GOLD RESERVE INC
Form 6-K
May 15, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934

For the month of May, 2009

Commission File Number: 001-31819

Gold Reserve Inc.

(Exact name of registrant as specified in its charter)

926 W. Sprague Avenue, Suite 200
Spokane, Washington 99201
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

Filed with this Form 6-K are the following, which are incorporated herein by reference:

99.1 **March 31, 2009 Interim Consolidated Financial Statements**

99.2 **March 31, 2009 Management s Discussion and Analysis**

99.3 **Chief Executive Officer s Certification of Interim Filings**

99.4 **Chief Financial Officer s Certification of Interim Filings**

Forward Looking Statements

Certain statements included herein constitute forward-looking statements that may state Gold Reserve s or its management s intentions, hopes, beliefs, expectations or predictions for the future. In this report, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies. We caution that such forward-looking statements involve known and unknown risks, uncertainties and other risks that may cause the actual financial results, performance, or achievements of Gold Reserve to be materially different from our estimated future results, performance, or achievements expressed or implied by those forward-looking statements.

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

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

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

(Signature page follows)

SIGNATURES

Pursuant to the requirements 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.

Dated: May 14, 2009

GOLD RESERVE INC.

(Registrant)

By:	s/Robert A. McGuinness
Name:	Robert A. McGuinness

Title: Vice President Finance & CFO

EXHIBIT 99.1

March 31, 2009 Interim Consolidated Financial Statements

GOLD RESERVE INC.

March 31, 2009

Interim Consolidated Financial Statements

U.S. Dollars
(unaudited)

CONSOLIDATED BALANCE SHEETS

March 31, 2009 ***(unaudited)***

U.S. Dollars	**March 31, 2009**	**December 31, 2008**
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 3)	$ 81,897,420	$ 91,550,167
Marketable securities (Note 6)	1,547,040	1,342,760
Deposits, advances and other	1,735,825	1,123,002
Total current assets	85,180,285	94,015,929
Property, plant and equipment, net (Note 7)	180,017,160	175,132,478
Restricted cash (Note 12)	17,509,672	17,509,672
Prepaid and other	909,152	956,435
Total assets	$ 283,616,269	$ 287,614,514
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$ 6,142,181	$ 8,134,708
Accrued interest	1,648,286	236,848
Total current liabilities	7,790,467	8,371,556
Convertible notes (Note 10)	91,530,818	91,829,699
Minority interest in consolidated subsidiaries	2,309,504	2,306,823

Total liabilities		101,630,789	102,508,078

Measurement uncertainty (Note 1)
Commitments (Note 12)

SHAREHOLDERS' EQUITY		
Serial preferred stock, without par value, none issued		
Common shares and equity units, without par value (Note 11)	247,893,297	247,501,272
Equity component of convertible notes (Note 10)	28,652,785	28,774,221
Less common shares held by affiliates	(636,267)	(636,267)
Stock options	9,613,638	9,428,802
Accumulated deficit	(103,891,747)	(100,180,541)
Accumulated other comprehensive income	464,465	329,640
KSOP debt	(110,691)	(110,691)
Total shareholders' equity	181,985,480	185,106,436
Total liabilities and shareholders' equity	$ 283,616,269	$ 287,614,514

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended March 31, 2009 and 2008 *(unaudited)*

U.S. Dollars	**2009**	**2008** (restated, Note 2)
OTHER INCOME		
Interest	$ 79,942	$ 1,196,606
Foreign currency gain (loss)	(21,950)	297,583
Gain on extinguishment of debt	601,936	
Loss on sale of marketable securities		(243,053)
	659,928	1,251,136
EXPENSES		
General and administrative	1,136,304	2,149,422

Technical services	892,890	1,229,815
Takeover defense and litigation (Note 13)	2,032,112	
Corporate communications	168,665	237,983
Legal and accounting	208,612	291,461
	4,438,583	3,908,681
Net loss before tax and minority interest	$ (3,778,655)	$ (2,657,545)
Minority interest	(2,681)	(10,071)
Net loss before tax	$ (3,781,336)	$ (2,667,616)
Income tax benefit (expense)	70,130	(191,161)
Net loss for the period	$ (3,711,206)	$ (2,858,777)
Net loss per share, basic and diluted	$ (0.07)	$ (0.05)
Weighted average common shares outstanding	56,959,277	55,483,506

