

GOLD RESERVE INC  
Form 424B3  
March 09, 2016

**Filed Pursuant to Rule 424(b)(3)**

**Registration Number 333-208996**

**PROSPECTUS**

**GOLD RESERVE INC.**

**\$57,057,717 11% Senior Secured Convertible Notes due 2018**

**and**

**up to 29,845,503 Class A Common Shares**

On November 30, 2015, we consummated the restructuring of approximately:

- \$37.3 million aggregate principal amount of our previously outstanding 11% Senior Subordinated Convertible Notes due 2015 (“2015 Convertible Notes”); and
- \$5.6 million aggregate principal amount of our previously outstanding 11% Senior Subordinated Interest Notes due 2015 (the “2015 Interest Notes” and, together with the 2015 Convertible Notes, the “2015 Notes”).

In connection with restructuring the terms of the 2015 Notes, which included increasing the principal amount of the 2015 Notes outstanding by approximately \$0.8 million (an amount equal to the aggregate principal amount of accrued and unpaid interest on the 2015 Notes to, but not including, the date of consummation of the restructuring), we issued approximately \$43.7 million aggregate principal amount of 11% Senior Secured Convertible Notes due 2018 (the “Amended Notes”).

As consideration for the holders of the 2015 Notes agreeing to amend the 2015 Notes, we also issued them an additional approximately \$1.1 million aggregate principal amount 11% Senior Secured Convertible Notes due 2018 (the “Restructuring Fee Notes”) (which represents a fee equal to 2.5% of the Amended Notes), which have the same terms as the Amended Notes. Finally, simultaneously with the issuance of the Amended Notes and the Restructuring Fee Notes, we also issued an additional approximately \$12.3 million aggregate principal amount of 11% Senior Secured Convertible Notes due 2018 (the “New Notes” and, together with the Amended Notes and the Restructuring Fee Notes, the “2018 Convertible Notes”), for cash proceeds of approximately \$12 million, having the same terms as the Amended Notes and the Restructuring Fee Notes, other than an original issue discount (“OID”) of 2.5% of the principal amount of the New Notes. Interest on the 2018 Convertible Notes accrues and is capitalized quarterly and is payable in a new series of 11% Senior Secured Interest Notes due 2018 (the “Interest Notes” and together with the 2018 Convertible Notes, the “Notes”). Interest on the Interest Notes is also payable in additional Interest Notes. The 2018 Convertible Notes are denominated in, and the Interest Notes will be denominated in, United States Dollars.

This prospectus covers resales from time to time by the selling securityholders named under “*Selling Securityholders*” (the “Selling Securityholders”) of any or all of the 2018 Convertible Notes held by the Selling Securityholders and any Class A common shares, no par value (the “Class A Common Shares”), issuable upon conversion of the 2018 Convertible Notes. This prospectus also covers the resale from time to time by certain of the Selling Securityholders of an additional 10,826,268 Class A Common Shares beneficially owned by such Selling Securityholders. The 2018 Convertible Notes and the Class A Common Shares that may be resold pursuant to this prospectus are referred to collectively herein as the “Securities.” The restructuring of the 2015 Notes and the simultaneous issuance of the New Notes is collectively referred to herein as the “Restructuring and New Notes Sale.”

The Securities may be offered from time to time by the Selling Securityholders through ordinary brokerage transactions, in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices and in other ways as described in the “*Plan of Distribution*.”

We will not receive any proceeds from the sale of these Securities. See “*Use of Proceeds*.”

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The Notes bear interest at a rate of 11% per annum. Interest on the Notes accrues and is capitalized quarterly and will be payable on March 31, June 30, September 30 and December 31 of each year, beginning on March 31, 2016. Interest on the Notes is payable in Interest Notes. The Notes will mature on December 31, 2018.

Holders of the 2018 Convertible Notes may convert their 2018 Convertible Notes into 333.3333 Class A Common Shares per \$1,000 principal amount of indebtedness evidenced by the 2018 Convertible Notes (which is equivalent to a conversion price of \$3.00 per share), which conversion rate is subject to anti-dilution adjustments upon the occurrence of certain events. The Interest Notes are not convertible into our Class A Common Shares or any other security.

The Notes, together with the CVRs (as defined herein), are secured by a first lien on substantially all of our assets (excluding a security interest over our rights with respect to the ongoing Brisas arbitration (as defined herein) and only limited rights over the stock of our subsidiaries). The 2018 Convertible Notes are currently evidenced by physical certificates held in the names of the Selling Securityholders. In connection with the filing of the registration statement of which this prospectus forms a part, we have agreed to use commercially reasonable efforts to cause the 2018 Convertible Notes to become eligible for deposit with The Depository Trust Company (“DTC”). We have also agreed to use commercially reasonable efforts to cause the Interest Notes to become eligible for deposit with DTC prior to their first issuance in connection with a regular interest payment date on March 31, 2016. If the Interest Notes are not made eligible for deposit with DTC on that date, the Interest Notes will also be evidenced by physical certificates held in the names of the Selling Securityholders. If and when the Notes have been made eligible with DTC, the Notes will be evidenced by one or more global notes deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected through, records maintained by DTC and its direct and indirect participants.

Our Class A Common Shares are listed for trading on the TSX Venture Exchange (the “TSXV”) under the symbol “GRZ.V” and trade on the OTCQB under the symbol “GDRZF.” On March 8, 2016, the closing sale prices of the Class A Common Shares as reported by the TSXV and OTCQB were Cdn \$5.56 and \$4.20, respectively. Our Class A Common Shares have full voting, dividend and liquidation rights. We do not intend to apply for a listing of the Notes on any securities exchange or for inclusion of the Notes in any automated quotation system.

**An investment in the Securities is speculative and involves a high degree of risk. See “Risk Factors” beginning on page 14. You should read this document and the documents incorporated by reference into this prospectus before you invest.**

**Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these Securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**The Securities are being offered to investors in the United States of America, other than in the states of Montana and North Dakota.**

The date of this prospectus is March 9, 2016.

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form F-3 that we filed with the SEC with respect to the Securities that may be offered and sold from time to time in one or more offerings by the Selling Securityholders named in the section “*Selling Securityholders*.”

This prospectus only provides you with a general description of the Securities that the Selling Securityholders may sell or offer and the Interest Notes that you will receive in connection with the regular payment of interest on the Notes in the future (though the resale of such Interest Notes is not covered by this prospectus). Each time a Selling Securityholder sells Securities, if required, we will provide a prospectus supplement or amendment containing specific information about the offering. Any such prospectus supplement or amendment may include a discussion of any risk factors or other special considerations that apply to that offering. The prospectus supplement or amendment may also add, update or change the information in this prospectus or in the documents that we have incorporated into this prospectus by reference. To the extent that any statement made in a prospectus supplement or amendment conflicts with statements made in this prospectus, the statements made in the prospectus supplement or amendment will be deemed to modify or supersede those made in this prospectus.

The rules of the SEC allow us to incorporate by reference certain information into this prospectus. Before purchasing any of the Securities, you should carefully read this prospectus, especially the information discussed under “*Risk Factors*,” and any prospectus supplement or amendment together with the additional information incorporated by reference herein. See “*Incorporation by Reference*” for a description of the documents from which information is incorporated and “*Where You Can Find More Information*” to learn how to obtain a copy of such documents.

