

GOLD RESERVE INC  
Form 6-K  
May 08, 2013

**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 2013

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  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):

Edgar Filing: GOLD RESERVE INC - Form 6-K

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

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

---

The following exhibits are furnished with this Form 6-K:

**99.1 Notice of Annual and Special Meeting of Shareholders and Information Circular**

**99.2 Form of Proxy**

**99.3 Annual Report**

### **Cautionary Statement Regarding Forward-Looking Statements and information**

The information presented or incorporated by reference herein contains both historical information and "forward-looking statements" (within the meaning of the relevant sections of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and "forward-looking information" within the meaning of applicable Canadian securities laws, that state the Company's intentions, hopes, beliefs, expectations or predictions for the future. Forward-looking statements and forward-looking information are collectively referred to herein as "forward-looking statements".

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause its actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are out of the Company's control. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: the Brisas Arbitration, actions by the Venezuelan government, economic and industry conditions influencing the future sale of Brisas Project related equipment, conditions or events impacting the Company's ability to fund its operations or service its debt, and the overall impact of misjudgments in the course of preparing forward-looking information.

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

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

- outcome of the Company's arbitration against the Bolivarian Republic of Venezuela;
- continued servicing or restructuring of the Company's convertible notes or other obligations as they come due;

Edgar Filing: GOLD RESERVE INC - Form 6-K

- equity dilution resulting from the conversion of the convertible notes in part or in whole to common shares;
- value realized from the disposition of the remaining Brisas Project related assets;
- competition with companies that are not subject to or do not follow Canadian and U.S. laws and regulations;
- corruption, uncertain legal enforcement and political and social instability;
- regulatory, political and economic risks associated with foreign jurisdictions including changes in laws and legal regimes;
- currency, metal prices and metal production volatility;
- adverse U.S. and Canadian tax consequences;
- abilities and continued participation of certain key employees;
- prospects for exploration and development of other mining projects by the Company; and
- risks normally incident to the exploration, development and operation of mining properties.

This list is not exhaustive of the factors that may affect any of the company's forward-looking statements. See "Risk Factors" contained in the Company's Annual Information Form and Annual Report on Form 40-F filed on [sedar.com](http://sedar.com) and [sec.gov](http://sec.gov), respectively for additional risk factors that could cause results to differ materially from forward-looking statements.

---

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statement made in this document, other documents filed periodically with securities regulators or documents presented on the company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company 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 Canadian and U.S. securities regulations. Investors are urged to read the Company's filings with Canadian and U.S. securities regulatory agencies, which can be viewed online at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov), respectively.

(Signature page follows)

---

**SIGNATURE**

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 08, 2013

**GOLD RESERVE INC.** (Registrant)

By: /s/ Robert A. McGuinness

Name: Robert A. McGuinness

Title: Vice President – Finance & CFO

---

**Exhibit 99.1 Notice of Annual and Special Meeting of Shareholders and Information Circular**

---

**GOLD RESERVE INC.**

926 W. Sprague Avenue, Suite 200,

Spokane, WA 99201

**NOTICE OF ANNUAL AND SPECIAL MEETING OF  
SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting (the "Meeting") of the holders of Class A common shares and Class B common shares (collectively, the, "Shareholders") of GOLD RESERVE INC. (the "Company") will be held at the Spokane Club, located at 1002 W. Riverside, Spokane, Washington, USA, on June 11, 2013 at 9:30 a.m. (Pacific daylight time) for the following purposes:

- 1) To elect directors of the Company to hold such positions until the next annual meeting of Shareholders or until their successors are elected and have qualified;
- 2) To appoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorize the directors of the Company to fix their remuneration;
- 3) To receive the financial statements of the Company for the year ended December 31, 2012, together with the report of the auditors thereon;
- 4) To re-approve the Company's 2012 Equity Incentive Plan; and
- 5) To conduct any other business as may properly come before the meeting or any adjournment or postponement thereof.

Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person and who wish to ensure that their shares will be voted are requested to complete, sign and mail the enclosed form of proxy to Proxy Services, c/o Computershare Trust Company N.A., P.O. Box 43102, Providence, RI 02940-5068. Proxies must be received not later than the close of business one business day immediately preceding the Meeting or any adjournment or postponement thereof. A form of proxy, proxy statement/information circular, supplemental mailing list return card and a copy of the Company's Annual Report accompany this Notice of Annual and Special Meeting of Shareholders. The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying management information circular.

This Notice of Annual and Special Meeting of Shareholders, the Annual Report and Supplemental Mailing List Return Card are being mailed or made available to Shareholders entitled to vote at the Annual and Special Meeting, on or about May 7, 2013.

The Board of Directors has fixed the close of business on April 22, 2013 as the record date for the determination of Shareholders entitled to notice of the meeting and any adjournment or postponement thereof.



DATED this 2<sup>nd</sup> day of May, 2013

BY ORDER OF THE DIRECTORS

Rockne J. Timm

Chief Executive Officer

---

**GOLD RESERVE INC.**

**MANAGEMENT INFORMATION CIRCULAR**

**MANAGEMENT SOLICITATION OF PROXIES**

**This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of GOLD RESERVE INC. (the “Company”) to be voted at the Annual and Special Meeting of Shareholders of the Company (the “Meeting”) to be held on Tuesday, the 11<sup>th</sup> day of June, 2013 at 9:30 a.m. (Pacific daylight time), at the Spokane Club located at 1002 W. Riverside, Spokane, Washington and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders. The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone by employees of the Company. Employees will not receive any extra compensation for such activities. The Company may pay brokers, nominees or other persons holding shares of the Company in their name for others for their reasonable charges and expenses in forwarding proxies and proxy materials to beneficial owners of such shares, and obtaining their proxies. The Company may also retain independent proxy solicitation agents to assist in the solicitation of proxies for the Meeting. The cost of all solicitations of proxies will be borne by the Company. Except where otherwise stated, the information contained herein is given as of the 2<sup>nd</sup> day of May, 2013.**

The Notice of Annual and Special Meeting of Shareholders, Circular and Annual Report are also available for review on the Company’s website at [www.goldreserveinc.com](http://www.goldreserveinc.com) and [www.sedar.com](http://www.sedar.com) under the Company’s profile.

**CURRENCY**

**Unless otherwise indicated, all currency amounts referred to herein are stated in U.S. dollars.**

**APPOINTMENT AND REVOCATION OF PROXIES**

**The individuals named in the enclosed form of proxy are directors and/or officers of the Company. A Shareholder (as defined below) submitting a proxy has the right to appoint a person or company, who need not be a Shareholder, to represent the Shareholder at the Meeting other than the persons designated in the form of proxy furnished by the Company. To exercise this right, the Shareholder may either (i) insert the name of the desired representative in the blank space provided in the proxy attached to this Circular or (ii) submit another appropriate form of proxy permitted under applicable law.**

The completed proxy will be deemed valid when deposited at the office of Proxy Services, c/o Computershare Trust Company N.A., P.O. Box 43102, Providence, RI 02940-5068 not later than the close of business one business day preceding the day of the Meeting or any adjournment or postponement thereof, or with the Chairman of the Meeting immediately prior to the commencement of the Meeting or any adjournment or postponement thereof, otherwise the instrument of proxy will be invalid.

See “Voting by Non-Registered Shareholders” below for a discussion of how non-registered Shareholders (i.e. Shareholders that hold their shares through an account with a bank, broker or other nominee in “street name”) may appoint proxies.

You may revoke or change your proxy at any time before it is exercised at the Meeting. In the case of Shareholders appearing on the registered shareholder records of the Company, a proxy may be revoked at any time prior to its exercise by sending or depositing a written notice of revocation or another signed proxy bearing a later date to the Secretary of the Company at its principal executive office located at 926 W. Sprague Avenue, Suite 200, Spokane, Washington 99201 not later than the close of business one business day preceding the Meeting or any adjournment or postponement thereof. You may also revoke your proxy by giving notice or by voting in person at the Meeting; your attendance at the Meeting, by itself, is not sufficient to revoke your proxy.

Shareholders appearing in the name of a bank, broker or other nominee should follow the instructions provided by their bank, broker or nominee in revoking their previously voted shares.

### EXERCISE OF DISCRETION BY PROXIES

**The shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. In the absence of such choice being specified, such shares will be voted “for” the matters specifically identified in the Notice of Annual and Special Meeting of Shareholders accompanying this Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters which may properly be brought before the Meeting. **If any other matters are properly presented for consideration at the Meeting, or if any of the identified matters are amended or modified, the individuals named as proxies on the enclosed form of proxy will vote the shares that they represent on those matters as recommended by management. If management does not make a recommendation, then they will vote in accordance with their best judgment.** At the time of printing this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Shareholders.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company’s issued and outstanding shares consist of Class A common shares (each, a “Class A Share”) and Class B common shares (each, a “Class B Share”). Unless otherwise noted, references to Common Shares in this Circular include both Class A Shares and Class B Shares. Holders of Common Shares (collectively, the “Shareholders”) are entitled to one vote per share and will vote as a single class on all matters to be considered and voted upon at the Meeting or any adjournment or postponement thereof. As of April 22, 2013 there were 72,496,713 issued and outstanding Class A Shares and 500,236 issued and outstanding Class B Shares for a total of 72,996,949 Common Shares outstanding

The Company has set the close of business on April 22, 2013 as the record date for the Meeting. The Company will prepare a list of Shareholders of record at such time. Shareholders will be entitled to vote the Common Shares then registered in their name at the Meeting except to the extent that (a) the holder has transferred the ownership of any of his Common Shares after that date, and (b) the transferee of those shares produces properly endorsed share

certificates, or otherwise establishes that he owns the shares, and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting or any adjournment or postponement thereof.

