

**GOLD RESERVE INC.  
BONUS PLAN**

**OBJECTIVES**

The Gold Reserve Inc. Bonus Plan is intended to reward the Participants for their contributions related to:

- the development of the Brisas Project to the construction stage and subsequent issuance of the environmental permit to commence construction of the Brisas Project;
- the manner in which the Brisas Project development effort was carried out allowing the Company to present a compelling and vigorous defense of its arbitration claim;
- the support of the Company's execution of the Arbitration Proceedings through the filing of numerous memorandum and exhibits as well as the oral hearings; and
- the on-going efforts to assist with positioning the Company, in the most optimum manner, to have an Event as management considers in the best interest of all stakeholders.

**1. DEFINITIONS**

As used in this Plan, the terms set forth below shall have the following respective meanings:

**"Applicable Taxes"** means the Company's then current marginal tax rates with consideration of deductions or adjustments included in the Company's formal tax return, which among other things may include net operating losses, write-offs and periodic operating expense deductions and other deductions provided for in the relevant tax code.

**"Arbitration Award"** means any settlement, award, or other payment made or other consideration transferred to the Company or any of its subsidiaries arising out of, in connection with or with respect to the Arbitration Proceedings, including, but not limited to the proceeds received by the Company or its subsidiaries from a sale, pledge, transfer or other disposition, directly or indirectly, of the Company's rights with respect to the Arbitration Proceedings. Any pledge, mortgage, hypothecation or grant of a security interest made by the Company for the purpose of financing the Company's operating expenses and/or expenses incurred in connection with the Arbitration Proceedings shall not be deemed to be an Arbitration Award.

**"Arbitration Proceedings"** means that certain arbitration proceeding commenced by the Company against the Bolivarian Republic of Venezuela pending before the International Centre for Settlement of Investment Disputes ("ICSID") in Gold Reserve Inc. v. Bolivarian Republic of Venezuela (ICSID Case No. ARB(AF)/09/1) in relation to the Company's claims against the Bolivarian Republic of Venezuela concerning its investments in the Brisas Project and Choco 5 exploration stage property.

**"Arbitration Proceeds"** means all present and future proceeds, after reduction for Applicable Taxes, paid, recovered or otherwise received by the Company or any of its subsidiaries pursuant to or in respect of any settlement, award, collection, sale, disposition or any other monetization of or relating to the Arbitration Proceedings or any other present or future claim, action, arbitration, litigation or other proceeding relating to the Company's claims against the Bolivarian Republic of Venezuela in respect of its investments in the Brisas Project and Choco 5 exploration stage property (excluding any pledge, mortgage, hypothecation or grant of a security interest made by the Company for the purpose of financing the Company's operating expenses and/or expenses incurred in connection with the Arbitration Proceedings). For the avoidance of doubt, Arbitration Proceeds may include cash, commodities, bonds, shares or any other consideration received by the Company or any of its subsidiaries

**"Board of Directors"** means the Board of Directors of the Company.

**"Bonus Amount"** means the percentage or pro-rata amount of the Bonus Pool to be allocated to each Participant as determined by the Committee.

**"Bonus Pool"** means an amount determined in accordance with the following:

1. Upon the occurrence of an Event that is an Arbitration Collection Event, an amount equal to one percent of the first \$200 million of the Arbitration Proceeds, plus five percent of the Arbitration Proceeds in excess of \$200 million.
2. Upon the occurrence of an Event that is a Mining Data Sale Collection Event, an amount equal to one percent of the first \$200 million of the Mining Data Sale Proceeds, plus five percent of the Mining Data Sales Proceeds in excess of \$200 million.
3. Upon the occurrence of an Event that is an Enterprise Sale Collection Event, an amount equal to one percent of the first \$200 million of the Enterprise Sale Consideration, plus five percent of the Enterprise Sale Consideration in excess of \$200 million.