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

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CONSOLIDATED STATEMENTS OF DEFICIT

For the Three Months Ended March 31, 2009 and 2008 *(unaudited)*

U.S. Dollars	
Deficit, December 31, 2008	$ (100,180,541)
Net loss for the period	(3,711,206)
Deficit, March 31, 2009	$ (103,891,747)
Deficit, December 31, 2007 (restated, Note 2)	$ (80,454,420)
Net loss for the period (restated, Note 2)	(2,858,777)
Deficit, March 31, 2008 (restated, Note 2)	$ (83,313,197)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the Three Months Ended March 31, 2009 and 2008 ***(unaudited)***

U.S. Dollars	**2009**	**2008** (restated, Note 2)
Net loss for the period	$ (3,711,206)	$ (2,858,777)
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on marketable securities	134,825	(607,827)
Adjustment for realized losses included in net loss		243,053
Other comprehensive income (loss)	134,825	(364,774)
Comprehensive loss for the period	$ (3,576,381)	$ (3,223,551)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2009 and 2008 ***(unaudited)***

U.S. Dollars	**2009**	**2008** (restated, Note 2)
Cash Flows from Operating Activities:		
Net loss for the period	$ (3,711,206)	$ (2,858,777)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock option compensation	184,836	630,855
Depreciation	54,093	58,307
Gain on extinguishment of debt	(601,936)	
Foreign currency (gain) loss	72,492	(396,272)
Minority interest in net income of consolidated subsidiaries	2,681	10,071

Net loss (gain) on sale of marketable securities		243,053
Future income tax expense (benefit)	(69,455)	187,914
Shares issued for compensation	392,025	233,983
Changes in non-cash working capital:		
Net increase in deposits and advances	(620,911)	(126,680)
Net decrease in accounts payable and accrued expenses	(2,004,097)	(5,661,640)
Net cash used in operating activities	(6,301,478)	(7,679,186)
Cash Flows from Investing Activities:		
Proceeds from the sale of marketable securities	500,000	1,716,821
Purchase of marketable securities	(500,000)	(512,239)
Purchase of property, plant and equipment	(2,904,650)	(5,998,197)
Decrease in restricted cash		1,167,318
Other	(31,365)	(19,244)
Net cash used in investing activities	(2,936,015)	(3,645,541)
Cash Flows from Financing Activities:		
Net proceeds from the issuance of common shares		309,205
Extinguishment of convertible notes	(415,254)	
Net cash (used in) provided by financing activities	(415,254)	309,205
Change in Cash and Cash Equivalents:		
Net decrease in cash and cash equivalents	(9,652,747)	(11,015,522)
Cash and cash equivalents - beginning of period	91,550,167	94,680,576
Cash and cash equivalents - end of period	$ 81,897,420	$ 83,665,054

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

Selected Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2009 and 2008 ***(unaudited)***

Expressed in U.S. Dollars

1. Basis of Presentation and Measurement Uncertainty

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in Canada for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in Canada for complete financial statements.

In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the financial position of Gold Reserve Inc. and subsidiaries (the Company, we, us, or our) as of March 31, 2009, and the results of operations and the cash flows for the three months ended March 31, 2009 and 2008. The results of operations for the three months ended March 31, 2009 and 2008 are not necessarily indicative of the results to be expected for the full year.

Except as noted in Note 2 below, these financial statements follow the same accounting policies and methods of their application as the most recent consolidated annual audited financial statements, and should be read in conjunction with the consolidated financial statements, including notes thereto, included in the 2008 annual report.