To the knowledge of the directors and executive officers of the Company, as of April 22, 2013, the only persons, firms or corporations that beneficially owned, or exercised control or direction, directly or indirectly, over more than 10% of the voting rights attached to the Common Shares were:

Shareholder Name and Address	Number of Common Shares Held	Percentage of Common Shares Issued <sup>(2)</sup>
Steelhead Partners, LLC  1301 First Avenue, Suite 201  Seattle, WA 98101	19,667,244 <sup>(1)</sup>	26.94%

(1) The number of Common Shares held is based on publicly available information filed with the Securities and Exchange Commission (the “SEC”) by Steelhead Partners, LLC on December 14, 2012. In addition, Steelhead Partners, LLC also holds approximately \$16,236,000 of outstanding 5.5% convertible notes due 2014 which may be converted into 4,059,000 Class A Shares.

(2) Based on the number of shares outstanding on April 22, 2013.

A quorum for the transaction of business at any meeting of the Shareholders shall be holders of at least one-third (1/3) of the outstanding Common Shares present in person or represented by proxy. Except as may otherwise be stated in this Circular, the affirmative vote of a majority of the votes cast with respect to an item or proposal at the Meeting (an ordinary resolution) is required to approve all items presented in this Circular.

**VOTING BY NON-REGISTERED SHAREHOLDERS**

Only registered Shareholders at the close of business on April 22, 2013 or the persons they designate as their proxies are permitted to vote at the Meeting. In many cases, however, the Common Shares owned by a person (a “non-registered holder”) are registered either: (a) in the name of an intermediary (an “Intermediary”) that the non-registered holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Company has distributed copies of this Circular and the accompanying Notice of Annual and Special Meeting of Shareholders and form of proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to non-registered holders of Common Shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive the Meeting Materials will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under the heading "Appointment and Revocation of Proxies"; or

(b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the non-registered holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "Voting Instruction Form") which the Intermediary must follow. Typically, the non-registered holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its services company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own. **Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the non-registered shareholder), the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder's name, or such other person's name, in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary, including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.**

A non-registered shareholder may revoke a form of proxy or Voting Instruction Form given to an Intermediary by contacting the Intermediary through which the non-registered shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or Voting Instruction Form, the written notice should be received by the Intermediary well in advance of the Meeting.

**BUSINESS OF THE MEETING**

**Item 1 – Election of Directors**

The articles of the Company provide that the Board of Directors (the “Board”) shall consist of a minimum of 3 and a maximum of 15 directors, with the actual number of directors to be determined from time to time by the Board. The Company’s Board presently consists of seven members.

The Board held seven formal meetings during 2012 at which attendance, in person or by phone, averaged 96%. Various matters were considered and approved by written resolution during the year. The Board also held several informal meetings throughout the year. Messrs. Timm, Belanger, Geyer, McChesney, and Mikkelsen attended all seven of the formal meetings; Mr. Potvin and Mr. Coleman each attended six of the seven formal meetings.

The by-laws of the Company provide that each director shall be elected to hold office until the next annual meeting of the Company’s Shareholders or until their qualified successors are elected. All of the current directors’ terms expire on the date of the Meeting and it is proposed by management that each of them be re-elected to serve until the next annual meeting of Shareholders, or until their qualified successors are elected, unless they resign or are removed from the Board in accordance with the by-laws of the Company.

Shareholders can vote for all of the directors, vote for some of them and withhold votes for others, or withhold votes for all of them.

**Management recommends that you vote FOR the election of each of the directors.**

The following information with respect to the business experience of nominees for election to the Board has been supplied by the director or obtained from the Company’s current records.

Name and Place of Residence	Principal Occupation	Director of Gold Reserve Inc. since
Rockne J. Timm Spokane, Washington USA	Mr. Timm’s principal occupation is Chief Executive Officer of the Company, a position he has held since 1988. Mr. Timm has also served as President and Chairman of the Board from 1988 until January 2004. Mr. Timm is Chairman of the Executive Committee. He has been a director and executive officer of the Company’s Venezuelan and other subsidiaries since 1992 and he is President and director of Great Basin Energies, Inc. since 1981 and MGC Ventures, Inc. since 1989.	1984
A. Douglas Belanger Spokane, Washington USA	Mr. Belanger’s principal occupation is President of the Company, a position he has held since January 2004. Mr. Belanger has also served as Executive Vice President from 1988 through January 2004. He has been a director and executive officer of the Company’s Venezuelan and other subsidiaries since 1992 and is Executive Vice President and director of Great Basin Energies Inc. since 1984 and MGC Ventures, Inc. since 1997.	1988



James P. Geyer Spokane, Washington USA	Mr. Geyer's principal occupation is Vice President, North America for Stonegate Agricom Ltd. and President of Paris Hills Agricom Inc. (a subsidiary of Stonegate Agricom Ltd.). Mr. Geyer is also a director and member of the environmental, health and safety committee and audit committee of Thompson Creek Metals Company Inc. Mr. Geyer held the position of Senior Vice President of the Company from January 1997 to August of 2010.	1997
James H. Coleman, Q.C. Calgary, Alberta Canada	Mr. Coleman's principal occupation is Senior Partner with the law firm of Norton Rose Canada LLP. He is also a director of Great Basin Energies Inc. since 1996, MGC Ventures, Inc. since 1997; Energold Drilling Corp. since 1994, Sulliden Exploration, Inc. since 2005, and Petrowest Corporation since 2012. Mr. Coleman has been Chairman of the Company since 2004.	1994
Patrick D. McChesney Spokane, Washington USA	Mr. McChesney's principal occupation is chief financial officer of Foothills Auto Group, an automobile dealership group based in Spokane, Washington, a position he has held since 2005. Mr. McChesney is a director of Great Basin Energies, Inc. since 2002 and MGC Ventures, Inc. since 1989.	1988
Chris D. Mikkelsen Spokane, Washington USA	Mr. Mikkelsen is a certified public accountant and since 1976, Mr. Mikkelsen's principal occupation has been as a principal in the certified public accounting firm of McDirmid, Mikkelsen & Secrest, P.S., based in Spokane, Washington. He has been a director of Great Basin Energies, Inc. and MGC Ventures, Inc. since 1997.	1997
J.C. Potvin Toronto, Ontario Canada	Mr. Potvin's principal occupation is as a director and President of Flemish Gold Corp. He is also a director and President of BRC Minerals Ltd., a company exploring for iron and gold in northeastern Brazil. Mr. Potvin currently serves on the audit and compensation committees.	1993

### **Other Executive Officers**

#### **Robert A. McGuinness, - Vice President of Finance, Chief Financial Officer**

Mr. McGuinness' principal occupation with the Company is as Vice President of Finance since March 1993 and Chief Financial Officer since June 1993. He also serves as Vice President of Finance, Chief Financial Officer and Treasurer of Great Basin Energies, Inc. and MGC Ventures, Inc. Mr. McGuinness resides in Spokane, Washington, USA.

#### **Mary E. Smith, - Vice President of Administration and Secretary**

Ms. Smith's principal occupation with the Company is as Vice President of Administration since January 1997 and Secretary since June 1997. She also serves as Vice President of Administration and Secretary of Great Basin Energies Inc. and MGC Ventures, Inc. Ms. Smith resides in Spokane, Washington, USA.

### **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

No proposed director of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

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

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

No proposed director of the Company is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company or any personal holding company of such person has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Company or any personal holding company of such person has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or, (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.



**Security Ownership of Management**

The following table discloses the number and percentage of the Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each director and executive officer named in the Circular and by all directors and officers as a group, as of the date of this Circular.

Name of Beneficial Owner	Amount (1)	Percent of Class
Rockne J. Timm <sup>(2) (3)</sup>		
Washington, USA		
Chief Executive Officer and Director A. Douglas Belanger <sup>(2) (3)</sup>	2,188,164	2.9%
Washington, USA		
President and Director James P. Geyer	2,380,181	3.2%
Washington, USA		
Director James H. Coleman, Q.C. <sup>(2) (3)</sup>	679,437	*
Alberta, Canada		
Non-Executive Chairman and Director Patrick D. McChesney <sup>(2) (3)</sup>	541,836	*
Washington, USA		
Director Chris D. Mikkelsen <sup>(2) (3)</sup>	381,493	*
Washington, USA		
Director Jean Charles Potvin	669,377	*
Ontario, Canada		
Director Robert A. McGuinness <sup>(2) (3)</sup>	505,940	*
Washington, USA		
Vice President Finance and CFO	527,339	*

Mary E. Smith <sup>(2)</sup> <sup>(3)</sup>

Washington, USA

Vice President Administration and Secretary	482,927	*
Directors and officers as a group	8,356,694	10.3%

\*Indicates less than 1%

(1) Includes Common Shares issuable pursuant to options exercisable as of the date of this Circular or exercisable within 60 days of the date of this Circular as follows: Mr. Timm 975,760; Mr. Belanger 920,586; Mr. Geyer 325,836; Mr. Coleman 268,336; Mr. McChesney 243,336; Mr. Mikkelsen 238,336; Mr. Potvin 268,336; Mr. McGuinness 381,168; and Ms. Smith 308,000. The number includes direct ownership of Common Shares as follows: Mr. Timm 1,212,404 shares; Mr. Belanger 1,459,595 shares; Mr. Geyer 353,601 shares; Mr. Coleman 273,500 shares; Mr. McChesney 138,157 shares; Mr. Mikkelsen 431,041 shares; Mr. Potvin 237,604 shares; Mr. McGuinness 146,171 shares; and Ms. Smith 174,927 shares.