For the avoidance of doubt, the first \$200 million threshold referred to above is to be applied to proceeds or consideration received pursuant to all Events on a cumulative basis. The Bonus Pool may include such other amounts as the Company or the Committee may determine from time to time in its sole discretion.

**"Cause"** means willful engaging in misconduct that is materially injurious to the Company and/or any of its subsidiaries, monetarily or otherwise.

**"Change of Control Payments"** means amounts paid or payable to employees and/or directors of the Company and its subsidiaries under those certain Change of Control Agreements and Retention Unit Award Agreements by and between the Company and certain employees and directors of the Company, excluding any amounts paid or payable under such Change of Control Agreements that are "Excess Parachute Gross-Up Payments" or "Deferred Compensation Gross-Up Payments", as each such term is defined under such agreements.

**"Committee"** means the committee composed of one or more independent members of the Board of Directors appointed from time to time by the Board of Directors to administer the Plan.

**"Company"** means Gold Reserve Inc.

**"Effective Date"** means May 9, 2012.

**"Enterprise Sale"** means the consummation of (A) a merger, plan of arrangement or other business combination transaction involving the Company or any of its subsidiaries, (B) a sale, pledge, transfer or

other disposition of 85% or more of the Company's then outstanding shares of common stock, or (C) a sale, pledge, transfer or other disposition, directly or indirectly, of all or substantially all of the assets of the Company, that:

- (i) includes the sale, pledge, transfer or other disposition, directly or indirectly, of the Company's rights with respect to an Arbitration Award or the Arbitration Proceedings, provided that: (a) the Company has not received Arbitration Proceeds, (b) the Company continues to hold rights with respect to the Arbitration Proceedings, and (c) in the event that the Company or its subsidiary has entered into an agreement or other arrangement with respect to, or which constitutes, an Arbitration Award, (x) such agreement or other arrangement provides for payments or other transfers of assets or other non-cash consideration to the Company or its subsidiaries over time and (y) the Company has not yet received all of such payments or transfers of assets or non-cash consideration, and/or
- (ii) includes the sale, pledge, transfer, or other disposition, directly or indirectly, of the Company's rights with respect to the Mining Data, provided that: (a) the Company has not received Arbitration Proceeds, (b) the Company continues to hold rights with respect to the Mining Data, and (c) in the event that the Company or its subsidiary has entered into an agreement or other arrangement with respect to the sale, pledge, transfer or other disposition, directly or indirectly, of all or any portion of the Mining Data, (x) such agreement or other arrangement provides for payments or other transfers of assets or other non-cash consideration to the Company or its subsidiaries over time and (y) the Company has not yet received all of such payments or transfers of assets or non-cash consideration.

Any pledge, mortgage, hypothecation or grant of a security interest made by the Company for the purpose of financing the Company's operating expenses and/or expenses incurred in connection with the Arbitration Proceedings shall not be deemed to be an Enterprise Sale.

**"Enterprise Sale Consideration"** means the value of all present and future consideration paid or otherwise received by the Company or its shareholders pursuant to or in respect of an Enterprise Sale, before Applicable Taxes, if any, and after reduction for any Change of Control Payments. For the avoidance of doubt, Enterprise Sale Consideration may include cash, commodities, bonds, shares, dividends or any other consideration received by the Company or any of its shareholders, including the value of all debt (or debt-like liabilities) assumed by the buyer in the sale if it is effected as an asset sale.

**"Event"** means a collection event described in clause (I), (II) or (III) below, whichever is applicable:

- (I) The collection of Arbitration Proceeds (an "Arbitration Collection Event"), or
- (II) The collection of Mining Data Sales Proceeds (a "Mining Data Sale Collection Event"), or
- (III) The collection of Enterprise Sale Consideration (an "Enterprise Sale Collection Event").

