer and Director	March 22, 2011
/s/ Robert A. McGuinness Robert A. McGuinness	Vice President of Finance, Chief Financial Officer, and its Principal Financial and Accounting Officer	March 22, 2011
/s/ A. Douglas Belanger A. Douglas Belanger	President and Director	March 22, 2011
/s/ James P. Geyer James P. Geyer	Director	March 22, 2011
/s/ James H. Coleman James H. Coleman	Non-Executive Chairman and Director	March 22, 2011

/s/ Patrick D. McChesney Patrick D. McChesney	Director	March 22, 2011
/s/ Chris D. Mikkelsen Chris D. Mikkelsen	Director	March 22, 2011
/s/ J.C. Potvin J.C. Potvin	Director	March 22, 2011

Exhibit 23.1

AUDITORS CONSENT

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-162587, 333-152883 and 333-145770) of Gold Reserve Inc. of our report dated March 22, 2011 relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K.

Signed PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia
March 22, 2011

EXHIBIT 31.1

Rule 13a-14(a) / 15d-14(a)

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Rockne J. Timm, Chief Executive Officer, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 registrant as of, and for, the periods presented in this report;

4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (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 registrant'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 registrant's internal control over financial reporting.

March 22, 2011

/s/ Rockne J. Timm
Rockne J. Timm
Chief Executive Officer

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EXHIBIT 31.2

Rule 13a-14(a) / 15d-14(a)

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert A. McGuinness, Chief Financial Officer, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 registrant as of, and for, the periods presented in this report;

4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (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 registrant'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 registrant's internal control over financial reporting.

March 22, 2011 /s/ Robert A. McGuinness

Robert A. McGuinness

Chief Financial Officer

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EXHIBIT 32.1

Certification of the Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Rockne J. Timm, Chief Executive Officer of Gold Reserve, Inc. (the "Company"), certifies in his capacity as an officer of the Company that he has reviewed the Annual Report of the Company on Form 10-K for the year ended December 31, 2010 (the Report) and that to the best of his knowledge:

1. the Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 22, 2011 /s/ Rockne J. Timm

Rockne J. Timm

Chief Executive Officer

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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EXHIBIT 32.2

Section 1350

Certification of the Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Robert A. McGuinness, Vice President-Finance and Chief Financial Officer of Gold Reserve, Inc. (the "Company"), certifies in his capacity as an officer of the Company that he has reviewed the Annual Report of the Company on Form 10-K for the year ended December 31, 2010 (the Report) and that to the best of his knowledge:

1. the Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 22, 2011

/s/ Robert A. McGuinness
Robert A. McGuinness
Chief Financial Officer

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.