(2) Messrs. Timm, Belanger, Coleman, McChesney, Mikkelsen, McGuinness, and Ms. Smith are directors and/or officers of Great Basin Energies, Inc., which owns 491,192 Common Shares, or 0.7% of the outstanding Common Shares. The foregoing individuals beneficially own 17.5%, 11.2%, 4.2%, 2.7%, 2.3%, 1.3%, and 1.2%, respectively, of the outstanding common shares of Great Basin Energies, Inc. and may be deemed indirectly to have an interest in the Company through their respective management positions and/or ownership interests in Great Basin Energies, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the Common Shares owned by Great Basin Energies, Inc. and such Common Shares are not included in this total.

(3) Messrs. Timm, Belanger, Coleman, McChesney, Mikkelsen, McGuinness, and Ms. Smith are directors and/or officers of MGC Ventures, Inc., which owns 258,083 Common Shares, or 0.4% of the outstanding Common Shares. The foregoing individuals beneficially own 18.4%, 18.6%, 7.5%, 5.6%, 4.0%, 1.9%, and 1.5%, respectively, of the outstanding common shares of MGC Ventures, Inc. and may be deemed indirectly to have an interest in the Company through their respective management positions and/or ownership interests in MGC Ventures, Inc. Each of the foregoing individuals disclaims any beneficial ownership of the Common Shares owned by MGC Ventures, Inc. and such Common Shares are not included in this total.

The following table represents the Directors and the committees on which they serve.

Director	Executive Committee	Audit Committee	Compensation Committee	Nominating Committee
Rockne J. Timm	Chair			
A. Douglas Belanger	X			
James P. Geyer				
James H. Coleman, Q.C.	X			X
Patrick D. McChesney		X	X	
Chris D. Mikkelsen		Chair	Chair	X
Jean Charles Potvin		X	X	X

The persons named in the accompanying form of proxy intend to vote for the election of these nominees as directors unless otherwise directed. Management does not contemplate that the nominees will be unable to serve as directors.

**If you complete and return the attached form of proxy, your representative at the Meeting, or any adjournment or postponement thereof, will vote your shares FOR the election of the nominees set out herein unless you specifically direct that your vote be withheld.**

**Item 2 – Appointment of Independent Auditors**

It is proposed that the firm of PricewaterhouseCoopers LLP be appointed by the Shareholders as independent certified public accountants to audit the financial statements of the Company for the year ending December 31, 2013 and that the Board be authorized to fix the auditors’ remuneration. PricewaterhouseCoopers LLP were first appointed auditors of the Company in 1992. Representatives of PricewaterhouseCoopers LLP are not expected to be present at the Meeting.

**Management recommends that you vote FOR the appointment of PricewaterhouseCoopers LLP as the Company’s independent auditors at a remuneration to be fixed by the Board.**

**Unless such authority is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP as the Company’s independent auditors at a remuneration to be fixed by the Board.**

**Item 3 – Consolidated Financial Statements**

A copy of the consolidated financial statements of the Company for the year ended December 31, 2012 (the “Financial Statements”) and the report of the Company’s independent auditors Financial Statements are included in the Annual Report and will be submitted at the Meeting. Copies of the Financial Statements can also be obtained on [www.sec.gov](http://www.sec.gov) and [www.sedar.com](http://www.sedar.com). Shareholders are not being asked to vote on the receipt of the Financial Statements.



**Item 4 – Re-approval of the Company’s 2012 Equity Incentive Plan**

At the Meeting, Shareholders are being asked to consider and, if deemed advisable, pass an ordinary resolution re-approving the Company’s 2012 Equity Incentive Plan (the “2012 Plan”) for the ensuing year. The 2012 Plan provides for the issuance of up to 10% of the outstanding Common Shares of the Company on a rolling basis, through the grant of stock options. The TSX Venture Exchange (“TSXV”) requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval.

The terms of the 2012 Plan are described in this Circular (see “Incentive Plans – 2012 Plan”).

The 2012 Plan was adopted by the Board for the employees, officers, directors and consultants of the Company and its subsidiaries and permits the grant of stock options, which are exercisable for Class A Shares of the Company. The 2012 Plan was previously approved by shareholders of the Company on June 27, 2012.

**Securities Authorized for issuance under Equity Compensation Plans**

The following table sets forth certain information regarding the 2012 Plan as of December 31, 2012:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under 2012 Plan
2012 Equity Incentive Plan approved by Shareholders	6,753,188	\$1.59	517,983
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	<b>6,753,188</b>		<b>517,983</b>

As of the date of this Circular, options for the purchase of 6,467,948 Class A Shares remained outstanding under the 2012 Plan and 831,747 remained available to grant.

**Shareholder Approval**

At the Meeting, Shareholders will be requested to consider and vote on the ordinary resolution to re-approve the 2012 Plan as follows:

“Resolved, that:

1. the Company’s 2012 Plan is hereby re-approved; and
2. any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to



this resolution.”

To be effective, the resolution must be passed by at least a majority of the votes cast at the Meeting. The persons named in this enclosed form of proxy intend to vote at the Meeting in favor of this resolution.

If the resolution is not passed, the 2012 Plan will no longer be effective and the board of directors of the Company will be required to determine alternate means of compensation for certain of its directors, officers, consultants and/or employees. Outstanding awards pursuant to the 2012 Plan will then continue to be honored by the Company.

**If you complete and return the attached form of proxy, your representative at the Meeting, or any adjournment or postponement thereof, will vote your shares FOR the re-approval of the 2012 Plan unless you specifically direct that your vote be withheld.**

**The Board has determined that the re-approval of the 2012 Plan is in the best interest of the Company and recommends that the Shareholders vote in favor of the resolution authorizing such re-approval.**

## EXECUTIVE COMPENSATION

The disclosure that follows has been prepared in accordance with the provisions of National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

### Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis (“CD&A”) is to provide information about the Corporation’s executive compensation philosophy, objectives and processes and to discuss compensation decisions relating to certain of the Corporations’ senior officers, being the four identified named executive officers (the “NEOs”) during the Corporation’s most recently completed financial year, being the year ended December 31, 2012. The NEOs who are the focus of this CD&A and who appear in the executive compensation tables of this Circular are: A. Douglas Belanger, President; Robert A. McGuinness, Vice President Finance and Chief Financial Officer (the “CFO”); Rockne J. Timm, Chief Executive Officer (the “CEO”); and Mary E. Smith, Vice President Administration and Secretary.

### Compensation Committee

The Company’s compensation program was administered during 2012, and has and will continue to be administered in 2013, by the Compensation Committee of the Board (the “Compensation Committee”), composed of Mr. Mikkelsen, Mr. Potvin and Mr. McChesney. The Compensation Committee met six times during 2012. While serving on the Compensation Committee, each of the members attended all six meetings. All of the members of the Compensation Committee have had direct experience in matters of executive compensation that is relevant to their responsibilities as members of such committee by virtue of their respective professions and long-standing involvement with public companies and matters of executive compensation. In addition, each member of the Compensation Committee keeps abreast on a regular basis of trends and developments affecting executive compensation.

The Board had determined that each member of the Compensation Committee satisfied the definition of “independent” director as established under SEC rules. The Compensation Committee currently has no written charter.

The function of the Compensation Committee is to evaluate the Company’s performance and the performance of the NEOs. The Compensation Committee approves the cash and equity-based compensation of the NEOs and submits such approvals to the full Board for ratification. The Compensation Committee also reviews the Company’s compensation plans, policies and programs and other specific compensation arrangements to assess whether they meet the Company’s risk profile and to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation. The Board has complete discretion over the amount and composition of each NEO’s compensation. Compensation matters relating to the directors were administered by the full Board. Compensation matters relating to each NEO that is a member of the Board were administered by the Compensation Committee.

The Company currently does not anticipate making any significant changes to its compensation policies and practices in 2013 except for the elimination of the granting of restricted stock awards pursuant to TSXV requirements.



### **Compensation Program Philosophy**

The goal of the compensation program is to attract, retain and reward employees and other individuals who contribute to both the immediate and the long-term success of the Company. Contributions are largely measured subjectively, and are rewarded through cash and equity-based compensation.

The following objectives are considered in setting the compensation programs for the NEOs:

- Set compensation and incentive levels that reflect competitive market practices for similar experience and similar size companies; and
- Encourage stock holdings to align the interests of the NEOs with those of Shareholders.