**"Good Reason"** means any of the following conditions arising without the consent of the Participant:

- (i) a material diminution in the Participant's base compensation;
- (ii) a material diminution in the Participant's authority, duties or responsibilities;

- (iii) a material diminution in the authority, duties or responsibilities of the supervisor to whom the Participant is required to report, including a requirement that the Participant report to a corporate officer or employee instead of reporting directly to the board of directors of a corporation (or similar governing body with respect to an entity other than a corporation);
- (iv) a material change in the geographic location at which the Participant must perform the services; or
- (v) any other action or inaction that constitutes a material breach by the Company or any of its subsidiaries of the agreement under which the Participant provides services.

Notwithstanding the foregoing, termination of service by the Participant shall not be considered a termination of service for Good Reason unless (A) the termination of service occurs within two years following the initial existence of one of more of the above conditions arising without the consent of the Participant; (B) the Participant provides notice to the Company or its subsidiary of the existence of the condition described above within 90 days of the initial existence of the condition; and (C) the Board (or similar governing body of the Company's subsidiary) has a period of 30 days during which it may remedy the condition. The failure of the Participant to terminate service for Good Reason due to one of the initial conditions described above shall not affect his entitlement to terminate service for Good Reason as to any other such condition of Good Reason.

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

**"Mining Data Sale Proceeds"** means all present and future proceeds paid or otherwise received by the Company or its shareholders pursuant to or in respect of any sale, pledge, transfer or other disposition, directly or indirectly, of all or any portion of the Mining Data (excluding any pledge, mortgage, hypothecation or grant of a security interest made by the Company for the purpose of financing the Company's operating expenses and/or expenses incurred in connection with the Arbitration Proceedings) after reduction for Applicable Taxes. For the avoidance of doubt, Mining Data Sale Proceeds may include cash, commodities, bonds, shares, dividends or any other consideration received by the Company or any of its shareholders, including the value of all debt (or debt-like liabilities) assumed by the buyer in the sale if it is effected as an asset sale.

**"Participant"** means an employee, consultant, or director of the Company or any of its subsidiaries who is designated in writing by the Committee to be a participant in the Plan. The Participant's right of participation and the Company's obligation to pay the Bonus Amount pursuant to the Plan is unconditional on the date the Committee selects the Participant and fixes his or her Bonus Amount, except as otherwise provided in Section 3.1.

**"Plan"** means the Gold Reserve Inc. Bonus Plan.

## 2. ADMINISTRATION OF THE PLAN

- 2.1 The Plan will be administered by the Committee. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. Any declaration or act by the Committee hereunder shall be by a resolution passed by a majority of the members of the Committee at a duly constituted meeting of the Committee or a written resolution signed by all members of the Committee.

- 2.2 The Committee in its discretion shall determine who will participate in the Plan and fix each Participant's Bonus Amount, of which the aggregate of all Participants' Bonus Amounts shall equal 100% of the Bonus Pool as of the Effective Date. Any Bonus Amount forfeited by any Participant pursuant to Section 3.1 below may be reallocated by the Committee, in whole or in part, to one or more other Participants or may remain unallocated, in which case it will be returned to the Company in accordance with Section 2.6. In determining each Participant's Bonus Amount, the Committee will consider the following factors, among others:
- 2.2.1 the amount of time and energy spent by the Participant in advancing the Brisas Project and/or the Arbitration Proceedings;
  - 2.2.2 the personal and legal risks incurred by the Participant in light of the security situation in the Bolivarian Republic of Venezuela and the general position of the Company;
  - 2.2.3 the scale and scope of the balance of the compensation package otherwise provided by the Company or its subsidiary to the Participant;
  - 2.2.4 the amount of any severance the Participant would receive on termination of service if such termination is reasonably foreseeable; and
  - 2.2.5 any other relevant matter.
- 2.3 Any decision of the Committee in the operation, interpretation or administration of this Plan shall lie within its absolute discretion and shall be final, conclusive and binding on all parties concerned.
- 2.4 No member of the Committee shall be liable for anything done or omitted to be done by such member, or by any other member of the Committee, in connection with the performance of any duties under this Plan, except those liabilities which arise from such member's own willful misconduct or except as otherwise expressly provided by applicable law.
- 2.5 All reasonable administrative costs of the Plan shall be paid by the Company.
- 2.6 The Committee shall not distribute an aggregate amount in excess of the Bonus Pool for the applicable calendar year. Any balance remaining in the Bonus Pool after the payment of Bonus Amounts for the applicable calendar year shall be returned to the Company.
- 2.7 If a member of the Committee is also a Participant in the Plan, such member's participation in the Plan shall be determined by a majority vote of the Board of Directors.
- 3. ELIGIBILITY FOR BONUS AMOUNTS, DETERMINATION THAT AMOUNTS ARE PAYABLE, AND EFFECT OF DEATH**
- 3.1 A Participant shall be eligible to receive Bonus Amounts attributable to the Bonus Pool for the applicable calendar year, except that a Participant whose employment or service with the Company and its subsidiaries is terminated by the Company for Cause, or whose employment or service terminates for a reason other than death, disability or termination by the Participant for Good Reason, shall cease to be a Participant and shall cease to be eligible to receive Bonus Amounts paid or payable on or after his or her termination date.
- 3.2 The Committee shall have absolute discretion to determine the Bonus Pool for each calendar year and whether any Bonus Amount is payable, and without limitation to the