**You should rely only upon the information contained in, or incorporated by reference into, this document. Neither we nor any Selling Securityholder has authorized any other person to provide you with different information. No other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus. You must not rely on any unauthorized information or representation. This prospectus is an offer to sell only the Securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information appearing in this document is accurate only as of the date on the front cover of this document. Our business, financial condition, results of operations and prospects may have changed since that date.**

Unless the context requires otherwise, reference in this prospectus to:

- “we,” “us,” “our,” “Gold Reserve,” the “registrant” or the “Company” refers to Gold Reserve Inc. and its subsidiaries
- “\$”, “U.S. \$,” or “U.S. dollars” in this document refer to U.S. dollars
- “Cdn \$” or “Canadian dollars” refer to Canadian dollars
- “Securities Act” refers to the U.S. Securities Act of 1933, as amended
- “Exchange Act” refers to the U.S. Securities Exchange Act of 1934, as amended







## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

The information presented or incorporated by reference in this document contains both historical information and “forward-looking statements” (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) or “forward looking information” (within the meaning of applicable Canadian securities laws) (collectively referred to herein as “forward looking statements”) that may state our intentions, hopes, beliefs, expectations or predictions for the future.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause our actual financial results, performance, or achievements to be materially different from those expressed or implied herein and many of which are outside our control. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: our ability to consummate the transactions contemplated by the Memorandum of Understanding (the “MOU”) we entered into with the Bolivarian Republic of Venezuela (“Venezuela”), on February 24, 2016, with respect to the potential settlement, including the payment and resolution, of the amounts awarded (including pre and post award interest and legal costs) (the “Arbitral Award”) by the International Centre for Settlement of Investment Disputes (“ICSID”), an amount yet to be agreed to by the parties in exchange for our contribution of the Mining Data (as defined herein) to the Brisas-Cristinas Project (as defined herein) and the potential subsequent joint development and financing of the Brisas-Cristinas Project by us and Venezuela; the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments to us pursuant to the Arbitral Award or the other transactions contemplated by the MOU; risks associated with the concentration of our potential future operations and assets in Venezuela; the timing of our enforcement or collection of the Arbitral Award if the transactions contemplated by the MOU are not consummated; actions and/or responses by the Venezuelan government, including in connection with the negotiation of definitive documentation pursuant to the MOU and/or with respect to our ongoing collection efforts related to the Arbitral Award; economic and industry conditions influencing the sale of the Brisas Project (as defined herein) related equipment; conditions or events impacting our ability to fund our operations and/or service our debt; our ability to maintain listing of our Class A Common Stock on the TSXV and continued trading on the OTCQB; and our long-term plans for identifying and achieving revenue producing operations.

Forward-looking statements involve risks and uncertainties, as well as assumptions that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause our 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 described in the forward-looking statements, including without limitation:

- our ability to reach agreement with Venezuela on definitive documentation for the transactions contemplated by the MOU and consummate such transactions;
- the ability of Venezuela to obtain financing on favorable terms, if at all, to fund the contemplated payments to us pursuant to the Arbitral Award or the other transactions contemplated by the MOU, including the potential development of the Brisas-Cristinas Project;

- the ability of the Company and Venezuela to obtain the approval of the National Executive Branch of the Venezuelan government to create a Special Economic Zone or otherwise provide tax and other economic benefits for the activities of the jointly owned entity (which we refer to herein as the “mixed company”) contemplated by the MOU;
- our ability to satisfy our obligations under the Notes following any payment by Venezuela under the Arbitral Award or with respect to contribution by us of the Mining Data to the mixed company, and any subsequent distribution of remaining funds to our shareholders (subject in each case to the payment of outstanding or incurred corporate obligations and/or taxes);

- the timing of the consummation of the transactions contemplated by the MOU or our collection of the Arbitral Award, if at all;
- the costs associated with the enforcement and collection of the Arbitral Award, including the costs that we will incur in connection with the settlement of the Arbitral Award pursuant to the transactions contemplated by the MOU;
- the complexity and uncertainty of varied legal processes in multiple international jurisdictions associated with our ongoing efforts to collect the Arbitral Award (including the U.S.);
- concentration of our potential future operations and assets in Venezuela, including operational, regulatory, political and economic risks associated with Venezuelan operations;
- the potential for corruption and uncertain legal enforcement in Venezuela, including requests for improper payments;
- the potential that civil unrest, military actions and crime will impact our potential future operations and assets in Venezuela;
- risks associated with exploration and, if adequate reserves, financing and other resources are available, development of the Brisas-Cristinas Project (including regulatory and permitting risks);
- our current liquidity and capital resources and access to additional funding in the future when required;
- continued servicing or restructuring of our outstanding Notes or other obligations as they come due;
- our ability to maintain continued listing of our Class A Common Shares on the TSXV and continued trading on the OTCQB;
- our long-term plans for identifying and achieving revenue producing operations in the future;
- shareholder dilution resulting from restructuring or refinancing our outstanding Notes;
- shareholder dilution resulting from the conversion of our outstanding convertible notes, including the Notes, in part or in whole to equity;
- shareholder dilution resulting from the sale of additional equity;
- value realized from the disposition of the remaining Brisas Project related assets, if any;
- value realized from the disposition of the Mining Data, if any, pursuant to the transactions contemplated by the MOU or otherwise;
- prospects for our exploration and development of mining projects, including the potential joint development of the Brisas-Cristinas Project by us and Venezuela and any development we may pursue as a result of the Mining Property Acquisition (as defined herein);
- currency, metal prices and metal production volatility;
- adverse U.S. and/or Canadian tax consequences;

- our ability to continue to report as a “foreign private issuer” pursuant to Rule 3b-4 under the Exchange Act;
- abilities and continued participation of certain key employees; and

- other 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 our forward-looking statements. See “*Risk Factors.*”

Investors are cautioned not to put undue reliance on forward-looking statements, whether in this document, other documents periodically filed or furnished with the SEC or other securities regulators or presented on our website. Forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this notice. We disclaim 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 our disclosure obligations under applicable rules promulgated by the SEC. Investors are urged to read our filings with U.S. and Canadian securities regulatory authorities, which can be viewed online at [www.sec.gov](http://www.sec.gov) and [www.sedar.com](http://www.sedar.com), respectively.







## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act we are required to file or furnish annual and special reports and other information with the SEC. As a foreign private issuer under the Exchange Act, we are exempt from rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. We are also exempt from Regulation FD.

You may read and copy any of the reports, statements, or other information we file or furnish with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC filings are also available to the public from commercial document retrieval services and are available at the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

These reports and other information filed or furnished by us with the SEC are also available free of charge at our website at [www.goldreserveinc.com](http://www.goldreserveinc.com), under our "Investor Relations" tab. Our website also contains filings made with the Canadian securities regulatory authorities, which can also be accessed at [www.sedar.com](http://www.sedar.com).

**The information contained in our website is not incorporated by reference and does not constitute a part of this prospectus.**

## INCORPORATION BY REFERENCE

We have filed with the SEC a registration statement on Form F-3 under the Securities Act covering the Securities offered by this prospectus. This prospectus does not contain all of the information that you can find in our registration statement and the exhibits to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance such statement is qualified by reference to each such contract or document filed or incorporated by reference as an exhibit to the registration statement.

The SEC allows us to “incorporate by reference” the information we file or furnish with them. This means that we can disclose important information to you by referring you to other documents that are legally considered to be part of this prospectus, and later information that we file or furnish with the SEC will automatically update and supersede the information in this prospectus. We incorporate by reference into this prospectus the following documents:

- Our annual report on Form 40-F, for our fiscal year ended December 31, 2014 filed on April 24, 2015;
- Our unaudited interim consolidated financial statements as of March 31, 2015, June 30, 2015 and September 30, 2015, as filed on our reports on Form 6-K furnished on May 14, 2015, August 14, 2015 and November 27, 2015, respectively;
- Our reports on Form 6-K furnished on May 5, 2015, December 2, 2015, December 9, 2015, January 13, 2016, January 15, 2016, January 21, 2016, February 29, 2016 and March 4, 2016;
- The description of our Capital Stock set forth in our report on Form 6-K furnished on September 19, 2014;
- Our Articles of Continuance and By-law No. 1 contained in Exhibits 99.1 and 99.2, respectively, to our report on Form 6-K furnished on September 19, 2014; and
- All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Form 40-F mentioned above.

In the event of conflicting information in these documents, the information in the latest filed documents shall control.

In addition, any future filings made with the SEC under the Exchange Act after the date of the registration statement of which this prospectus forms a part and prior to the effectiveness of the registration statement and on or after the date of this prospectus and prior to the termination of the offering of the Securities made under this prospectus, and any future reports on Form 6-K furnished by us to the SEC during such periods or portions thereof that are identified in such forms as being incorporated into the registration statement of which this prospectus forms a part, shall be considered to be incorporated in this prospectus by reference and shall be considered a part of this prospectus from the date of filing of such documents.