The Company evaluates the extent to which strategic and business goals are met and measures individual performance, albeit subjectively, and the degree to which teamwork and Company objectives are promoted. The Company strives to achieve a balance between the compensation paid to a particular individual and the compensation paid to other employees and executives having similar responsibilities within the Company. The Company also strives to ensure that each employee understands the components of his or her salary, and the basis upon which it is determined and adjusted.

The Company encourages NEOs to own shares of the Company however there currently is no policy requiring officer or director ownership.

The Compensation Committee has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices as such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the NEO or director, the Company is unaware of the purchase of any such financial instruments by any NEO or director.

During 2012, the Company did not retain a compensation consultant or advisor to assist the Board or Compensation Committee in determining compensation for the Company's executive officers and directors.

### **Compensation Elements and Rationale for Pay Mix Decisions**

To reward both short and long-term performance in the compensation program and in furtherance of the Company's compensation objectives noted above, the Company's executive compensation philosophy includes the following two principles.

*Compensation levels should be competitive*

A competitive compensation program is vital to the Company's ability to attract and retain qualified senior executives. The Company regularly assesses peer group data to ensure that the compensation program is competitive.

*Incentive compensation should balance short and long-term performance*

To reinforce the importance of balancing strong short-term annual results and long-term viability and success, NEOs may receive both short and long-term incentives. Short-term incentives focus on the achievement of certain objectives for the upcoming year, while stock options create a focus on share price appreciation over the long term.

**Compensation Benchmarking**

The Company in the past established base salaries by using an extensive internal survey of base salaries paid to officers of mining companies with similar experience, similar size mining projects, small to medium size producing companies and other development stage mining companies with large mining projects. The companies considered in our internal survey were:

Coeur d'Alene Mines Corporation  
Gabriel Resources Ltd.  
Hecla Mining Company  
Lydian International Limited  
Mines Management, Inc.  
Revett Minerals Inc.  
Sandspring Resources Ltd.

Copper Mountain Mining Corporation  
Gran Columbia Gold  
International Tower Hill Mines Ltd.  
Midas Gold  
NovaGold Resources Inc.  
Rusoro Mining Ltd.  
St. Augustine Gold and Copper Limited

All of the participants of the internally generated survey are listed on the NYSE MKT, the Toronto Stock Exchange, or TSXV. The Company believes that the survey is a very good representation of average salaries paid to officers with similar levels of experience with comparable mining companies and therefore a good basis on which to make comparisons.. The data was obtained from publicly available information.

**Components of Executive Compensation**

The components of executive compensation are as follows:

*Base Salary.* The administration of the program requires the Compensation Committee to review annually the base salary of each NEO and to consider various factors, including individual performance, experience, length of time in position, future potential, responsibility, and the executive's current salary in relation to the executive salary range at other mining companies. These factors are considered subjectively and none are accorded a specific weight.

*Bonuses.* In addition to base salary, the Compensation Committee from time-to-time recommends to the Board payments of discretionary bonuses to executives and selected employees. Such bonuses are based on the same criteria and determined in a similar fashion as described above.

*Equity.* The Compensation Committee from time-to-time recommends to the Board grants of options to executives and selected employees. These grants are to motivate the executives and selected employees to achieve goals that are consistent with the Company's business strategies, to create Shareholder value and to attract and retain skilled and talented executives and employees. These factors are considered subjectively and none are accorded a specific weight

when granting awards. In addition, the Compensation Committee annually determines the contribution to the KSOP Plan for allocation to individual participants. Participation in and contributions to the KSOP Plan by individual employees, including officers, is governed by the terms of the KSOP Plan. See “Incentive Plans – KSOP Plan”.

### ***Chief Executive Officer's Compensation***

It is the responsibility of the Compensation Committee to review and recommend to the Board for ratification the compensation package for the Chief Executive Officer based on the same factors listed above that are used in determining the base salaries for the other NEOs.

The Compensation Committee has not developed specific quantitative or qualitative performance measures or other specific criteria for determining the compensation of the Company's Chief Executive Officer, primarily because the Company does not yet have a producing mine or other operations from which such quantitative data can be derived.

The determination of the Chief Executive Officer's compensation in 2012 was based on an internal survey of other companies previously listed, was subjective, and based on the progress of the proceedings relating to the resolution of the investment dispute with Venezuela, and the pursuit of new corporate opportunities.

### ***Other NEO's Compensation***

In determining the compensation of the other NEOs, the compensation during 2012 was also based on an internal survey of other companies, was subjective, and based on the progress of the proceedings relating to the resolution of the investment dispute with Venezuela, and the pursuit of new corporate opportunities. Generally, the Compensation Committee considers prior compensation and equity grants when considering current compensation.

### **Change of Control Agreements**

The Company maintains Change of Control Agreements with each of the NEOs which were implemented by the Board to induce the NEOs to remain with the Company and continue their involvement in the then ongoing development of the Brisas project and more recently, resolution of the investment dispute with Venezuela and the pursuit of new corporate opportunities. A "Change of Control" means one or more of the following: the acquisition by any individual, entity or group, of beneficial ownership of the Company of 25 percent of the voting power of the outstanding Common Shares; a change in the composition of the Board that causes less than a majority of the current directors of the Board to be members of the incoming board; reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company; liquidation or dissolution of the Company; or any other event the Board reasonably determines constitutes a Change of Control. Change of Control benefits become payable under the terms of the Change of Control agreements if, within 12 months following a Change of Control, the employee's employment is terminated by the Company or the surviving or successor entity without cause or the employee voluntarily terminates his/her employment for reasons specified under the respective Change of Control Agreement. Such reasons include a substantial alteration in the nature or status of employment responsibilities or a reduction in compensation or benefits.

The Board believes these individuals' familiarity and long-standing involvement with the Brisas project are important assets to the Company and their continued employment is important to resolve the dispute with Venezuela. The Board believes that the loss of their continued services could have a detrimental impact on the successful outcome of the arbitration, the potential settlement of the dispute with Venezuela, and the successful sale of assets associated with the Brisas Project.

See "Termination and Change of Control Benefits".





**SUMMARY COMPENSATION TABLE**

The following table discloses the compensation paid or granted by the Company to the NEOs for each of the fiscal years ended December 31, 2012, 2011 and 2010.

The amounts related to the Option-based awards and the Share-based awards (which are no longer allowed under TSXV regulations) do not necessarily represent the value of the shares when vesting occurs, the value of the options when exercised, or value the employee may realize from the sale of the shares.

Name and Principal Position	Year	Share-based Awards		Option-based Awards		Non-equity Incentive plan compensation			All Other Compensation	Total Compensation
		Salary \$	\$	\$	\$	Long-term incentive plans	Pension value	Other Compensation		
Rockne J. Timm	2012	300,000	303,000 <sup>(1)</sup>	478,842 <sup>(3)</sup>	n/a	n/a	n/a	100,000 <sup>(5)</sup>	1,181,842	
	2011	300,000	-	669,023 <sup>(4)</sup>	n/a	n/a	n/a	50,384 <sup>(6)</sup>	1,019,407	
	2010	300,000	181,000 <sup>(2)</sup>	-	n/a	n/a	n/a	24,500 <sup>(7)</sup>	505,500	
Chief Executive Officer										
Robert A. McGuinness	2012	180,000	227,250 <sup>(1)</sup>	136,117 <sup>(3)</sup>	n/a	n/a	n/a	70,000 <sup>(5)</sup>	613,367	
	2011	180,000	-	264,821 <sup>(4)</sup>	n/a	n/a	n/a	39,422 <sup>(6)</sup>	484,243	
	2010	180,000	126,700 <sup>(2)</sup>	-	n/a	n/a	n/a	24,500 <sup>(7)</sup>	331,200	
Vice President Finance  and CFO										
A. Douglas Belanger	2012	270,000	303,000 <sup>(1)</sup>	456,966 <sup>(3)</sup>	n/a	n/a	n/a	92,500 <sup>(5)</sup>	1,122,466	
	2011	270,000	-	634,178 <sup>(4)</sup>	n/a	n/a	n/a	51,711 <sup>(6)</sup>	955,889	
	2010	270,000	171,950 <sup>(2)</sup>	-	n/a	n/a	n/a	24,500 <sup>(7)</sup>	466,450	
President										
Mary E. Smith	2012	119,000	181,800 <sup>(1)</sup>	131,256 <sup>(3)</sup>	n/a	n/a	n/a	54,750 <sup>(5)</sup>	486,806	
	2011	119,000	-	234,158 <sup>(4)</sup>	n/a	n/a	n/a	35,932 <sup>(6)</sup>	389,090	
	2010	119,000	108,600 <sup>(2)</sup>	-	n/a	n/a	n/a	19,726 <sup>(7)</sup>	247,326	
Vice President Administration										

and Secretary

(1) For Share-based awards granted in 2012, the amount represents the aggregate grant date fair value computed by multiplying the number of shares granted with the grant date fair value of \$3.03 per share, the price of the Common Shares on the grant date of January 30, 2012. The number of shares granted to each NEO was as follows: Mr. Timm, 100,000; Mr. McGuinness, 75,000; Mr. Belanger, 100,000; and Ms. Smith, 60,000.