foregoing, to determine whether the conditions for the payment of Bonus Amounts have been satisfied.

3.3 Upon or following the death of a Participant, Bonus Amounts allocated and awarded by the Committee shall be paid to the person or persons to whom the Participant's rights shall have passed under the Participant's will or pursuant to law.

3.4 Upon the occurrence of an Event, the Company shall (a) provide written notice of such Event to each Participant as promptly as practicable and in any event no less than two business days following such receipt, and (b) deliver to each Participant a reasonably detailed written statement of the Company's calculation of the amount of the Bonus Pool for the applicable calendar year. Such written statement shall be certified by an officer of the Company that (x) the calculation (and the numerical components thereof) is true and correct in all material respects and (y) the fair market value of any non-cash assets as determined by the Board of Directors and set forth in such written statement, if any, is a true and correct statement of the determination made by the Board of Directors in all material respects and the basis for such determination, if any, as set forth in such written statement, is a true and correct description thereof in all material respects. Prior to the consummation of any Enterprise Sale, and notwithstanding anything to the contrary in Section 3.5, the Company shall make appropriate provision so that, simultaneously with the consummation of the Enterprise Sale, each Participant shall receive his or her Bonus Amount attributable to the Bonus Pool for the calendar year in which such Enterprise Sale occurs.

3.5 The Bonus Pool for the applicable calendar year, and Bonus Amounts attributable thereto, shall be distributed as soon as reasonably practicable during such calendar year and no later than the last day of such calendar year.

#### **4. NON-ASSIGNABILITY**

4.1 No benefits or rights of any person under this Plan shall be assignable or otherwise transferable, except as specifically provided in Section 3.3 of this Plan upon the death of a Participant or as may be required by the tax withholding provisions or other provisions of any applicable law.

#### **5. TAX WITHHOLDING AND SET OFF**

5.1 For all purposes of this Plan and in its administration and in connection with the declaration and payment of Bonus Amounts, the Committee may take all such measures as it may deem appropriate or necessary to comply with applicable laws, including, without limitation, income tax laws and regulations and the rules of regulatory authorities having jurisdiction over the Company or any of its subsidiaries. Without limitation to the foregoing, the Committee and the Company, acting in good faith, may withhold and remit to the appropriate tax authorities such sums which might otherwise be due or payable by the Company to the recipient of a Bonus Amount, if such withholding and remittance are required under applicable law.

5.2 Payment of a Bonus Amount may be delayed, at the discretion of the Committee, until the Committee is satisfied that the requirements of applicable laws and regulations, and applicable rules of regulatory authorities, have been met.