You may obtain copies of any of these filings as described below, through the SEC or through the SEC's Internet website, or through our website as described in "*Where You Can Find More Information.*" Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this prospectus, by requesting them in writing or by telephone to:

Mary E. Smith  
Gold Reserve Inc.  
926 W. Sprague Avenue, Suite 200  
Spokane, Washington 99201  
Tel: 509-623-1500





## RECENT EVENTS

On February 24, 2016, we entered into the MOU with Venezuela that contemplates settlement, including payment and resolution, of the Arbitral Award. Pursuant to the MOU and our discussions with Venezuela, if definitive documentation is entered into, and financing is arranged by Venezuela with our assistance on terms satisfactory to the parties:

- the Company and Venezuela would jointly develop the Brisas Project and the adjacent Cristinas gold-copper project into one combined project (the “Brisas-Cristinas Project”) through a mixed company;
- Venezuela would pay (i) all amounts due under the Arbitral Award (including accrued interest) and (ii) an amount yet to be agreed to by the parties, in exchange for our contribution of the Mining Data to the Brisas-Cristinas Project;
- the mixed company is expected to be beneficially owned 55% by Venezuela and 45% by us;
- we would expect to be engaged under a technical assistance agreement to provide procurement, engineering and construction services for the Brisas-Cristinas Project; and
- the parties would seek the creation of a Special Economic Zone providing the establishment of a special customs framework for the mixed company and other tax and economic benefits, subject to the approval of the National Executive Branch of the Venezuelan government.

We currently contemplate that definitive documentation with respect to the creation of the mixed company and the settlement of the Arbitral Award could be executed in approximately 60 days, subject to various conditions including, without limitation, receipt of all necessary regulatory and corporate approvals and the successful negotiation and execution of the definitive documentation. It is anticipated that Venezuela, with our assistance, would work to obtain financing to fund the contemplated payments to us pursuant to the Arbitral Award and in connection with the contribution of the Mining Data to the mixed company, as well as \$2.0 billion related to future capital costs of the Brisas-Cristinas Project. Each party will bear their own costs and expenses related to the consummation of the transactions contemplated by the MOU. Upon payment of the Arbitral Award as contemplated by the MOU, we will terminate our ongoing legal activities with respect to the Arbitral Award.

The MOU is not binding on either party and may be unilaterally terminated by either party at any time upon simple communication to the other party indicating the date of termination. The MOU will otherwise terminate on April 24, 2016. There can be no assurance that we will successfully consummate all, or any, of the transactions contemplated by the MOU or that Venezuela will successfully obtain financing on favorable terms, if at all, in a reasonable period of time or, if we and Venezuela are successful, that we and Venezuela will be able to successfully develop the Brisas-Cristinas Project and realize returns on such development.

If we do successfully consummate the transactions contemplated by the MOU, we expect to satisfy our outstanding obligations under the Notes and CVRs following any payment by Venezuela under the Arbitral Award or with respect to contribution by us of the Mining Data to the mixed company (subject to the payment of other outstanding or incurred corporate obligations and/or taxes). After settlement of all of our obligations, substantially all of the net proceeds of such payment is expected to be distributed to our shareholders.







# PROSPECTUS SUMMARY

*The following summary highlights certain information contained elsewhere in this prospectus and in the documents incorporated by reference herein. It does not contain all the information that may be important to you. You should carefully read this prospectus and the documents incorporated by reference herein, before deciding to invest in the Securities.*

## ***The Company***

We are incorporated under the laws of Alberta, Canada and are currently engaged primarily in managing the Brisas arbitration in an effort to enforce and collect the Arbitral Award or otherwise settle our dispute with the Venezuelan government. We also continue to look for opportunities to acquire, explore and develop mining projects. We consider ourselves an exploration stage company incorporated in 1998 under the laws of Yukon, Canada and are the successor issuer to Gold Reserve Corporation, which was incorporated in 1956. On September 9, 2014, we changed our legal domicile from the Yukon, Canada to Alberta, Canada. From 1992 to 2008 we focused substantially all of our management and financial resources on the development of the Brisas Project, a gold and copper project located in the Kilometer 88 mining district of the State of Bolivar in south-eastern Venezuela (the “Brisas Project”). The Brisas Project and our smaller Choco 5 property (also located in Venezuela) were expropriated by the Venezuelan government in 2008. On September 22, 2014, the ICSID tribunal announced an Arbitral Award to the Company in the amount of \$740.3 million in connection with the Brisas arbitration relating to such expropriations.

On February 24, 2016, we entered into the MOU with Venezuela that contemplates settlement, including payment and resolution, of the Arbitral Award, subject to various conditions including, without limitation receipt of all necessary regulatory and corporate approvals, the successful negotiation and execution of the definitive documentation and the ability of Venezuela to obtain the required financing with our assistance. In addition, on March 1, 2016, our wholly-owned subsidiary, Gold Reserve Corporation, completed the acquisition of certain wholly-held Alaska mining claims (the “Mining Property Acquisition”) pursuant to a Purchase and Sale Agreement, dated as of January 12, 2016.

As of June 30, 2015 (the last business day of our most recently completed second fiscal quarter), less than 50% of our outstanding voting securities were directly or indirectly held of record by residents of the U.S. Because the share ownership percentage of U.S. residents of the Company is less than 50% and we are organized under Canadian law, namely, the *Business Corporations Act* (Alberta) (the “ABCA”), we are a “foreign private issuer” pursuant to Rule 3b-4 under the Exchange Act. We previously reported as a foreign private issuer for many years prior to our annual report on Form 10-K for the fiscal year ended December 31, 2009, as during 2009 our shareholder composition changed such that more than 50% of our outstanding voting securities were directly or indirectly held of record by residents of the U.S. and greater than one-half of our management and directors were U.S. residents. As of June 30, 2011, our shareholder composition again changed, which allowed us to return to foreign private issuer reporting, which we did for administrative ease and as a cost-savings measure.

Our administrative office is located at 926 West Sprague Avenue, Suite 200, Spokane, WA 99201, U.S.A. and our telephone and fax numbers are (509) 623-1500 and (509) 623-1634, respectively.

## ***Relationship to Selling Securityholders***

Except as otherwise disclosed in this prospectus, the Selling Securityholders do not have, and within the past three years have not had, any position, office or other material relationship with us.

In the second quarter of 2012, certain of the Selling Securityholders or their affiliates, and certain other holders of the Company’s 5.50% Senior Subordinated Convertible Notes due June 15, 2022 (the “Original Notes”), entered into a restructuring agreement with the Company whereby the Selling Securityholders or their affiliates and certain of the

other holders of the Original Notes participating in the transaction received approximately \$33.8 million in cash, a total of 12,412,501 Class A Common Shares, approximately \$25.3 million aggregate principal amount of 5.50% Senior Subordinated Convertible Notes due 2014 (the "2014 Notes") (convertible into Class A Common Shares under certain circumstances at \$4.00 per share) and a contingent value right ("CVR") distributed pro-rata to the participating holders totaling 5.468% of any final award or settlement of our Brisas arbitration.

During the third quarter of 2013, we closed a private placement (the “2013 Private Placement”) for gross proceeds of approximately \$5.25 million. Pursuant to the 2013 Private Placement, we issued 1,750,000 units of securities of the Company (each a “Unit”) at a price of Cdn \$3.00 per Unit. Each Unit comprised one Class A Common Share and one-half of one Class A Common Share purchase warrant, with each whole warrant exercisable by the holder for a period of two years after its issuance to acquire one Class A Common Share at a price of \$4.00 per share. Certain of the Selling Securityholders or their affiliates participated in the 2013 Private Placement.

During the second quarter of 2014, the Selling Securityholders and/or certain of their affiliates entered into a subordinated note restructuring and note purchase agreement, dated as of June 18, 2014 (the “2014 Restructuring Agreement”). Pursuant to the 2014 Restructuring Agreement, we extended the maturity date of approximately \$25.3 million aggregate principal amount of our 2014 Notes from June 29, 2014 to December 31, 2015 (which amended and restated notes we referred to herein as the 2015 Convertible Notes) and issued an additional \$12.0 million aggregate principal amount of 2015 Convertible Notes for cash. In connection with the issuance of the 2015 Convertible Notes for cash, we paid a fee of 2.5% of the principal (or approximately \$0.3 million) in the form of an OID. In addition, we paid a cash extension fee of 2.5% of the principal (or approximately \$0.6 million) in connection with the amendment of the terms of the 2014 Notes.