(2) For Share-based awards granted in 2010, the amount represents the aggregate grant date fair value computed by multiplying the number of shares granted with the grant date fair value of \$1.81 per share, the price of the Common Shares on the grant date of December 22, 2010. The number of shares granted to each NEO was as follows: Mr. Timm, 100,000; Mr. McGuinness, 70,000; Mr. Belanger, 95,000; and Ms. Smith, 60,000.

(3) On January 30, 2012, the Company granted options to the NEOs as follows: Mr. Timm, 394,000; Mr. McGuinness, 112,000; Mr. Belanger, 376,000; and Ms. Smith, 108,000; with an exercise price of \$2.89 per share. The fair value of these options at the date of grant was estimated using the Black-Scholes valuation model, which valuation model the Company has determined to be the most accurate measure of value for option-based awards ("Black-Scholes") with the following assumptions: a 2.9 year expected term; expected volatility of 65%; risk free interest rate of 0.29% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the options granted during 2012 was calculated at approximately \$1.22. The options vested as follows: 34% immediately, 33% on July 30, 2012, and 33% on January 30, 2013.

(4) On January 3, 2011, the Company granted options to the NEOs as follows: Mr. Timm, 480,000; Mr. McGuinness, 190,000; Mr. Belanger, 455,000; and Ms. Smith, 168,000; with an exercise price of \$1.82 per share. The fair value of these options at the date of grant was estimated using Black-Scholes with the following assumptions: a 4.7 year expected term; expected volatility of 107%; risk free interest rate of 1.88% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the options granted during 2011 was calculated at approximately \$1.39. The options vest in 25% increments over a three year period on January 3, 2011, December 1, 2011, December 1, 2012, and December 1, 2013.

(5) Represents the Company's contribution of \$25,000 to each of the NEOs in the form of cash allocated to the KSOP Plan for 2012 and a payment of a waiver of Change of Control Rights in connection with the restructuring of the 5.5% convertible notes due 2022 approved by the Shareholders on June 27, 2012 as follows: Mr. Timm \$75,000; Mr. McGuinness \$45,000; Mr. Belanger \$67,500; and Ms. Smith \$29,750.

(6) Represents the Company's contribution of \$32,499 in the form of cash and stock allocated to the KSOP Plan in 2011 for each NEO and a cash bonus as follows: Mr. Timm, \$17,885; Mr. McGuinness, \$6,923; Mr. Belanger, \$19,212; and Ms. Smith \$3,433.

(7) Represents Company's contribution in the form of cash allocated to the KSOP Plan for 2010.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares, some of which were previously unvested (the "Formerly Restricted Shares") granted to the NEOs outstanding as at December 31, 2012.

Name	Grant Date	Option-based Awards				Stock-based Awards		
		Number Of securities underlying unexercised options	Option exercise price	Option expiration date	Value of Unexercised in-the-money options (1)	Market or Number of shares or units of shares that have not vested (2)	Market or payout value of share-based awards that have not vested (3)	Market or payout value of share-based awards not paid out or distributed (4)
		#	\$	date	\$	#	\$	\$
Rockne J. Timm	12/5/2008	245,000	0.29	12/5/2013	739,900.00	-	-	-
	3/18/2009	66,000	0.73	3/18/2014	170,280.00	-	-	-
	1/3/2011	480,000	1.82	1/3/2016	715,200.00	-	-	-
	1/30/2012	394,000	2.89	1/30/2017	165,480.00	-	-	-
	1/30/2012	-	-	-	-	50,000	165,500.00	-
Chief Executive Officer	Total	1,185,000			1,790,860.00	50,000	165,500.00	-
Robert A. McGuinness	12/5/2008	81,668	0.29	12/5/2013	246,637.36	-	-	-
	3/18/2009	45,000	0.73	3/18/2014	116,100.00	-	-	-
	1/3/2011	190,000	1.82	1/3/2016	283,100.00	-	-	-
	1/30/2012	112,000	2.89	1/30/2017	47,040.00	-	-	-
	1/30/2012	-	-	-	-	37,500	124,125.00	-
Vice President Finance and CFO	Total	428,668			692,877.36	37,500	124,125.00	-
A. Douglas Belanger	12/5/2008	213,336	0.29	12/5/2013	644,274.72	-	-	-
	3/18/2009	65,000	0.73	3/18/2014	167,700.00	-	-	-
	1/3/2011	455,000	1.82	1/3/2016	677,950.00	-	-	-
	1/30/2012	376,000	2.89	1/30/2017	157,920.00	-	-	-
	1/30/2012	-	-	-	-	50,000	165,500.00	-
President	Total	1,109,336			1,647,844.72	50,000	165,500.00	-
Mary E. Smith	12/5/2008	65,000	0.29	12/5/2013	196,300.00	-	-	-
	3/18/2009	45,000	0.73	3/18/2014	116,100.00	-	-	-
	1/3/2011	168,000	1.82	1/3/2016	250,320.00	-	-	-
	1/30/2012	108,000	2.89	1/30/2017	45,360.00	-	-	-
	1/30/2012	-	-	-	-	30,000	99,300.00	-
Vice President Administration and Secretary	Total	386,000			608,080.00	30,000	99,300.00	-

(1) The “Value of Unexercised in-the-money options” was calculated by determining the difference between the market value of the securities underlying the option at the end of the financial year and the exercise price of such options. At December 31, 2012 the closing price of the Class A Shares on the NYSE MKT (where the Class A Shares traded until March 14, 2013) was \$3.31.

(2) The Formerly Restricted Shares were awarded pursuant to the Company’s former 1997 Equity Incentive Plan which allowed for the granting of Class A Shares subject to certain restrictions imposed by the Compensation Committee. The Formerly Restricted Shares were subject to vesting provisions, which was the only restriction imposed. Subsequently the Company transferred to the TSXV and, in order to comply with the requirements of the TSXV with respect to equity incentive plans, asked and received shareholder approval to replace the 1997 Equity Incentive Plan and the Venezuelan Equity Incentive Plan with one plan, the 2012 Equity Incentive Plan. The 2012 Equity Incentive Plan, approved by the Shareholders on June 27, 2012, does not allow grants of restricted stock.

(3) The “Market or payout value of share-based awards that have not vested” was calculated by multiplying the total number of Formerly Restricted Shares times \$3.31, the closing price of the shares on the NYSE MKT (where the Class A Shares traded until March 14, 2013) on December 31, 2012.

(4) On March 26, 2013 the Formerly Restricted Shares vested at a price of \$2.72 per share, the market value on the OTCQB at the time of issuance. There currently are no restricted shares outstanding.

**OPTIONS AND STOCK VESTED DURING THE YEAR**

The following table sets forth information for NEOs regarding the vesting of previously granted restricted stock and the value of stock options vesting during 2012.

Name	Option-based awards – Value vested during the year (1) \$	Share-based awards – Value vested during the year (2) \$	Non-equity incentive plan compensation – Value earned during the year \$
Rockne J. Timm Chief Executive Officer	262,665	194,500	-
Robert A. McGuinness Vice President Finance and CFO	94,481	145,875	-
A. Douglas Belanger President	249,528	194,500	-
Mary E. Smith Vice President Administration and Secretary	85,477	116,700	-

(1) The stock option value represents the aggregate value that would have been realized if the options had been exercised on the vesting date during the financial year ended December 31, 2012. As these options were not exercised, the amounts do not necessarily reflect amounts realized by the NEOs during the year.

(2) The Formerly Restricted Shares, granted on January 30, 2012, vested on August 31, 2012 as follows: Mr. Timm, 50,000; Mr. McGuinness, 37,500; Mr. Belanger, 50,000; and Ms. Smith, 30,000. The value was calculated by multiplying the total number of Formerly Restricted Shares vesting times \$3.89, the closing price of the shares on the NYSE MKT (where the Class A Shares traded until March 14, 2013) on August 31, 2012.

**INCENTIVE PLANS****2012 Plan**

In order to comply with the requirements of the TSXV, the Company adopted and the shareholders approved on June 27, 2012, the 2012 Plan to replace the Company's previous equity incentive plans: the 1997 Equity Incentive Plan (the "1997 Plan") and the 2008 Venezuelan Equity Incentive Plan (the "Venezuelan plan"). Upon shareholder approval, all awards previously granted pursuant to the 1997 Plan and the Venezuelan Plan became subject to the 2012 Plan. The 2012 Plan permits the grants of stock options of up to 10% of the issued and outstanding common shares of the Company on a rolling basis. As of December 31, 2012 there were 6,753,188 options outstanding and 517,983 options available for grant. At the date of this Circular there were 6,467,948 options outstanding and 831,747 available for grant. The Company provides newly issued shares to satisfy stock option exercises. The grants are made for terms of up to ten years with vesting periods as required by the TSXV and as may be determined by a committee established pursuant to the 2012 Plan, or in certain cases, by the Company's board of directors.

The 2012 Plan was established to provide incentives to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The 2012 Plan is administered by a committee of the Board, and in certain cases by the Board, established pursuant to the terms of the 2012 Plan.

In accordance with the rules of the TSXV the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or not more than 2% of the issued shares on a yearly basis if granted to any one consultant or to any one employee engaged in investor relations activities.