## **6. GENERAL PROVISIONS**

- 6.1 The validity, construction and effect of this Plan, the administration of this Plan, the award and distribution of Bonus Amounts, any rules and regulations relating to this Plan, and all declarations and determinations made and actions taken pursuant to this Plan, shall be governed by and construed in accordance with the laws of State of Washington, other than its conflicts of laws provisions.
- 6.2 If any provision of this Plan is or becomes, or is deemed to be, invalid, illegal or unenforceable in any jurisdiction or as to any person, or would disqualify this Plan under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan, such provision shall be stricken as to such jurisdiction or person and the remainder of this Plan shall remain in full force and effect.
- 6.3 All payments made pursuant to this Plan shall be calculated and paid in United States dollars.
- 6.4 Headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
- 6.5 Nothing in this Plan shall confer upon the Participant any right to continue in employment or service with the Company or any of its subsidiaries or shall interfere with or restrict in any way the rights of the Company or any subsidiary, which are hereby reserved, to discharge the Participant at any time for any reasons whatsoever, with or without Cause.
- 6.6 The Plan shall be binding on the Company, its subsidiaries and its and their successors and permitted assigns.
- 6.7 There shall be no duplication of benefits hereunder. A Participant's receipt of a Bonus Amount arising out of, in connection with or with respect to an Enterprise Sale Collection Event shall be in lieu of the Participant's right to receive a Bonus Amount arising out of, in connection with or with respect to an Arbitration Collection Event and/or a Mining Data Sale Collection Event.

## **7. AMENDMENT AND TERMINATION OF THE PLAN**

- 7.1 The Plan is effective as of May 9, 2012. The Company may amend any provision of the Plan or terminate the Plan at any time with the written consent of at least 50 percent of the Participants.

## **8. CODE SECTIONS 409A AND 457A**

- 8.1 This Plan and the Bonus Amounts provided hereunder are intended to qualify for an exemption from Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and from Code Section 457A, provided that if any Bonus Amount awarded under the Plan is not so exempt, such Bonus Amount is intended to comply with such Code Sections to the extent applicable thereto. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted and construed consistent with this intent. Notwithstanding the expressed intent to qualify for exemption from Code Section 409A and from Code Section 457A or otherwise to comply with Code Sections 409A and 457A, the Company shall not be required to assume any increased economic burden in connection therewith. Although the Company and the Committee intend to administer

the Plan so that the Plan and the Bonus Amounts awarded hereunder qualify for an exemption from Code Section 409A and from Code Section 457A, if the Plan and any Bonus Amount granted under the Plan are not so exempt, neither the Company nor the Committee represents or warrants that the Plan or such Bonus Amount awarded hereunder will comply with Code Sections 409A and 457A or any other provision of federal, state, local, or non-United States law. Neither the Company, its subsidiaries, nor its respective directors, officers, employees or advisers shall be liable to any Participant (or any other individual claiming a benefit through the Participant) for any tax, interest, or penalties the Participant may owe as a result of participation in the Plan, and the Company and its subsidiaries shall have no obligation to indemnify or otherwise protect any Participant from the obligation to pay any taxes pursuant to Code Sections 409A or 457A.

- 8.2 If any Bonus Amount awarded under the Plan is not exempt from Code Section 409A, then this Section 8.2 shall apply. "Employment or service terminates", "employment or service is terminated", "terminates", "termination", "termination of service" and similar references shall mean a separation from service as defined in U.S. Treasury Regulation Section 1.409A-1(h). The time or schedule of any payment of any Bonus Amount may not be accelerated except as otherwise permitted under Code Section 409A. Notwithstanding anything herein to the contrary, no payment of a Bonus Amount that is payable upon a Participant's termination of service shall be made to any Participant who is a "specified employee" for purposes of Code Section 409A until the earlier to occur of the date that is six months and one day after such Participant's termination of service or the date of such Participant's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 8.2 shall be paid to the Participant.

