



Gold Reserve Inc.

To Our Shareholders and Employees

This is my first letter to the shareholders as President and I think it is important to review the past few years and our corporate strategy as we look to the future. The last number of years was arguably the worst period for the gold industry in several decades. The prolonged downturn in the gold price did major long term damage to the industry pipeline for new projects and took a heavy toll on the junior explorers, which is the life blood of the mining industry.

In the face of this challenge our strategy had been to 1) maintain a strong financial position, 2) continue the methodical development of our main asset Brisas and 3) pursue a focused analysis of potential acquisition opportunities.

It is clear that the objectives of this strategy were achieved as we emerged from this downturn with a strong financial position, are now in the process of completing the bankable feasibility study for Brisas and commencing exploration on our exciting new property, Choco 5 in the prolific El Callao district. It is also important to note that we were able to achieve our objectives without resorting to a large dilutive equity offering at penny stock prices. To date the Company has only 29 million shares outstanding and 34.2 million on a fully diluted basis.

Substantially all of the gold and copper mineralization at the Brisas Project is contained in the Brisas alluvial and hardrock mining titles or concessions granted to the Company by the Ministry of Energy and Mines. We were also very pleased early last year to have the Ministry of Energy and Mines approve our operating plan for Brisas. This is necessary under the mining law to obtain the Environmental Impact Permit from the Ministry of Environment so that we can build the mine.

The Company and Behre Dolbear updated the Brisas mineral resource and reserve estimates in August 2003. Based upon Behre Dolbear's recommendations, the Company commenced a 15,000 meter drill program to test the down-dip extension and southern extension of the ore body, and also in a high-grade zone southeast of the existing pit design. The drill program is currently being completed and we expect the results in the near future to enhance our existing reserves. The dynamics of the project have been significantly improved with the rise in copper prices, with copper comprising as much as 30% of revenues.

In November 2003 we selected Kvaerner Metals, Inc, (a subsidiary of Aker Kvaerner) to complete the bankable feasibility study. In addition, Vector Colorado LLC and Pincock, Allen & Holt will participate in the completion of the study.

We expect that the feasibility study will be completed in late 2004 subject to, among other things, environmental and regulatory permits as well as scheduling of third party consultants and contractors. We expect the permitting phase to go relatively smoothly as the project has a low environmental impact and the social issues, which have plagued many potential projects around the world, have not been a factor at Brisas. In fact, we see a large pool of hardworking local workers ready to take up the challenge to help Gold Reserve establish one of the largest gold mines in Latin America.

The primary focus of our bankable feasibility study will be to determine the optimum processing plant from the study of three alternatives. Each alternative will begin with crushing, grinding and flotation of sulfide concentrate but continue as, 1) direct shipment of the gold-copper concentrates to an off-site smelter, 2) processing of concentrates through a high temperature pressure oxidation (HTPOX) process to produce copper cathodes on-site and, 3) processing concentrates through the CESL process to produce copper cathodes on-site. Other minor modifications to the overall flow-sheets may be evaluated as well.

The Company anticipates results for HTPOX and CESL may be quite similar, however HTPOX is a commercially proven process whereas CESL is in the large demonstration plant stage. As a result of significantly reduced long-term concentrate treatment and refining charges and other potential benefits, the bankable feasibility study may ultimately conclude that processing concentrates at an off-site smelter is the best economic alternative for the development of the Brisas property.

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In the last 24 months the gold price has increased from a low of \$255 per ounce in the spring of 2001 to over \$400 per ounce in recent months. We have also seen a comparable increase in the price of copper. We are fortunate that these price increases correspond with commencing the process of preparing the bankable feasibility study for Brisas. While the "pre-feasibility study" indicated very good operating and capital cost structure, the ability to raise the necessary financing for such a large project would have been very difficult at lower gold and copper prices. With higher gold and copper prices, the equity and debt markets have improved significantly, assisting in the feasibility of project financing.

We are looking forward to the completion of the bankable feasibility study and making a production decision immediately thereafter. We expect that during this time period and thereafter the market for our shares will begin to reflect the true value of this world class deposit.

There is no question that Brisas is our main asset and accordingly it is receiving substantially all of our attention. Even so, we are very excited to increase our exploration activities on our Choco 5 project located in the prolific El Callao gold region in Venezuela. This is an area that has seen gold production for over 100 years, with renewed interest from foreign and local companies. Bolivar Gold Corp., in which your Company has an investment, is preparing the Choco 10 property located next to Choco 5 for production. Also, Gold Fields Limited and Bolivar Gold have entered a joint venture on properties surrounding and nearby Choco 5 and not too far away Hecla Mining Company has a very exciting exploration project underway. This year should be an active and exciting year for Choco 5 and the El Callao region.

In September last year we raised \$9.6 million to make sure that we maintained our financial position at this important time in the company's history. We currently have \$17 million in cash and investments (not including unrealized profits on investments of \$5.6 million) which will enable us to finish the bankable feasibility study, conduct exploration on Choco 5, and still end the year in a strong financial position. At approximately the same time as our financing, the Company listed its shares on the American Stock Exchange improving the liquidity of our shares and the profile of the Company.

While the stock price languished during the downturn in commodity prices, last year the stock price responded to improved gold and copper prices and the success of our strategy. From this point last year our stock price has risen 180%. However, based on our assets and corresponding valuation compared to our peers we believe there is still much more value to be recognized in the Company's share price. A share of Gold Reserve still offers very high leverage to rising metal prices and we still have a very low value per ounce of gold reserves in the ground.

We thank our employees and shareholders for supporting the Company to date. 2004 looks to be a watershed year for Gold Reserve as we advance both the Brisas and the Choco 5 properties to their next logical stage.

On Behalf of the Board and Management

Doug Belanger

President

April 16, 2004