On November 30, 2015, we consummated the Restructuring and New Notes Sale pursuant to a note restructuring and note purchase agreement, dated as of November 30, 2015 (the “2015 Restructuring Agreement”), among us and the Selling Securityholders. Pursuant to the 2015 Restructuring Agreement, we extended the maturity date of approximately \$37.3 million aggregate principal amount of our 2015 Notes, together with approximately \$5.6 million aggregate principal amount of our 2015 Interest Notes, from December 31, 2015 to December 31, 2018 and increased the principal amount of the 2015 Notes outstanding by approximately \$0.8 million (an amount equal to the aggregate principal amount of any accrued and unpaid interest on the 2015 Notes to, but not including, the date of consummation of the Restructuring and New Notes Sale). Simultaneously with the amendment of the 2015 Notes, we also issued an additional approximately \$12.3 million aggregate principal amount of the New Notes for cash proceeds of approximately \$12 million. In connection with the issuance of the New Notes, we paid a fee of 2.5% of the principal (or approximately \$0.3 million) in the form of OID. In addition, we issued the Restructuring Fee Notes, in aggregate principal amount of approximately \$1.1 million as consideration for the amendment of the 2015 Notes (which represents a fee equal to 2.5% of the Amended Notes). See “*Description of the Notes*” for a discussion of the terms of the Notes.

The Notes, together with the CVRs (as discussed in more detail below), are secured by a first lien on substantially all of our assets (excluding a security interest over our rights with respect to the ongoing Brisas arbitration and only limited rights over the stock of our subsidiaries) whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Company’s obligations under the Notes and the CVRs (collectively, the “Collateral”), subject to certain exceptions. Pursuant to the terms of the CVRs, the CVRs were also required to be, and have been, secured on an equal and ratable basis with the Notes as to the Collateral. The CVRs will continue to be secured until such time that the Notes are no longer outstanding or the security interest securing the Notes is otherwise released.

See “*Selling Securityholders*” for the amount of each of the Securities beneficially owned by the Selling Securityholders prior to this offering, the amount of each of the Securities being registered for resale, as well as the percentage of each class of Securities that each Selling Securityholder will own after the completion of this offering.

***The Offering***

Class A Common Shares to be offered by the Selling Securityholders.....

Up to (i) 19,019,235 Class A Common Shares that are issuable upon the conversion of our 2018 Convertible Notes held by the Selling Securityholders and (ii) an additional 10,826,268 Class A Common Shares held by certain of the Selling Securityholders.

OTCQB Symbol for Class A Common Shares.....

GDRZF

TSXV Symbol for Class A Common Shares.....

GRZ.V

Notes to be offered by the

Selling Securityholders.....

\$57,057,717 aggregate principal amount of 11% Senior Secured Convertible Notes due 2018, which amount includes:

- \$43,668,994 aggregate principal amount of Amended Notes;
- \$1,091,723 aggregate principal amount of Restructuring Fee Notes; and
- \$12,297,000 aggregate principal amount of New Notes.

The \$12,297,000 aggregate principal amount of New Notes were issued under a different CUSIP number than the Amended Notes and the Restructuring Fee Notes.

Purchasers of the 2018 Convertible Notes covered by this prospectus will be issued Interest Notes in connection with the regular payment of interest on the Notes. However, the resale of any such Interest Notes are not covered by this prospectus.

Maturity Date of the Notes.....

December 31, 2018, unless earlier repurchased or converted (if applicable).

Interest Payment Dates of the Notes.....

March 31, June 30, September 30 and December 31 of each year, beginning on March 31, 2016.

Interest.....

11% per annum accruing and capitalizing quarterly. Interest will be computed on the basis of a 360-day year comprised of 12 30-day months.

Ranking.....

The Notes are our secured indebtedness and rank (i) equal in right of payment with our other secured indebtedness that is permitted to be secured on a *pari passu* basis, including the CVRs, (ii) equal in right of payment to the Original Notes, (iii) effectively senior in right of payment to our existing and future unsecured indebtedness to the

Collateral.....	<p>extent of the value of the Collateral securing the Notes and (iv) senior in right of payment to all of our future subordinated debt; provided, that any future incurrence of additional indebtedness by us or the provision of any security interest with respect to any indebtedness by us or the provision of any security interest with respect to any indebtedness in the future must be incurred or provided, as applicable, in compliance with the terms of the Indenture (as defined herein) underlying the Notes. The Notes, together with the CVRs, are secured by a first lien on substantially all of our assets (excluding a security interest over our rights with respect to the ongoing Brisas arbitration and only limited rights over the stock of our subsidiaries) whether now owned or existing or hereafter acquired or arising and regardless of where located, as Collateral, subject to certain exceptions. Pursuant to the terms of the CVRs, the CVRs were also required to be, and have been, secured on an equal and ratable basis with the Notes as to the Collateral. The CVRs will continue to be secured until such time that the Notes are no longer outstanding or the security interest securing the Notes is otherwise released.</p>
Conversion Rights.....	<p>Holders may convert their 2018 Convertible Notes at their option on any day to and including the business day immediately preceding the maturity date into 333.3333 Class A Common Shares per \$1,000 principal amount of indebtedness evidenced by the 2018 Convertible Notes (which is equivalent to a conversion price of \$3.00 per share), which conversion rate is subject to anti-dilution adjustments upon the occurrence of certain events. The Interest Notes are not convertible into our Class A Common Shares or any other security.</p>
Trustee and Paying Agent.....	<p>U.S. Bank National Association is the Trustee and paying agent. Computershare Trust Company of Canada is the Co Trustee.</p>
Collateral Agent.....	<p>U.S. Bank National Association is the collateral agent (the “<u>Collateral Agent</u>”).</p>
DTC Eligibility.....	<p>The 2018 Convertible Notes are currently evidenced by physical certificates held in the names of the Selling Securityholders. In connection with the filing of the registration statement of which this prospectus forms a part, we have agreed to use commercially reasonable efforts to cause the 2018 Convertible Notes to become eligible for deposit with DTC. We have also agreed to use commercially reasonable efforts to cause the Interest Notes to become eligible for deposit with DTC prior to their first issuance in connection with a regular interest</p>



payment date on March 31, 2016. If the Interest Notes are not made eligible for deposit with DTC on that date, the Interest Notes will also be evidenced by physical certificates held in the names of the Selling Securityholders. If and when the Notes have been made eligible with DTC, the Notes will be exchanged for book-entry interests evidenced by one or more global notes deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected through, records maintained by DTC and its direct and indirect participants. See “*Description of the Notes—Global note, book-entry form.*”

The Notes will not be listed on any securities exchange. The Indenture and the Notes provide that they will be governed by, and construed in accordance with, the laws of the State of New York.

Each Selling Securityholder will determine when and how it will sell the Securities offered in this prospectus. We will not receive any proceeds from the resale of the Securities by the Selling Securityholders. However, we did receive proceeds from the sale of the New Notes when originally offered in November 2015. We also received proceeds from the sale of additional 2015 Convertible Notes when originally offered in 2014 and from the sale of the Original Notes when originally offered in 2007. See “*Use of Proceeds.*”

See “*Risk Factors*” beginning on page 14 and other information included in this prospectus or incorporated by reference herein for a discussion of factors you should consider before deciding to invest in the Securities.

Listing and Trading of Notes.....  
 Governing  
 Law.....  
  
 Terms of the  
 Offering.....  
 Use of  
 Proceeds.....  
  
  
  
 Risk  
 Factors.....







## RISK FACTORS

*Set out below are certain risk factors that could materially adversely affect our future business, operating results or financial condition. Investors should carefully consider these risk factors and the other risk factors and information in this prospectus, including under “Cautionary Note Regarding Forward-Looking Statements and Information” and our filings with the SEC. These filings include our annual report on Form 40-F for the year ended December 31, 2014 filed with the SEC on April 24, 2015, which is incorporated by reference in this prospectus, our reports on Form 6-K subsequently furnished to the SEC of which we have determined to incorporate by reference into this prospectus, and the other documents incorporated by reference in this prospectus, before making investment decisions involving the Securities.*

### **Risks Related to the Settlement or Other Collection of Arbitral Award**

***Failure to consummate the transactions contemplated by the MOU, including if we are unable to successfully negotiate and execute definitive documentation contemplated by the MOU (including related to the financing of payments thereunder), could materially adversely affect the Company.***

On February 24, 2016, we entered into the MOU with Venezuela that contemplates settlement, including payment and resolution, of the Arbitral Award. Pursuant to the MOU and our discussions with Venezuela, if definitive documentation is entered into, and financing is arranged by Venezuela with our assistance on terms satisfactory to the parties, the Company and Venezuela would jointly develop the Brisas-Cristinas Project through a mixed company. In addition, Venezuela would pay (i) all amounts due under the Arbitral Award (including accrued interest), (ii) an amount yet to be agreed to by the parties, in exchange for our contribution of the Mining Data to the mixed company and fund \$2.0 billion related to future capital costs of the Brisas-Cristinas Project.