## 9. GROSS UP PAYMENT

- 9.1 In the event any amount paid or payable by the Company to or for the benefit of the Participant hereunder (the "Bonus Payment") would be subject to the additional tax or additional interest imposed by Code Section 409A or Code Section 457A, or any interest or penalties are incurred by the Participant with respect to such additional tax under Code Section 409A or Code Section 457A or with respect to any Section 409A or Section 457A Underpayment (as defined below) (such additional tax and additional interest, together with any such interest and penalties, is collectively referred to as the "Deferred Compensation Tax"), the Company shall pay to the Participant an additional payment (the "Deferred Compensation Gross-Up Payment") in an amount such that after payment by the Participant of all taxes (including any interest or penalties imposed with respect to such taxes), the Participant retains an amount of the Deferred Compensation Gross-Up Payment equal to the Deferred Compensation Tax imposed on the Participant's Bonus Payment. For purposes of this Section 9, "Section 409A or Section 457A Underpayment" means any underpayment of tax had the Bonus Payment been includible in the Participant's gross income for the taxable year in which first deferred or, if later, the first taxable year in which such deferred compensation was not subject to a substantial risk of forfeiture.
- 9.2 An independent public accounting firm, law firm or professional consulting services provider reasonably acceptable to the Company and the Participant (the "Accountants") shall make in writing in good faith all calculations and determinations under this Section 9, including the assumptions to be used in arriving at any calculations. For purposes of



making the calculations and determinations under this Section 9, the Accountants and each other party may make reasonable assumptions and approximations concerning the application of Sections 409A and 457A of the Code. The Company and the affected Participant shall furnish to the Accountants and each other such information and documents as the Accountants and each other may reasonably request to make the calculations and determinations under this Section 9. The Company shall bear all costs the Accountants incur in connection with any calculations contemplated hereby. As a result of the uncertainty in the application of Sections 409A and 457A of the Code at the time of the initial determination by the Accountants hereunder, it is possible that a Deferred Compensation Gross-Up Payment which will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9.3 and the Participant thereafter is required to make a payment of the Deferred Compensation Tax, the Accountants shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant.

9.3 The Participant shall notify the Company in writing of any claim by the U.S. Internal Revenue Service that, if successful, would require the payment by the Company of the Deferred Compensation Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Participant is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Participant shall not pay such claim prior to the expiration of the 30-day period following the date on which the Participant gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Participant in writing prior to the expiration of such period that it desires to contest such claim, the Participant shall:

- 9.3.1 give the Company any information reasonably requested by the Company relating to such claim,
- 9.3.2 take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- 9.3.3 cooperate with the Company in good faith in order effectively to contest such claim, and
- 9.3.4 permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Participant harmless, on an after-tax basis, for any Deferred Compensation Tax or federal, state, local or foreign income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9.3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at

its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of the Participant and direct the Participant to sue for a refund or contest the claim in any permissible manner, and the Participant agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, if the Company pays such claim and directs the Participant to sue for a refund, the Company shall indemnify and hold the Participant harmless, on an after-tax basis, from any Deferred Compensation Tax or federal, state, local or foreign income tax (including interest or penalties) imposed with respect to such payment or with respect to any imputed income in connection with such payment; and provided, further, any extension of the statute of limitations relating to payment of taxes for the taxable year of the Participant with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Deferred Compensation Gross-Up Payment would be payable hereunder and the Participant shall be entitled to settle or contest, as the case may be, any other issue raised by the U.S. Internal Revenue Service or any other taxing authority.