The 2012 Plan also provides for the following:

- a) stock options granted under the 2012 Plan will have an expiry date not to exceed 10 years from the date of grant;
- b) any stock options granted that expire or terminate for certain reasons without having been exercised will again be available under the 2012 Plan;
- c) stock options will vest as required by the TSXV and as may be determined by a committee established pursuant to the 2012 Plan, or in certain cases, by the Company's board of directors;
- d) the minimum exercise price of any stock options issued under the 2012 Plan will be the last previous closing price on the date of grant, subject to the requirements of the Exchange; and
- e) the Company's board of directors is authorized to grant to participants, within a 12 month period, that number of stock options under the 2012 Plan not exceeding 10% of the then issued and outstanding Common Share capital of the Company, less the number of currently outstanding stock options.

Amendments to the 2012 Plan may be made by the board of directors of the Company without shareholder approval to:

- (i) amend the 2012 Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the 2012 Plan, subject to prior written approval of the TSXV, if applicable;
- (iii) change the termination provision of an option granted under the 2012 Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the 2012 Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by the Exchange, if applicable; and
- (vi) amend the 2012 Plan to reduce the benefits that may be granted to new plan participants.

The board of directors of the Company is of the view that the 2012 Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry.

### **KSOP Plan**

The Company's subsidiary, Gold Reserve Corporation, maintains a KSOP Plan for the benefit of eligible employees. The KSOP Plan consists of two components— a salary reduction component (401(k)) and stock ownership component (ESOP). Eligible employees are those who have been employed for a period in excess of one year and who have worked at least 1,000 hours during the year in which any allocation is to be made.

Employee contributions to the 401(k) component of the KSOP Plan are limited in each year to the total amount of salary reduction the employee elects to defer during the year, which is limited in 2013 to \$17,500 (\$23,000 limit for participants who are 50 or more years of age, or who turn 50 during 2013).



Employer contributions, stated as a percentage of eligible compensation, are determined each year by the Board and allocations are made in the form of Class A Shares or by cash. The number of Class A Shares released for allocation is determined by multiplying the total eligible compensation by the contribution percentage approved by the Board and dividing that number by the average price of the Class A Shares remaining in the KSOP Plan for distribution. The employer contributions are disclosed under “Executive Compensation – Summary Compensation Tables”, under the column “All Other Compensation”. All contributions, once made to the individual’s account under the KSOP Plan, are thereafter self-directed.

Total employer and employee annual contributions to an employee participating in both the 401(k) and ESOP components of the KSOP Plan are limited (in 2013) to a maximum of \$51,000 (\$56,500 limit for participants who are 50 or more years of age or who turn 50 during 2013). The annual dollar limit is an aggregate limit which applies to all contributions made under this plan or any other cash or deferral arrangements. For KSOP Plan year 2013 the Company has adopted a minimum “Safe Harbor” contribution of 3% of eligible compensation.

Distributions from the KSOP Plan are not permitted before the participating employee reaches the age of 59 and six months, except in the case of death, disability, termination of employment by the Company or financial hardship. The employee stock ownership component of the KSOP Plan is qualified under Sections 421 and 423 of the U.S. Internal Revenue Code of 1986, as amended.

Allocated contributions to eligible KSOP Plan participants (10 participants for 2012) for plan years 2012, 2011, and 2010 were \$168,909, \$237,919, and \$175,174, respectively. Contributions were made in the form of cash for 2012 and 2010 and a combination of cash and stock for 2011. As of December 31, 2012, no Class A Shares remained in the KSOP Plan to be allocated to KSOP Plan participants.

### **Retention Units**

The Company presently has a Director and Employee Retention Plan (the “Retention Plan”) for the primary purposes of: (1) attracting and retaining directors, management and personnel with the training, experiences, and ability to enable them to make a substantial contribution to the success of the business of the Company, (2) to motivate participants by means of growth-related incentives to achieve long range goals, (3) to further the identity of interests of participants with those of the Company’s shareholders through equity-based incentive opportunities and (4) to allow each participant to share in the value of the Company following the grant of retention units.

Under the Retention Plan, the Board or a committee thereof may grant retention units (the “Units”) to directors and certain key employees of the Company or its subsidiaries. Individuals become eligible to participate if the Board or a committee thereof determines that the individual can assist the Company in achieving corporate milestones, influence the growth of the Company, or that the individual’s performance warrants further incentive or reward. Current participants in the Retention Plan include all directors, officers, and certain other employees, all of whom have signed award agreements.

The current vesting of the Units is based upon the occurrence of certain major corporate milestones: 50% upon successfully financing the Brisas project and 50% upon placing the Brisas project into production. The Units also become fully vested and payable upon a change of control. The Board has considered, but has not yet acted upon, alternative vesting provisions for the Units to more adequately reflect the current business objectives of the Company.

Subject to a vesting provision, each Unit granted to participating directors and employees entitles such persons to receive a cash payment equal to the fair market value of one Class A Share (a) on the date the Unit was granted or (b) on the date any such participant becomes entitled to payment, whichever is greater.

No Units were granted to directors, executive officers, or employees in 2012, 2011 or 2010. As of December 31, 2012, an aggregate of 1,457,500 unvested Units have been granted to directors and executive officers; 315,000 Units have been granted to other employees. The aggregate value of the outstanding awards as of December 31, 2012 was \$7,694,200.



## **TERMINATION AND CHANGE OF CONTROL BENEFITS**

### **Termination of Employment, Change in Responsibilities and Employment Contracts**

At this time, there are no written employment agreements between the Company and the NEOs.

The Company maintains Change of Control Agreements with each of the NEOs, which were implemented by the Board to induce the NEOs to remain with the Company in the event of a change of control. The Board believes these individuals' familiarity and long-standing involvement with the Brisas project are important assets to the Company and their continued employment is important to resolve the dispute with Venezuela. The Board believes that the loss of their continued services could have a detrimental impact on the successful outcome of the arbitration, potential settlement of the dispute, and the successful sale of assets associated with the Brisas Project.

### **Existing Change of Control Arrangements with Executive Officers**

Beginning in 2003, the Company entered into Change of Control Agreements with each of the NEOs and three other employees. Other than as disclosed herein, no other executive officers, directors or affiliates of the Company have Change of Control Agreements with the Company.

A Change of Control means one or more of the following: the acquisition by any individual, entity or group, of beneficial ownership of the Company of 25 percent of the voting power of the outstanding Common Shares; a change in the composition of the Board that causes less than a majority of the current directors of the Board to be members of the incoming board; reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company; liquidation or dissolution of the Company; or any other event the Board reasonably determines constitutes a Change of Control.

In connection with the restructuring of the Company's 5.5% convertible notes due 2022, members of management and the directors agreed to limited waivers of their rights under their respective change in control agreements.

Pursuant to the Change of Control Agreements, in the event of a Change of Control each participant is entitled to, among other things, continue employment with the Company and, if the participant's employment is terminated within 12 months following the Change of Control for any reason other than termination by the Company for cause, such participant will be entitled to receive, among other things:

- An amount equal to 24 times his or her monthly salary (36 times for Mr. Timm and Mr. Belanger), determined as of the date immediately prior to termination or the Change of Control, whichever is greater (the Change of Control time period of 24 months compared to 36 months is based primarily on seniority of position and responsibility and length of service with the Company);
- An amount equal to two years of the Company's KSOP contributions (based upon the maximum allowable allocation pursuant to applicable law and the participant's annual salary immediately prior to his or her termination date or the Change of Control, whichever is greater);
- An amount equal to the aggregate of all bonuses received during the 12 months prior to his or her termination date, plus any amounts required to be paid in connection with unpaid vacation time;

- A payment equal to two times the monthly premium for maintenance of health, life, accidental death and dismemberment, and long term disability insurance benefits for a period of 36 months;
- Cause all equity awards or equity-based awards (including options and restricted shares) granted to the participant to become fully vested and unrestricted;

- At the election of the participant, the buy-out of the cash value of any unexercised options based upon the amount by which the weighted average trading price of the Class A Shares for the last five days preceding the date the participant makes such election exceeds the exercise price of the options; and
- A payment equal to the value of the participant's vested retention units in accordance with the Retention Plan.

As further discussed in the following two paragraphs, the participants are entitled to receive certain "gross-up payments" (that is, an excess parachute gross-up payment and a deferred compensation gross-up payment) if payments that he or she receives are subject to the excise tax under Code Section 4999 on excess parachute payments or the additional tax and interest factor tax under Code Section 409A on deferred compensation. The intent of these gross-up payments is to put the participant in the same position, after tax, that he or she would have been in if the payments that the participant received had not been subject to the excise and additional taxes.

The Change of Control Agreements also provide for a gross-up payment if any payment made to or for the benefit of a participant ("Excess Parachute Payment") would be subject to the excise tax imposed by Code Section 4999, or any interest or penalties are incurred by the participant with respect to such excise tax. The Company will pay to the participant an additional payment ("Excess Parachute Gross-Up Payment") in an amount such that after payment by the participant of all taxes on the Excess Parachute Gross-Up Payment, the participant retains an amount of the Excess Parachute Gross-Up Payment equal to the excise tax (and any interest or penalties) imposed upon the participants Excess Parachute Payment.