Upon payment of the Arbitral Award as contemplated by the MOU, we will terminate our ongoing legal activities with respect to the Arbitral Award, which are described below under the caption “ *In the event that we are not successful in consummating the transactions contemplated by the MOU, our failure to otherwise collect the Arbitral Award could materially adversely affect the Company.*” However, the MOU is not binding on either party and may be terminated at any time by either party and consummation of the transactions contemplated by the MOU are subject to various conditions described below under the caption “ *Consummation of the transactions contemplated by the MOU is subject to a number of conditions precedent that may not be completed.*” Accordingly, there can be no assurance that we will successfully consummate all, or any, of the transactions contemplated by the MOU or that Venezuela will successfully obtain financing on favorable terms, if at all, in a reasonable period of time or, if we and Venezuela are successful, that we and Venezuela will be able to successfully develop the Brisas-Cristinas Project and realize returns on such development. Failure to consummate the transactions contemplated by the MOU, or a substantial passage of time before we are able to consummate such transactions, could materially adversely affect the Company, including our ability to service debt and our ability to maintain sufficient liquidity to operate as a going concern (see “ *Risks Related to the Business*”).

***Consummation of the transactions contemplated by the MOU is subject to a number of conditions precedent that may not be completed.***

As previously discussed, we currently contemplate that definitive documentation with respect to the creation of the mixed company and the settlement of the Arbitral Award could be executed in approximately 60 days, subject to various conditions including, without limitation, receipt of all necessary regulatory and corporate approvals and the successful negotiation and execution of the definitive documentation. It is anticipated that Venezuela would, with our assistance, work to obtain financing to fund the contemplated payments to us pursuant to the Arbitral Award and in connection with the contribution of the Mining Data to the mixed company, as well as fund \$2.0 billion related to future capital costs of the Brisas-Cristinas Project. We, together with Venezuela also expect to seek the creation of a

Special Economic Zone providing the establishment of a special customs framework for the mixed company and other tax and economic benefits, subject to the approval of the National Executive Branch of the Venezuelan government.

There can be no assurances that we will be able to successfully negotiate definitive documentation with Venezuela for the transactions contemplated by the MOU prior to its termination, or that the terms of such documentation will be acceptable to us or not differ materially from the terms contemplated by the MOU. Even if we are successful in negotiating definitive documentation on terms acceptable to us, there can be no assurances that Venezuela will be successful in obtaining required financing for the transactions contemplated by the MOU on favorable terms, if at all. In addition, we and Venezuela may not be successful in obtaining the approval of the National Executive Branch of the Venezuelan government to create a Special Economic Zone or otherwise realize expected tax and other economic benefits for the activities of the mixed company. If any of the conditions precedent are not completed or approvals are not obtained, as applicable, we may be unable to consummate the transactions contemplated by the MOU in a reasonable period of time, if at all, or we may not realize the expected benefits of such transactions. Such failure may require us to seek to renegotiate a settlement with Venezuela or otherwise continue the lengthy enforcement and collection process and could materially adversely affect the Company, including our ability to service debt and our ability to maintain sufficient liquidity to operate as a going concern (*see “ Risks Related to the Business”*).

***Resuming exploration and, if determined feasible, development activities on the Brisas-Cristinas Project will require an enormous amount of work and financing and there is no assurance that the project would be determined feasible or, if so, any production would be obtained in a profitable manner, if at all.***

We understand no formal exploration or development activities have taken place at the proposed location of the Brisas-Cristinas Project for some time. Even if definitive documentation is successfully negotiated and executed with respect to the transactions contemplated by the MOU and Venezuela successfully completes required financing and makes the contemplated payments to us thereunder, enormous amounts of work and financing would be required to re-commence work on the Brisas-Cristinas Project. We can provide no assurances that the project or its development would be determined feasible or, if so, any production would be obtained in a profitable manner, if at all. Given the pending nature of the MOU and the lack of any current exploration or development plan for the Brisas-Cristinas Project, this prospectus does not cover such prospects, nor can any assurances be given regarding the same.

***If we are successful in consummating the transactions contemplated by the MOU, our potential future operations at the Brisas-Cristinas Project will be concentrated in a foreign country and will be subject to inherent local risks.***

If we are successful in consummating the transactions contemplated by the MOU, our potential future operations at the Brisas-Cristinas Project will be located in Venezuela and, as a result, we will be subject to operational, regulatory, political and economic risks, including:

- the effects of local political, labor and economic developments, instability and unrest;
- significant or abrupt changes in the applicable regulatory or legal climate;
- currency instability, fluctuations, repatriation restrictions, operation in a highly inflationary economy and the environment surrounding the financial markets and exchange rate in Venezuela;
- international response to Venezuelan domestic and international policies;
- exchange controls and mineral exports or sale restrictions;
- invalidation, confiscation, expropriation or rescission of governmental orders, permits, agreements or property rights;
- competition with companies from countries that are not subject to Canadian and U.S. laws and regulations;
- laws or policies of foreign countries and Canada affecting trade, investment and taxation;
- civil unrest, military actions and crime;

- corruption, requests for improper payments, or other actions that may violate Canadian and U.S. foreign corrupt practices acts, uncertain legal enforcement and physical security; and
- new regulations on mining, environmental and social issues.

***In the event that we are not successful in consummating the transactions contemplated by the MOU, our failure to otherwise collect the Arbitral Award could materially adversely affect the Company.***

In October 2009, we initiated the Brisas arbitration under the Additional Facility Rules of the ICSID of the World Bank (the “Brisas arbitration”). On September 22, 2014, the ICSID Tribunal unanimously awarded damages to the Company totaling \$740.3 million, plus post award interest at a rate of LIBOR plus 2% per annum.

Although the process of getting the Arbitral Award recognized and enforced is different in each jurisdiction, the process in general is we file a petition or application to confirm the Arbitral Award with the competent court; Venezuela has the right to oppose such petition for confirmation or recognition; thereafter there are a number of filings made by both parties and in some cases hearings before the court. If the court subsequently confirms the enforcement of the Arbitral Award then the court will issue a judgment against Venezuela. Thereafter we will begin the process of executing the judgment by identifying and attaching specific property owned by Venezuela that is not protected by sovereign immunity. We are currently pursuing enforcement of the Arbitral Award in number of jurisdictions and will continue to do so pending the consummation of the transactions contemplated by the MOU.

For example, in October 2014 Venezuela applied for the annulment of the Arbitral Award, and we applied for an *exequatur* or judgment declaring the Arbitral Award to be recognized and enforceable in France. Venezuela responded to our request for *exequatur* by asking that our request be rejected and, in the alternative, that the provisional recognition and enforcement, which attaches to the *exequatur* pending a decision on annulment, be suspended. In January 2015, the Paris Court of Appeal fully upheld our position by granting the *exequatur* and rejecting Venezuela’s application for a suspension of the provisional effects of the *exequatur*. Venezuela’s application for annulment was subsequently scheduled to be heard in February 2016.

On January 6, 2016, the Paris Court of Appeal notified us that, as part of the general administration of its docket, it had postponed the February 2016 hearing related to Venezuela’s applications to October 13, 2016. On January 14, 2016, the Paris Court of Appeal advised us that a hearing date in March 2016 had recently become available, and both parties have agreed to the revised hearing date. We have been advised that the Court has accumulated a backlog of cases as a result of the president of the court being promoted to the Court of Cassation (French Supreme Court), without being replaced to date. A decision is expected within 90 days after the newly established hearing date. In the interim, we are not prevented from seizing assets and could have them liquidated, subject to the obligation to reimburse Venezuela if the Arbitral Award is set aside.