- 9.4 If, after the receipt by the Participant of an amount advanced by the Company pursuant to Section 9.3, the Participant becomes entitled to receive any refund with respect to such claim, the Participant shall (subject to the Company's complying with the requirements of Section 9.3) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Participant of an amount advanced by the Company pursuant to Section 9.3, a determination is made that the Participant shall not be entitled to any refund with respect to such claim and the Company does not notify the Participant in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of the Deferred Compensation Gross-Up Payment required to be paid.
- 9.5 Notwithstanding anything to the contrary in the foregoing provisions of this Section 9, (i) payment of any Deferred Compensation Gross-Up Payment shall not be made later than December 31 of the year next following the year in which the Deferred Compensation Tax is remitted to the taxing authority, and (ii) reimbursement of expenses incurred due to a tax audit or litigation addressing the existence or amount of a tax liability, whether federal, state, local or foreign, shall not be made later than the end of the year following the year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the year following the year in which the audit is completed or there is a final non-appealable settlement or other resolution of the litigation.

IN WITNESS WHEREOF, the Company has executed this Plan through its duly authorized officer this 17<sup>th</sup> day of July 2012.

GOLD RESERVE INC.

By: Rockne J. Timm  
Name: Rockne J. Timm  
Title: Chief Executive Officer

**FIRST AMENDMENT OF  
GOLD RESERVE INC. BONUS PLAN**

WHEREAS, Gold Reserve Inc. (the "Corporation") has established and maintains the Gold Reserve Inc. Bonus Plan (the "Bonus Plan");

WHEREAS, the Bonus Plan may be amended by the Corporation pursuant to Section 7.1 thereof with the written consent of at least 50 percent of the Participants (as defined in the Bonus Plan); and

WHEREAS, the Corporation desires to amend the Bonus Plan as set forth in this First Amendment of the Bonus Plan (the "Amendment") and each of the Participants listed on the signature pages hereto, whom for the avoidance of doubt represent at least 50 percent of the Participants under the Bonus Plan, desire to consent to this Amendment.

NOW, THEREFORE, by virtue and in exercise of the power reserved to the Corporation by Section 7.1 of the Bonus Plan, and pursuant to the authority delegated to the undersigned by the Board of Directors of the Corporation, the Bonus Plan be and is amended, effective immediately, by substituting the following for the definition of "Good Reason" in Section 1 of the Bonus Plan:

**"Good Reason"** means retirement at or after attainment of age 65, or any of the following conditions arising without the consent of the Participant:

- (i) a material diminution in the Participant's base compensation;
- (ii) a material diminution in the Participant's authority, duties or responsibilities;
- (iii) a material diminution in the authority, duties or responsibilities of the supervisor to whom the Participant is required to report, including a requirement that the Participant report to a corporate

officer or employee instead of reporting directly to the board of directors of a corporation (or similar governing body with respect to an entity other than a corporation);

- (iv) a material change in the geographic location at which the Participant must perform the services; or
- (v) any other action or inaction that constitutes a material breach by the Company or any of its subsidiaries of the agreement under which the Participant provides services.

Notwithstanding the foregoing, termination of service by the Participant (other than due to retirement) shall not be considered a termination of service for Good Reason unless (A) the termination of service occurs within two years following the initial existence of one of more of the above conditions in clauses (i) to (v) arising without the consent of the Participant; (B) the Participant provides notice to the Company or its subsidiary of the existence of the condition described above in clauses (i) to (v) within 90 days of the initial existence of the condition; and (C) the Board (or similar governing body of the Company's subsidiary) has a period of 30 days during which it may remedy the condition in clauses (i) to (v). The failure of the Participant to terminate service for Good Reason due to one of the initial conditions described above in clauses (i) to (v) shall not affect his entitlement to terminate service for Good Reason as to any other such condition of Good Reason."

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer, this 25<sup>th</sup> day of September, 2017.

Gold Reserve Inc.