The Change of Control Agreements further provide for a gross-up payment if any payment made to or for the benefit of a participant ("Deferred Compensation Payment") would be subject to the additional tax or additional interest on any underpayment of tax imposed by Code Section 409A, or any interest or penalties are incurred by the participant with respect to such additional tax or underpayment of tax. The Company will pay to the participant an additional payment ("Deferred Compensation Gross-Up Payment") in an amount such that after payment by the participant of all taxes on the Deferred Compensation Gross-Up Payment, the participant retains an amount of the Deferred Compensation Gross-Up Payment equal to the additional tax and additional interest on any underpayment of tax (and any interest or penalties) imposed upon the participant's Deferred Compensation Payment.

Payments may be delayed six months under Code Section 409A. In the event of such a delay, the delayed payments will be made to a rabbi trust. Upon the completion of the six-month delay period, the payments held in the rabbi trust will be paid to the participant plus interest at the prime rate. The Company will pay all costs associated with the rabbi trust.

Participants would have been entitled to collectively receive an aggregate of approximately \$17,913,628 if a Change of Control had occurred on December 31, 2012. This amount assumes all persons with Change of Control Agreements elect the buy-out of their options as described above. For purposes of such calculation, Gold Reserve assumed the election was made on December 31, 2012, which resulted in share price of \$3.31 per share. This amount was determined exclusive of any gross-up payments, which payments could be substantial depending on the tax position of each individual.

The following table represents the estimated payout for employees holding Change of Control Agreements at December 31, 2012. These amounts were determined exclusive of any gross-up payments, which could be substantial depending on the tax position of each individual.

Name	Compensation (1)	Payout of Stock Options (2)	Payout of Retention Units (3)	Payout of Unvested Restricted Stock	Total
Rockne J. Timm	\$ 1,440,209	\$ 1,790,860	\$ 1,502,000	\$ 165,500	4,898,569
Robert A. McGuinness	742,666	692,877	589,000	124,125	2,148,668
A. Douglas Belanger	1,391,443	1,647,845	1,502,000	165,500	4,706,788
Mary E. Smith	532,600	608,080	524,400	99,300	1,764,380
Total NEOs	4,106,918	4,739,662	4,117,400	554,425	13,518,405
Other participants	864,561	2,163,862	1,366,800	-	4,395,223
Total	4,971,479	6,903,524	5,484,200	554,425	17,913,628

(1) Represents the estimated payout as of December 31, 2012 of the associated salary, vacation, KSOP contribution, bonus and insurance.

(2) Represents the payout of stock options.

(3) Represents the payment associated with the value of the Units on December 31, 2012 and does not include 500,000 retention units for non-employee directors equal to \$2,210,000.

(4) Represents payout of the Formerly Restricted Shares on December 31, 2012 based on a share value of \$3.31.

**DIRECTOR COMPENSATION****Summary Director Fee Tables**

During 2012, the Board agreed to pay \$36,000 to each non-employee director in quarterly installments of \$9,000 per quarter, payable on April 16, 2012, July 16, 2012, October 15, 2012, and January 15, 2013. In addition, they were granted 36,000 Class A Shares, to vest in installments of 9,000 each on April 16, 2012, July 16, 2012, October 15, 2012 and January 15, 2013. Mr. Coleman received \$100,000 for his role as Chairman. No Class A Shares will be granted 2013.

During 2012 the non-employee directors agreed to support the restructuring of the Company's 5.5% convertible notes due 2022 and waived their Change of Control Rights in connection with the restructuring for the following consideration: Mr. Coleman was paid \$25,000 and Mr. Geyer was paid \$20,000. Messrs. Potvin, McChesney and Mikkelsen agreed to forgo an immediate cash payment by accepting a participation of up to 2% of the pool established under the Bonus Plan described below under 2012 Bonus Pool Plan.

The amount related to Share-based awards and Option-based awards does not necessarily represent the value of the shares when vesting occurs, the value of the options when exercised, or value the director may realize from the sale of the shares.

Name	Year	Fees					All Other Compensation	Total
		Earned (1)	Share-based awards (2)	Option-based awards (3)	Non-equity Incentive plan compensation			
James H. Coleman	2012	\$ 36,000	\$ 109,080	\$ 109,380	-	\$ 125,000 <sup>(4)</sup> <sup>(5)</sup>	\$ 379,460	
James P. Geyer	2012	\$ 36,000	\$ 109,080	\$ 109,380	-	\$ 20,000 <sup>(5)</sup>	\$ 274,460	
Patrick D. McChesney	2012	\$ 36,000	\$ 109,080	\$ 109,380	-	-	\$ 254,460	
Chris D. Mikkelsen	2012	\$ 36,000	\$ 109,080	\$ 109,380	-	-	\$ 254,460	
Jean Charles Potvin	2012	\$ 36,000	\$ 109,080	\$ 109,380	-	-	\$ 254,460	

(1) Represents cash fees granted as director during the year.

(2) For Share-based awards granted in 2012, the amount represents the aggregate grant date fair value computed by multiplying the number of shares granted with the grant date fair value of \$3.03 per share, the price of the Common Shares on the grant date of January 30, 2012.

(3) On January 30, 2012, the Company granted 90,000 options to each of the non-executive directors with an exercise price of \$2.89 per share. The fair value of these options at the date of grant was estimated using Black-Scholes with the following assumptions: a 2.9 year expected term; expected volatility of 65%; risk free interest rate of 0.29% per annum; and a dividend rate of 0%. The weighted average grant date fair value of the options granted during 2012 was calculated at approximately \$1.22. The options vest as follows: 34% immediately, 33% on July 30, 2012, and 33% on January 30, 2013.

(4) Represents cash fees of \$100,000 earned as Chairman during the year.



(5) Represents payment of a waiver of Change of Control Rights in connection with the restructuring of the 5.5% convertible notes due 2022 approved by the Shareholders on June 27, 2012 as follows: for Mr. Coleman \$25,000; and for Mr. Geyer \$20,000.

Directors of the Company received no additional compensation for serving on Board committees or for attendance at the Board or committee meetings.

Unrelated to his director services, the Company has entered into an arrangement with Mr. Geyer to provide consulting services on an as needed basis at a fixed rate of \$1,250 per day, charged on an hourly basis, with no set minimum or maximum number of hours. During 2012, Mr. Geyer did not receive any additional pay for consulting services.

Edgar Filing: GOLD RESERVE INC - Form 6-K

The following table sets forth information concerning all outstanding stock options to acquire Class A Shares and Formerly Restricted Shares granted to the Directors as at December 31, 2012:

Name	Date	Option-based Awards				Stock-based Awards			
		Number Of securities underlying unexercised options	Option exercise price	Option expiration	Value of Unexercised in-the-money options (1)	Market or Number of shares or units of shares that have not vested (2)	Market or payout value of share-based awards that have not vested (3)	Market or payout value of share-based awards not paid out or distributed (4)	
Grant	#	\$	date	\$	#	\$	\$		
James H. Coleman	12/5/2008	53,336	0.29	12/5/2013	161,075	-	-	-	
	3/18/2009	35,000	0.73	3/18/2014	90,300	-	-	-	
	1/3/2011	120,000	1.82	1/3/2016	178,800	-	-	-	
	1/30/2012	90,000	2.89	1/30/2017	37,800	-	-	-	
	1/30/2012	-	-	-	-	18,000	59,580	-	
<b>Total</b>		<b>298,336</b>			<b>467,975</b>	<b>18,000</b>	<b>59,580</b>	<b>-</b>	
James P. Geyer	12/5/2008	83,336	0.29	12/5/2013	251,675	-	-	-	
	3/18/2009	62,500	0.73	3/18/2014	161,250	-	-	-	
	1/3/2011	120,000	1.82	1/3/2016	178,800	-	-	-	
	1/30/2012	90,000	2.89	1/30/2017	37,800	-	-	-	
	1/30/2012	-	-	-	-	18,000	59,580	-	
<b>Total</b>		<b>355,836</b>			<b>629,525</b>	<b>18,000</b>	<b>59,580</b>	<b>-</b>	
Patrick D. McChesney	12/5/2008	53,336	0.29	12/5/2013	161,075	-	-	-	
	3/18/2009	35,000	0.73	3/18/2014	90,300	-	-	-	
	1/3/2011	120,000	1.82	1/3/2016	178,800	-	-	-	
	1/30/2012	90,000	2.89	1/30/2017	37,800	-	-	-	
	1/30/2012	-	-	-	-	18,000	59,580	-	
<b>Total</b>		<b>298,336</b>			<b>467,975</b>	<b>18,000</b>	<b>59,580</b>	<b>-</b>	
Chris D. Mikkelsen	12/5/2008	53,336	0.29	12/5/2013	161,075	-	-	-	
	3/18/2009	35,000	0.73	3/18/2014	90,300	-	-	-	
	1/3/2011	120,000	1.82	1/3/2016	178,800	-	-	-	
	1/30/2012	90,000	2.89	1/30/2017	37,800	-	-	-	
	1/30/2012	-	-	-	-	18,000	59,580	-	
<b>Total</b>		<b>298,336</b>			<b>467,975</b>	<b>18,000</b>	<b>59,580</b>	<b>-</b>	
J.C. Potvin	12/5/2008	53,336	0.29	12/5/2013	161,075	-	-	-	
	3/18/2009	35,000	0.73	3/18/2014	90,300	-	-	-	
	1/3/2011	120,000	1.82	1/3/2016	178,800	-	-	-	
	1/30/2012	90,000	2.89	1/30/2017	37,800	-	-	-	
	1/30/2012	-	-	-	-	18,000	59,580	-	

Total	298,336	467,975	18,000	59,580	-
-------	---------	---------	--------	--------	---

(1) The “Value of Unexercised in-the-money options” was calculated by determining the difference between the market value of the securities underlying the option at the end of the financial year and the exercise price of such options. At December 31, 2012 the closing price of the Class A Shares on the NYSE MKT (on which the Class A Shares traded until March 14, 2013) was \$3.31.