In the United States, on November 20, 2015, the U.S. District Court in Washington, D.C. issued an order confirming the Arbitral Award and entering judgment in our favor. Venezuela has filed an appeal of the court’s order but it has not posted an appeal bond or sought a stay of enforcement of the judgment pending appeal. On January 21, 2016, Venezuela filed a motion for a stay of execution of the Judgment pending appeal without it having to file an appeal bond. The Company filed an opposition, and Venezuela filed a reply. On February 24, 2016, the district court denied Venezuela’s above-referenced motion for a stay of execution pending appeal. Under the Foreign Sovereign Immunities Act (“FSIA”), no attachment or execution against property of Venezuela in the U.S. is permitted without a court determination that (a) the property in question is used for a commercial activity in the United States and one of seven specified exceptions is satisfied and (b) a reasonable period of time has elapsed following the entry of judgment. Subsequent to the entry of judgment, we have filed a 1610(c) motion in the District Court in Washington, D.C. for a determination that a reasonable period of time has elapsed. The District Court in Washington, D.C. issued an order on January 20, 2016, confirming that a “reasonable period of time” has passed since the November 20, 2015 judgment

confirming the Arbitral Award. As a result, we have filed a motion in the District Court in Washington, D.C. requesting an additional order allowing us to register the judgment in other U.S. District Courts to pursue the attachment of assets.

In the District Court for the Southern District of Florida, we have filed petitions relating to the Luxembourg proceedings as is allowed under U.S. law for discovery in aid of foreign proceedings. The banks covered by the Florida proceedings to date are Bank of New York Mellon Corporation, JP Morgan Chase NA, and Deutsche Bank Trust Company Americas. These institutions have produced varying amounts of documents and we have commenced the process of document review and appropriate depositions.

We have filed an application to have the Arbitral Award recognized and enforced in the United Kingdom. Such application was granted and we obtained an Order and Judgment in the terms of the Arbitral Award on May 20, 2015. Venezuela challenged the Order and Judgment, asserting service, jurisdictional, and merits issues. Certain of these arguments have been made in other jurisdictions. A hearing took place in London during the time period January 18 to 20, 2016 and judgment was handed down on February 2, 2016 whereby the Court dismissed Venezuela's challenge but granted Venezuela permission to appeal the Court's decisions in relation to sovereign immunity and procedure. The Company intends to take all available steps to ensure that any appeal is resolved as quickly as possible, and that any further application that Venezuela may make to set aside the Order and Judgment will be dealt with expeditiously, so that enforcement can proceed without further delay.

Pending the consummation of the transactions contemplated by the MOU, we will continue to pursue enforcement and collection of the Arbitral Award as described above. Enforcement and collection of the Arbitral Award is a lengthy process and will be ongoing for the foreseeable future if we are not successful in consummating the transactions contemplated by the MOU. In addition, the cost of pursuing collection of the Arbitral Award will be substantial and there is no assurance that we will be successful. Failure to otherwise collect the Arbitral Award if we are not successful in consummating the transactions contemplated by the MOU, or a substantial passage of time before we are able to otherwise collect the Arbitral Award, would materially adversely affect the Company, including our ability to service debt and our ability to maintain sufficient liquidity to operate as a going concern (*see "Risks Related to the Business"*).

***We cannot predict when or if the Arbitral Award will be collected either partially or in full if we are unsuccessful in consummating the transactions contemplated by the MOU.***

We understand that numerous pending arbitration actions are being pursued against Venezuela at this time before the ICSID (See ICSID website at [icsid.worldbank.org/ICSID/](http://icsid.worldbank.org/ICSID/)) and further understand that Venezuela historically has reportedly settled and/or made full or partial payment for damages to a limited number of claimants. ICSID arbitrations are non-public proceedings and, as a result, we have no specific information regarding the actual amounts paid or what percentage such payments represented of the original claim against Venezuela or the timing of such payments. As described under "*In the event that we are not successful in consummating the transactions contemplated by the MOU, our failure to otherwise collect the Arbitral Award could materially adversely affect the Company,*" we expect that the timing for our various efforts to enforce and collect the Arbitral Award will be lengthy and we are not able to estimate the timing or likelihood of collection of the Arbitral Award, if any. Accordingly, if we are not successful in consummating the transactions contemplated by the MOU, there can be no assurances that the Arbitral Award will be otherwise collected or settled, in whole or in part, within any specific or reasonable period of time.

### **Risks Relating to the Notes**

***Our ability to generate the cash needed to pay principal amounts on Notes or pay similar obligations in the future depends on many factors, some of which are beyond our control.***

We are currently primarily engaged in managing the Brisas arbitration in an effort to enforce and collect the Arbitral Award or otherwise settle our dispute with the Venezuelan government, including pursuant to our efforts to consummate the transactions contemplated by the MOU. We have no commercial production and no ability to generate cash from operations to meet scheduled payments. If our capital resources are insufficient to fund our

operational or debt service obligations and/or we cannot collect or otherwise settle the Arbitral Award, in whole or in part, we may be forced to seek to obtain additional equity capital, restructure our debt, file for *Companies' Creditors Arrangement Act* (Canada) protection, reduce or delay capital expenditures or sell assets. There can no assurance that we will have, or be able to generate, sufficient capital resources in the future or that we will be successful in consummating the transactions contemplated by the MOU or otherwise collecting the Arbitral Award.



***We may not have sufficient cash to repurchase the Notes upon the occurrence of a fundamental change, upon the conversion of the 2018 Convertible Notes or if an event of default with respect to the Notes occurs and is continuing, as required by the Indenture.***

We will be required to make an offer to repurchase the Notes upon the occurrence of a fundamental change as described under “*Description of the Notes.*” We may not have sufficient funds to repurchase the Notes in cash or to make the required repayment at such time or have the ability to arrange necessary financing on acceptable terms.

A fundamental change may also constitute an event of default or require prepayment under, or result in the acceleration of the maturity of, our other indebtedness outstanding at the time. Our ability to repurchase the Notes in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the Notes or pay cash or issue our Class A Common Shares in respect of conversions, if applicable, when required would result in an event of default with respect to the Notes.

If an event of default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the principal amount of the Notes and interest, including additional amounts, if any, on the outstanding Notes to be immediately due and payable. In case of certain events of bankruptcy, insolvency or reorganization involving us or our subsidiaries, principal amount plus interest, including additional amounts, if any, on the Notes will automatically become due and payable.

***We could incur substantially more debt and may take other actions which may affect our ability to satisfy our obligations under the Notes.***

Subject to the limitations described under “*Description of the Notes*” we will not be restricted under the terms of the Notes or the Indenture from incurring or guaranteeing additional indebtedness, including secured debt. In addition, the covenants applicable to the Notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. We may incur additional substantial debt in the future. In addition, such additional indebtedness could contain covenants that, among other things, restrict our ability to sell assets, incur additional secured indebtedness, engage in mergers or consolidations and engage in transactions with affiliates. We could also be required to comply with specified financial ratios and terms. Our ability to recapitalize, incur additional debt that may contain covenants and take a number of other actions that are not limited by the terms of the Notes or the Indenture could have important consequences to holders of Notes, including:

- impairment of our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general purposes and our ability to satisfy our obligations with respect to the Notes;
- dedication of a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of cash flow to fund our operations, working capital and capital expenditures; and
- limitation of our flexibility to adjust to changing market conditions and ability to withstand competitive pressures, and increased vulnerability to a downturn in general economic conditions or our business that could impair our ability to carry out capital spending that is necessary or important to our business strategy.

***Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Notes.***

Upon the occurrence of a fundamental change, we will be required to make an offer to repurchase the Notes. The fundamental change provisions, however, will not afford protection to holders of the Notes in the event of certain transactions. For example, certain leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to make an offer to repurchase the Notes, even though any of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the Notes.

***Upon the occurrence of a fundamental change and in connection with your right to require us to repurchase the Notes, we may satisfy our obligations through the issuance of our Class A Common Shares, the value of which may decrease.***

You may not receive cash for Notes you hold in connection with our offer to repurchase the Notes upon the occurrence of a fundamental change or in connection with your right to require us to repurchase the Notes if we elect to satisfy our obligations by issuing to you Class A Common Shares. The number of Class A Common Shares we will issue will depend on the market price of our Class A Common Shares at the time. Because the value of the Class A Common Shares we may issue upon the occurrence of a fundamental change or in connection with your right to require us to repurchase the Notes will be determined prior to the settlement of the shares, you will bear the risk that the value of the Class A Common Shares may decrease between the time the price is set and settlement.