By: /s/ Rockne J. Timm

Name: Rockne J. Timm

Title: Chief Executive Officer and Director

Accepted and Agreed to:

*/s/ A. Douglas Belanger* \_\_\_\_\_

*/s/ James P. Geyer* \_\_\_\_\_

*/s/ Robert A. McGuinness* \_\_\_\_\_

*/s/ David P. Onzay* \_\_\_\_\_

*/s/ J.C. Potvin* \_\_\_\_\_

*/s/ Mary E. Smith* \_\_\_\_\_

*/s/ Arturo Rivero* \_\_\_\_\_

*/s/ Douglas E. Stewart* \_\_\_\_\_

*/s/ Jose Moreno Suarez* \_\_\_\_\_

*/s/ Rockne J. Timm* \_\_\_\_\_

**SECOND AMENDMENT OF  
GOLD RESERVE INC. BONUS PLAN**

WHEREAS, Gold Reserve Inc. (the “Corporation”) has established and maintains the Gold Reserve Inc. Bonus Plan (the “Bonus Plan”); and

WHEREAS, the Bonus Plan may be amended by the Corporation pursuant to Section 7.1 thereof with the written consent of at least 50 percent of the Participants (as defined in the Bonus Plan); and

WHEREAS, the Corporation desires to amend the Bonus Plan as set forth in this Second Amendment of the Gold Reserve Inc. Bonus Plan (the “Amendment”) and each of the Participants listed on the signature pages hereto, who for the avoidance of doubt represent at least 50 percent of the Participants under the Bonus Plan, desires to consent to this Amendment.

NOW, THEREFORE, by virtue and in exercise of the power reserved to the Corporation by Section 7.1 of the Bonus Plan, and pursuant to the authority delegated to the undersigned by the Board of Directors of the Corporation, the Bonus Plan be and is amended, effective June 14, 2018, in the following particulars:

1. By adding the following new Section 1.1 immediately at the end of Section 1 of the Plan as a part thereof:

“1.1 From time to time supplements may by amendment be attached to and form a part of the Plan. Such supplements may modify or supplement the provisions of the Plan as they apply to particular groups of employees or groups of Participants, shall specify the persons affected by such supplements and shall supersede the other provisions of the Plan to the extent necessary to eliminate inconsistencies between the Plan provisions and the provisions of such supplements.”

2. By adding the attached Supplement A at the end of the Plan as a part thereof.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer, effective June 14, 2018.

Gold Reserve Inc.

By: /s/ Robert A. McGuinness

Name: Robert A. McGuinness

Title: Vice President Finance



## Supplement A

A-1. **Purpose.** This Supplement A shall be effective June 14, 2018 (the “Supplement A Effective Date”). The purpose of this Supplement A is to (i) provide additional benefits under the Plan to the Supplement A Participants; (ii) to adjust the Bonus Amounts of the Supplement A Participants as of the Supplement A Effective Date; and (iii) to adjust the Bonus Amounts of all Participants immediately following the Supplement A Effective Date. This Supplement A forms a part of the Plan. Capitalized terms used herein and not otherwise expressly defined shall have the same meanings as defined in the Plan.

A-2. **Supplement A Participants.** “Supplement A Participants” shall mean the Participants listed below, which Participants shall have the Bonus Amount set forth opposite their respective names as of the Supplement A Effective Date:

Supplement A Participant	Bonus Amount
James H. Coleman	20.0%
Jose Moreno Suarez	16.5%

A-3. **Supplement A Payment.** A Supplement A Participant shall receive an amount (a “Supplement A Payment”) equal to his Bonus Amount, as set forth in Section A-2, multiplied by the aggregate cumulative Bonus Amount paid to all Participants (including the Supplement A Participants) prior to the Supplement A Effective Date, and reduced by the cumulative Bonus Amount paid to each such Supplement A Participant prior to the Supplement A Effective Date. Each Supplement A Payment, reduced for any tax withholding required by applicable law, shall be paid on or before December 31, 2018.

A-4. **Bonus Amount Adjustment.** Effective immediately following the Supplement A Effective Date, the Bonus Amount of each Participant, including the Bonus Amount of each Supplement A Participant as set forth in Section A-2 above, shall be adjusted by multiplying such Bonus Amount by a fraction, the numerator of which is one and the denominator of which is 128.