At March 31, 2009, with the exception of cash and certain equipment in the manufacturing stage, nearly all of the Company's assets, including our primary mining asset, the Brisas Project, were located in Venezuela. Our operations in Venezuela are subject to the effects of changes in legal, tax and regulatory regimes, national and local political issues, labor and economic developments, unrest, currency and exchange controls, import/export restrictions, government bureaucracy, corruption and uncertain legal enforcement. In May 2008, the Company received notification from the Venezuelan Ministry of Environment of its decision to revoke the Authorization for the Affectation of Natural Resources for the Construction of Infrastructure and Services Phase of the Brisas Project (the Authorization to Affect). As of the date of this report, the Company has not been able to confirm how the government wishes to proceed regarding the development of Brisas. Failure to obtain the Authorization to Affect or any future permit and/or authorization will result in the Company not being able to construct and operate Brisas. This issue or one or more of the other issues described herein or other factors beyond our control could adversely affect our operations and investment in Venezuela in the future.

Management s capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are based on, among other things, the Company s estimate of current mineral reserves and resources which are based on engineering and geological estimates, estimated gold and copper prices, estimated plant construction and operating costs and the procurement of all necessary regulatory permits and approvals. In addition, the Company records amounts paid for value-added tax as a non-current asset based on the assumption that these amounts will be recoverable when the Brisas Project begins production. These assumptions and estimates could change in the future and this could affect the carrying value and the ultimate recoverability of the amounts recorded as property and mineral rights, capitalized exploration and development costs and other assets. 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.

2. Restatement and New Accounting Policies

The Company restated its March 31, 2008 financial statements due to the adoption of EIC 172, Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain in Other Comprehensive Income. This abstract provides guidance on whether the tax benefit of tax loss carryforwards consequent to the recording of unrealized gains in other comprehensive income, such as unrealized gains on available-for-sale securities, should be recognized in net income or in other comprehensive income. Upon adoption effective September 30, 2008, EIC 172 was applied retrospectively with restatement of prior periods from January 1, 2007 resulting in a reclassification $187,914 of income tax benefit from other comprehensive loss to net loss for the three months ended March 31, 2008.

Accounting Policies adopted effective January 1, 2009:

CICA Section 3064, Goodwill and Intangible Assets. This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the Company s financial statements.

Future Accounting Policies:

CICA Section 1582, Business Combinations. This Section replaces Section 1581 and applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently evaluating the impact of this Section on its financial statements.

Selected Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2009 and 2008 *(unaudited)*

Expressed in U.S. Dollars

CICA Section 1601, Consolidated Financial Statements. This section establishes standards for the preparation of consolidated financial statements and applies to financial reporting periods beginning on or after January 1, 2011. The Company is currently evaluating the impact of this Section on its financial statements.

CICA Section 1602, Non-Controlling Interests. This section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination and applies to financial reporting periods beginning on or after January 1, 2011. The Company is currently evaluating the impact of this Section on its financial statements.

3. Cash and Cash Equivalents

	March 31, 2009	December 31, 2008
Bank deposits	$ 75,491,094	$ 85,925,019
Money market funds	6,406,326	5,625,148
Total	$81,897,420	$ 91,550,167

The above amounts exclude restricted cash of approximately $17.5 million as at March 31, 2009 and December 31, 2008. See Note 12, Commitments. At March 31, 2009 and December 31, 2008, the Company had approximately $224,000 and $205,000 respectively, in Venezuela and banks outside Canada and the U.S.

4. Financial Instruments

The fair values as at March 31, 2009 and December 31, 2008 along with the carrying amounts shown on the consolidated balance sheets for each classification of financial instrument are as follows:

		March 31, 2009		December 31, 2008	
	Classification	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	held for trading	$ 81,897,420	$ 81,897,420	$ 91,550,167	$ 91,550,167
Restricted cash	held for trading	17,509,672	17,509,672	17,509,672	17,509,672
Marketable securities	available for sale	1,547,040	1,547,040	1,342,760	1,342,760
Derivative liability	held for trading			1,442,635	1,442,635
A/P and accruals	other financial liabilities	6,142,181	6,142,181	6,692,073	6,692,073
Accrued interest	other financial liabilities	1,648,286	1,648,286	236,848	236,848
Convertible notes	other financial liabilities	91,530,818	40,427,855	91,829,699	37,723,480

Fair value estimates for marketable securities are made at the balance sheet date by reference to published price quotations in active markets. At March 31, 2009 and December 31, 2008, the fair value of the convertible notes was estimated using an indicative valuation based on recent market information.