***Upon conversion of the 2018 Convertible Notes, we will have the option to deliver cash in lieu of some or all the Class A Common Shares to be delivered upon conversion, the amount of cash to be delivered per 2018 Convertible Note being calculated on the basis of average prices over a specified period, and you may receive fewer proceeds than expected.***

Upon conversion of the 2018 Convertible Notes, we will have the option to deliver cash in lieu of some or all the Class A Common Shares to be delivered upon conversion. As described below under “*Description of the Notes—Conversion rights*,” the amount of cash to be delivered per 2018 Convertible Note will be equal to the number of Class A Common Shares in respect of which the cash payment is being made multiplied by the average of the Daily VWAP (as defined herein) price of the Class A Common Shares on the corresponding Bloomberg screen for the 10 trading days commencing one day after (x) the date of our notice of election to deliver all or part of the conversion consideration in cash if we have not given notice of redemption or (y) the conversion date, in the case of conversion following notice of redemption specifying our intention to deliver cash upon conversion. Accordingly, upon conversion of a 2018 Convertible Note, holders might not receive any Class A Common Shares and, if the above-referred prices decline over the 10-day period, they might receive fewer proceeds than expected. Our failure to convert the 2018 Convertible Notes into cash or a combination of cash and Class A Common Shares upon exercise of a holder’s conversion right in accordance with the provisions of the Indenture would constitute a default under the Indenture. In addition, a default under the Indenture could lead to a default under future agreements governing our indebtedness. If, due to a default, the repayment of related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the Notes.

***The adjustment to the conversion rate for 2018 Convertible Notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your 2018 Convertible Notes as a result of such transaction.***

If a specified corporate transaction that constitutes a fundamental change occurs, under certain circumstances we will increase the conversion rate by a number of additional Class A Common Shares for 2018 Convertible Notes converted in connection with such specified corporate transaction. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per Class A Common Share in such transaction, as described below under “*Description of the Notes—Conversion rate adjustments.*” The adjustment to the conversion rate for 2018 Convertible Notes converted in connection with a specified corporate transaction may not adequately compensate you for any lost value of your 2018 Convertible Notes as a result of such transaction.

***The conversion rate of the 2018 Convertible Notes may not be adjusted for all dilutive events.***

The conversion rate of the 2018 Convertible Notes will be subject to anti-dilution adjustment for certain events, including, but not limited to, the issuance of dividends on our Class A Common Shares, the issuance of certain rights or warrants, subdivisions, combinations, distributions of share capital, indebtedness or assets, cash dividends and certain issuer tender or exchange offers as described under “*Description of the Notes.*” However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer, an issuance of Class A Common Shares for cash or an issuance of options pursuant to our incentive plans, that may adversely affect the trading price of the 2018 Convertible Notes, if any, or the Class A Common Shares. An event that adversely affects the value of the 2018 Convertible Notes may occur, and that event may not result in an adjustment to the conversion rate.

***The Notes may not have an active market and their price may be volatile. You may be unable to sell your Notes at the price you desire or at all.***

There is no existing trading market for the Notes and the Company has no obligation to list the Notes at any time. The Company has not and does not intend to list the Notes on any United States or Canadian securities exchange or market place. As a result, there can be no assurance that a liquid market will develop or be maintained for the Notes, that you will be able to sell any of the Notes at a particular time (if at all) or that the prices you receive if or when you sell the Notes will be above their initial offering price. In addition, the Interest Notes are a different series of securities than the 2018 Convertible Notes. As a result, the markets for the 2018 Convertible Notes and the Interest Notes, if any, may be less liquid.

***The Notes may not be rated or may receive a lower rating than anticipated.***

We do not intend to seek a rating on the Notes. However, if one or more rating agencies rates the Notes and assigns the Notes a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the Notes and our Class A Common Shares could be harmed.

***If you hold 2018 Convertible Notes, you will not be entitled to any rights with respect to our Class A Common Shares, but you will be subject to all changes made with respect to our Class A Common Shares.***

If you hold 2018 Convertible Notes, you will not be entitled to any rights with respect to our Class A Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our Class A Common Shares, other than any extraordinary distribution that our board of directors designates as payable to the holders of the 2018 Convertible Notes), but if you subsequently convert your 2018 Convertible Notes into Class A Common Shares, you will be subject to all changes affecting the Class A Common Shares. You will have rights with respect to our Class A Common Shares only if and when we deliver Class A Common Shares to you upon conversion of your 2018 Convertible Notes and, to a limited extent, under the conversion rate adjustments applicable to the 2018 Convertible Notes. For example, in the event that an amendment is proposed to our charter documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Class A Common Shares to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers or rights of our Class A Common Shares that result from such amendment.

***We will use our commercially reasonable efforts to make the Notes eligible to be held in book-entry form and, if the Notes are held in book-entry form, you will be required to rely on the procedures and the relevant clearing systems to exercise your rights and remedies.***

The 2018 Convertible Notes are currently evidenced by physical certificates held in the names of the Selling Securityholders. In connection with the filing of the registration statement of which this prospectus forms a part, we

have agreed to use commercially reasonable efforts to cause the 2018 Convertible Notes to become eligible for deposit with DTC. We have also agreed to use commercially reasonable efforts to cause the Interest Notes to become eligible for deposit with DTC prior to their first issuance in connection with a regular interest payment date on March 31, 2016. If the Interest Notes are not made eligible for deposit with DTC on that date, the Interest Notes will also be evidenced by physical certificates held in the names of the Selling Securityholders. If and when the Notes have been made eligible with DTC, the Notes will be exchanged for book-entry interests evidenced by one or more global notes deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected through, records maintained by DTC and its direct and indirect participants. Unless and until such book-entry interests in the Notes are again exchanged for physical notes, owners of the book-entry interests will not be considered owners or holders of Notes. Instead, the common depository, or its nominee, will be the sole holder of the Notes. Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants' accounts that hold book-entry interests in the Notes in global form and will thereafter be credited by such participants to indirect participants. Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

***We may not be able to refinance or extend the maturity date of the Notes if required or if we so desire.***

We may need or desire to refinance or extend the maturity date of all or a portion of the Notes or any other future indebtedness that we may incur on or before the maturity date of the Notes. There can be no assurance that we will be able to refinance or otherwise extend the maturity date of any of our indebtedness or incur additional indebtedness on commercially reasonable terms, if at all, which may result in an event of default that would require us to file for protection under the *Companies' Creditors Arrangement Act* (Canada).

***The ownership of our existing shareholders could be significantly diluted if our convertible notes are converted to Class A Common Shares or if we do not have the ability to repurchase our convertible notes in cash or pay cash upon their conversion.***

We originally issued, in May 2007, \$103.5 million aggregate principal amount of Original Notes that mature on June 15, 2022. During the fourth quarter of 2012, we consummated the restructuring of approximately \$101.3 million of our then outstanding approximately \$102.3 million aggregate principal amount of Original Notes. In connection with the 2012 restructuring, we paid approximately \$33.8 million in cash and issued a total of 12,412,501 Class A Common Shares, approximately \$25.3 million aggregate principal amount of 2014 Notes (convertible into Class A Common Shares under certain circumstances at \$4.00 per share) and a CVR distributed pro-rata to the participating holders totaling 5.468% of any final award or settlement of our Brisas arbitration. Following the 2012 restructuring, approximately \$1 million aggregate principal amount of Original Notes remains outstanding.

In June 2014, pursuant to the 2014 Restructuring Agreement, we restructured almost all of our approximately \$25.3 million aggregate principal amount of 2014 Notes and issued an additional \$12.0 million aggregate principal amount of 2015 Convertible Notes to certain of the Selling Securityholders or their affiliates.

In the fourth quarter of 2015, we restructured all of our approximately \$37.3 million aggregate principal amount of 2015 Convertible Notes, together with the approximately \$5.6 million aggregate principal amount of our 2015 Interest Notes that were outstanding, including increasing the principal amount of such notes by approximately \$0.8 million (an amount equal to the aggregate principal amount of accrued and unpaid interest on the 2015 Notes to, but not including, the date of consummation of the restructuring). In connection with the Restructuring and New Notes Sale, we issued approximately \$43.7 million aggregate principal amount of Amended Notes to certain of the Selling Securityholders or their affiliates. As consideration for agreeing to amend the terms of the 2015 Notes, we also issued an additional approximately \$1.1 million aggregate principal amount of Restructuring Fee Notes to holders of the 2015 Notes (which represents a fee equal to 2.5% of the Amended Notes). Finally, simultaneously with the issuance of the Amended Notes and the Restructuring Fee Notes, we also issued an additional approximately \$12.3 million aggregate principal amount of New Notes for cash proceeds of approximately \$12 million. The approximately \$57.1 million aggregate principal amount of 2018 Convertible Notes mature on December 31, 2018 (convertible into Class A Common Shares under certain circumstances at \$3.00 per share). Any Interest Notes to be issued in the future in connection with the payment of interest on the 2018 Convertible Notes and previously issued Interest Notes also mature on December 31, 2018, but are not convertible for our Class A Common Shares or any other security.