(2) The Formerly Restricted Shares were awarded pursuant to the Company’s former 1997 Equity Incentive Plan which allowed for the granting of Class A Shares subject to certain restrictions imposed by the Board. The Formerly Restricted Shares were subject to vesting provision, which was the only restriction imposed. Subsequently the Company transferred to the TSXV and, in order to comply with the requirements of the TSXV with respect to equity incentive plans, asked and received shareholder approval to replace the 1997 Equity Incentive Plan and the Venezuelan Equity Incentive Plan with one plan, the 2012 Equity Incentive Plan. The 2012 Equity Incentive Plan, approved by the Shareholders on June 27, 2012, does not allow grants of restricted stock.

(3) The “Market or payout value of share-based awards that have not vested” was calculated by multiplying the total number of Formerly Restricted Shares times \$3.31, the closing price of the shares on the NYSE MKT (on which the Class A Shares traded until March 14, 2013) on December 31, 2012.

(4) On March 26, 2013 the Formerly Restricted Shares vested at a price of \$2.72 per share, the market value on the OTCQB at the time of issuance. There currently are no restricted shares outstanding.

The following table sets forth information for the directors other than the NEOs regarding the vesting of previously granted restricted stock and the value of stock options vesting during 2012.

Name	Option-based awards – Value vested during the year (1)	Share-based awards – Value vested during the year (2)	Non-equity incentive plan compensation – Value earned during the year
	\$	\$	\$
James H. Coleman	63,831	95,400	-
James P. Geyer	63,831	95,400	-
Patrick D. McChesney	63,831	95,400	-
Chris D. Mikkelsen	63,831	95,400	-
Jean Charles Potvin	63,831	95,400	-

(1) The stock option value represents the aggregate value that would have been realized if the options had been exercised on the vesting date during the financial year ended December 31, 2012. As these options were not exercised, the amounts do not necessarily reflect amounts realized by the NEOs during the year.

(2) The Formerly Restricted Shares vested for each of the directors as follows: 9,000 on January 13, 2012, 9,000 on April 15, 2012 and 9,000 on August 31, 2012. The value was calculated by multiplying the total number of Formerly Restricted Shares vesting times the closing price of the shares on the NYSE MKT (on which the Class A Shares traded until March 14, 2013) on the vest dates.

### Directors and Officers Insurance

The Company carries directors and officers' liability insurance which is subject to a total aggregate limit of \$20,000,000 and deductibles from \$100,000 to \$750,000 depending on the nature of the claim. The annual premium for the latest policy period was \$306,000.

### 2012 BONUS POOL PLAN

The Board of Directors approved the 2012 Bonus Pool Plan ("Bonus Plan"), which is intended to reward the participants in the Bonus Plan, including NEOs, employees, directors and consultants, for their past and future contribution related to among other things: (i) the development of the Brisas Project to the construction stage and subsequent issuance of the environmental permit to commence construction of the Brisas Project; (ii) 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; (iii) 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 (iv) the on-going efforts to assist with positioning the Company to collect, in the most optimum manner, any proceeds or other consideration related to the arbitration claim and/or sale of Brisas Project mining data assets that the Company may be entitled to as management considers in the best interest of all stakeholders. All awards payable under the Bonus Plan are payable in cash.

The bonus pool under the Bonus Plan will generally be comprised of the gross proceeds or the fair value of any consideration related to such transactions less certain deductions and applicable taxes (except in the case of an Enterprise Sale as described below where gross proceeds will be considered before any applicable taxes and after any

Change of Control payments) times 1% of the first \$200 million and 5% thereafter of any consideration received.

The bonus pool, will be established and separate bonus amounts will be determined, if and when the Company (i) recovers any settlement, award, or other payment made or other consideration transferred to the Company or any of its affiliates 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 affiliates from a sale, pledge transfer or other disposition, directly or indirectly, of the Company's rights with respect to the Arbitration Proceedings; (ii) sells, pledges, transfers or disposes, directly or indirectly, of all or any portion of the Brisas Project mining data, or (iii) in the event the Company or its shareholders, directly or indirectly, engage in any (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 or (c) sale, pledge, transfer or other disposition, directly or indirectly, of all or substantially all of the assets of the Company ("Enterprise Sale").

The Bonus Plan is managed by a Committee of independent directors who have the authority to select each individual for participation in the Bonus Plan and fix the relative percentage of the total pool to be distributed to each participant. Participation in the Bonus Plan vests upon the participant's selection by the Committee, subject to voluntary termination of employment or termination for cause.

#### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OTHER THAN SECURITIES PURCHASE PROGRAMS**

No director, executive officer or senior officer, or associate or affiliate of any such director, executive officer or senior officer, is, or at any time since the beginning of the most recently completed financial year of the Company was, indebted to the Company.

#### **AUDIT COMMITTEE INFORMATION**

##### **Audit Committee Charter**

The Audit Committee of the Board operates within a written mandate, as approved by the Board, which describes the Committee's objectives and responsibilities. The full text of the Audit Committee Charter, as amended as of April 2011, is attached as "Appendix A" to this Circular.

##### **Membership and Role of the Audit Committee**

The Audit Committee consists of Chris D. Mikkelsen (Chairman), Jean Charles Potvin, and Patrick D. McChesney. The Board has determined each member of the Audit Committee to be "independent" and "financially literate" as such terms are defined under Canadian securities laws. Further, each member of the Audit Committee satisfies the definition of "independent" director as established under the SEC rules. In addition, each member of the Audit Committee is financially literate and the Board has determined that Chris D. Mikkelsen qualifies as an audit committee "financial expert" as defined by SEC rules. The Board has made these determinations based on the education and experience of each member of the Committee.

Mr. Mikkelsen has an extensive background in providing operational and tax advice to a wide variety of clients and businesses. He is actively involved as a board member in local charitable and civic organizations. He has considerable knowledge of the Company and currently serves on the audit and compensation committees.

Mr. Potvin is also a director and a member of the audit committee of Azimut Exploration Ltd and Geomega Resources Ltd, both publicly listed mineral exploration companies. Mr. Potvin holds a Bachelor of Science degree in Geology from Carleton University and an MBA from the University of Ottawa. He spent nearly 14 years as a mining investment analyst for a large Canadian investment brokerage firm (Burns Fry Ltd., now BMO Nesbitt Burns Inc.).

Mr. McChesney was a certified public accountant and a financial officer of an operating gold mining company and has been president and a director of a company that manufactured automated test equipment for the semiconductor industry. He has been involved in the mining industry since 1983 and has considerable knowledge regarding the Company's activities in Venezuela and currently serves on the audit and compensation committees.

The Audit Committee met four times during 2012 at which attendance, in person or by phone, averaged 100%. The Audit Committee's principal functions are to assist the Board in fulfilling its oversight responsibilities, and to specifically review: (i) the integrity of our financial statements; (ii) the independent auditor's qualifications and independence; (iii) the performance of our system of internal audit function and the independent auditor; and (iv) our compliance with laws and regulations, including disclosure controls and procedures. During 2012, the Audit Committee worked with management, our internal auditor and our independent auditor to address Sarbanes-Oxley Section 404 internal control requirements.

The Audit Committee reviews our financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements, the reporting process and maintaining an effective system of internal control over financial reporting. Our independent auditors are engaged to audit and express opinions on the conformity of our financial statements to accounting principles generally accepted in the United States, and the effectiveness of our internal control over financial reporting.

### External Auditor Service Fees

Fees paid to the Company's independent external auditor, PricewaterhouseCoopers LLP, for the fiscal years ended December 31, 2012 and 2011 are detailed in the following table:

Fee Category	Year Ended 2012	Year Ended 2011
Audit Fees <sup>(1)</sup>	\$116,850	\$108,904
Audit Related Fees <sup>(2)</sup>	38,651	29,770
Tax Fees <sup>(3)</sup>	6,128	8,100
All Other Fees	-	-
Total	\$161,629	\$146,774

All fees for services performed by the Company's external auditors during 2012 were pre-approved by the Audit Committee.

(1) Audit fees were for professional services rendered by PricewaterhouseCoopers LLP for the audit of the Company's annual financial statements.

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

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

### Pre-approval Policies and Procedures

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



## **NOMINATING COMMITTEE INFORMATION**

### **Nominating Committee Charter**

The Nominating Committee currently has no written charter.

### **Membership and Role of the Nominating Committee**

The Nominating Committee is composed of the following three (3) directors:

James H. Coleman

Chris D. Mikkelsen

Jean Charles Potvin