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 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.

b) Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company manages this risk by maintaining adequate cash balances through equity and debt offerings to meet its current and foreseeable obligations. 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.

Selected Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2009 and 2008 *(unaudited)*

Expressed in U.S. Dollars

		Payments due by Period			
	Total	Less than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
A/P and accruals	$ 6,142,181	$ 6,142,181			
Interest	19,702,183	5,629,195	$ 11,258,390	$ 2,814,598	
Principal	102,349,000			102,349,000	
Total	$ 128,193,364	$ 11,771,376	$ 11,258,390	$ 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, value added tax 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 the Company s net loss from the translation of foreign currency denominated financial instruments, for the three months ended March 31, 2009 and 2008, by the amounts shown below.

	2009	2008
Venezuelan Bolívar	$ 65,538	$ 87,649
Canadian dollar	8,671	9,897
Total	$74,209	$97,546

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.

e) The Company has certain contracts in which the amount payable is linked to the Company s share price. A 10% change in the Company s share price would result in an approximately $89,000 change in the amount payable.

5. 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 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 2009.

Selected Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2009 and 2008 *(unaudited)*

Expressed in U.S. Dollars

6. Marketable securities

	March 31, 2009	December 31, 2008
Fair value at beginning of year	$ 1,342,760	$ 4,987,511
Acquisitions	500,000	3,262,239
Dispositions, at cost	(500,000)	(4,709,874)
Realized loss on sale		243,053
Unrealized gain (loss)	204,280	(2,440,169)
Fair value at balance sheet date	$ 1,547,040	$ 1,342,760

The Company s marketable 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 March 31, 2009 and December 31, 2008 marketable securities had a cost basis of $843,305.

7. Property, Plant and Equipment

	Cost	Accumulated Depreciation	Net
March 31, 2009			

May 28, 2008

/s/ R.J. Swift	Director	May 28, 2008
R.J. Swift		
/s/ D.S. Van Riper	Director	May 28, 2008
D.S. Van Riper		

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EXHIBIT INDEX

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
4.1	Restated Certificate of Incorporation, as amended and restated as of September 23, 2003 ((i) Exhibit 3a of the registrant s report on Form 10-Q for the third quarter ended September 30, 2003 and filed on November 10, 2003, is incorporated by reference herein; and (ii) Exhibit 99.1 of the registrant s registration statement on Form 8-A, dated and filed on December 17, 1998, is incorporated by reference herein).
4.2	By-Laws, as amended on June 6, 2007 (Exhibit 3.1 of the registrant s report on Form 8-K, dated and filed on June 7, 2007, is incorporated herein by reference).
4.3	Indenture, dated as of September 15, 1995, between the registrant and The Bank of New York Trust Company, N.A. (the successor trustee to JPMorgan Chase Bank, N.A., The Chase Manhattan Bank and Chemical Bank), as trustee (Exhibit 4a of the registrant s registration statement on Form S-4, dated and filed on June 18, 2002, is incorporated herein by reference).
4.4*	Form of Note (to be included in supplemental indenture(s) to be entered into from time to time).
5.1	Opinion of Latham & Watkins LLP.
5.2	Opinion of Day Pitney LLP.
12.1	Statement regarding the computation of ratio of earnings to fixed charges.
23.1	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
23.2	Consent of Day Pitney LLP (included in Exhibit 5.2).
23.3	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
24.1	Powers of Attorney (contained on page II-5).
25.1	Statement of Eligibility of Form T-1 under the Trust Indenture Act of 1939, as amended, of The Bank of New York Trust Company, N.A. (the successor trustee to JPMorgan Chase Bank, N.A., The Chase Manhattan Bank and Chemical Bank) under the Indenture.

* To be filed by amendment or incorporated by reference in connection with any offering of securities.