As of December 31, 2015, we had outstanding approximately \$58.1 million aggregate principal amount of convertible notes of which approximately \$57.1 million aggregate principal amount are 2018 Convertible Notes and approximately \$1 million aggregate principal amount are Original Notes. If all of such convertible notes were converted to Class A Common Shares at their current conversion rates, an additional approximately 19.3 million Class A Common Shares would be issued, thereby significantly diluting the ownership of existing shareholders.

***The value of the Collateral may not be sufficient to satisfy all the obligations secured by such Collateral. As a result, holders of the Notes may not receive full payment on their Notes following an event of default.***

No appraisal of any Collateral was made in connection with the Restructuring and New Notes Sale. The value of the Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. By its nature, some or all of the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its liquidation. In particular, the value of Collateral will be heavily dependent upon our ability to consummate the transactions contemplated by the MOU or otherwise collect proceeds from the Arbitral Award and/or sell or otherwise receive value for the Mining Data. See “*Risks Related to the Settlement or Other Collection of Arbitral Award Failure to consummate the transactions contemplated by the MOU, including if we are unable to successfully negotiate and execute definitive documentation contemplated by the MOU (including related to the financing of payments thereunder), could materially adversely affect the Company,*” “*Risks Related to the Settlement or Other Collection of Arbitral Award In the event that we are not successful in consummating the transactions contemplated by the MOU, our failure to otherwise collect the Arbitral Award could materially adversely affect the Company*” and “*Risks Related to the Business Failure to sell or otherwise receive value for the Mining Data could have an adverse effect on us.*” To the extent that liens, security interests and other rights granted to other parties encumber assets owned by us, those parties have or may exercise rights and remedies with respect to the property subject to their liens that could adversely affect the value of that Collateral and the ability of the Collateral Agent to realize or foreclose on that Collateral. Consequently, we cannot assure you that liquidating the Collateral securing the Notes and the CVRs would produce proceeds in an amount sufficient to pay any amounts due under the Notes. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral securing the Notes) would have only an unsecured, unsubordinated claim against our remaining assets.

***Rights of holders of the Notes in the Collateral may be adversely affected by bankruptcy proceedings.***

The right of the Collateral Agent to repossess and dispose of the Collateral securing the Notes upon acceleration is likely to be significantly impaired by applicable U.S. and Canadian bankruptcy laws if bankruptcy proceedings are commenced by or against us prior to or possibly even after the Collateral Agent has repossessed and disposed of the Collateral.

Under the U.S. Bankruptcy Code, a secured creditor, such as the Collateral Agent, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without bankruptcy court approval. Moreover, U.S. bankruptcy law permits the debtor to continue to retain and to use Collateral, and the proceeds, products, rents, or profits of the Collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given “adequate protection.” The meaning of the term “adequate protection” may vary according to circumstances, but it is intended in general to protect the value of the secured creditor’s interest in the Collateral and may include cash payments or the granting of additional security, if and at such time as the court in its discretion determines, for any diminution in the value of the Collateral as a result of the stay of repossession or disposition or any use of the Collateral by the debtor during the pendency of the bankruptcy case. In view of the broad discretionary powers of a U.S. bankruptcy court, it is impossible to predict how long payments under the Notes could be delayed following commencement of a bankruptcy case, whether or when the Collateral Agent would repossess or dispose of the Collateral, or whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of the Collateral through the requirements of “adequate

protection.” Furthermore, in the event the bankruptcy court determines that the value of the Collateral is not sufficient to repay all amounts due on the Notes, as well as all obligations secured by *pari passu* or senior liens on the Collateral, including the CVRs, the holders of the Notes would have “undersecured claims” as to the difference. U.S. bankruptcy laws do not provide “adequate protection” for undersecured claims or permit the payment or accrual of interest, costs, and attorneys’ fees for “undersecured claims” during the debtor’s bankruptcy case.



Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "Canadian Insolvency and Restructuring Laws"), the Collateral Agent's rights and ability to repossess its security from a debtor may also be significantly impaired or delayed. Moreover, Canadian Insolvency and Restructuring Laws may permit the debtor to continue to retain and to use Collateral, and the proceeds, products, rents, or profits of the Collateral, even though the debtor is in default under the applicable debt instruments, without the same "adequate protection" requirements as exist under U.S. bankruptcy laws. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is impossible to predict how long payments under the Notes could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws or whether or when the Collateral Agent would repossess or dispose of the Collateral. The powers of the court under Canadian Insolvency and Restructuring Laws are exercised broadly to protect a debtor and its estate from actions taken by creditors and others.

Canadian Insolvency and Restructuring Laws also contain provisions enabling a debtor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the debtor within the affected classes, including potentially all holders of the Notes. Such a proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to holders of the Notes or the Collateral Agent.

***Any future pledge of Collateral may be avoidable in bankruptcy.***

Any future pledge of Collateral in favor of the Collateral Agent may be avoidable by the pledgor (a debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if:

- the pledgor is insolvent at the time of the pledge;
- the pledge permits the holder of the Notes and CVRs to receive a greater recovery than if the pledge had not been given; and
- a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.

***Rights of holders of Notes and CVRs in the Collateral may be adversely affected by the failure to perfect liens on the Collateral or on Collateral acquired in the future. Any future pledge of collateral may be avoidable in bankruptcy.***

The Notes, together with the CVRs, are secured by a first lien on substantially all of our assets (excluding a security interest over our rights with respect to the ongoing Brisas arbitration and only limited rights over the stock of our subsidiaries), whether now owned or acquired or arising in the future. The failure to properly perfect liens on the Collateral could adversely affect the Collateral Agent's ability to enforce its rights with respect to the Collateral for the benefit of the holders of the Notes. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest or lien can only be perfected at the time such property and rights are acquired and identified. The Collateral Agent will not monitor, and there can be no assurance that we will inform the Collateral Agent of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken by us to properly perfect the security interest in such after acquired Collateral. The Collateral Agent for the Notes has no obligation to monitor the acquisition of additional property or rights that constitute Collateral or the

perfection of any security interests therein. Such failure may result in the loss of the practical benefits of the liens thereon or of the priority of the liens securing the notes against third parties.

### **Risks Related to the Class A Common Shares**

#### ***Failure to maintain the listing of our Class A Common Shares on the TSXV could have adverse effects.***

We are required to maintain compliance with the TSXV listing rules. No assurances can be given that we will be able to maintain compliance with such rules, which include the TSXV Corporate Finance Policies and, as a result, could be subject to loss of our listing and future delisting actions.

As we are currently listed on the TSXV in the category of “Mining Issuer” we are required to hold an interest of 50% or more in a qualifying property or the right to acquire such an interest in a qualifying property in order to maintain our listing. On January 12, 2016, our wholly-owned subsidiary, Gold Reserve Corporation, entered into a Purchase and Sale Agreement to acquire certain wholly-held Alaska mining claims together with certain personal property, for a purchase price of \$350,000 payable in cash upon closing of the acquisition (which we refer to herein as the Mining Property Acquisition). On March 1, 2016, the Mining Property Acquisition was completed and, as a result, we are currently in compliance with the applicable TSXV listing rule.

While we endeavor to do so, we cannot provide assurances that we will always remain in compliance with applicable listing standards. A delisting of our Class A Common Shares from the TSXV could negatively impact us by: (i) reducing the liquidity and market price of our Class A Common Shares; (ii) reducing the number of investors willing to hold or acquire our Class A Common Shares, which could negatively impact our ability to raise equity or other financing; (iii) limiting our ability to access the public capital markets; (iv) impairing our ability to provide equity incentives to our employees; and (v) impairing our ability to pay holders of our convertible notes Class A Common Shares in lieu of cash upon certain terms and conditions under the Indenture in connection with a fundamental change.

#### ***The price and liquidity of our Class A Common Shares may be volatile.***

The market price of our Class A Common Shares may fluctuate based on a number of factors, some of which are beyond our control, including:

- developments in our efforts to consummate the transactions contemplated by the MOU;
- developments in our other effort to collect the Arbitral Award and/or sell the Mining Data;
- economic and political developments in Venezuela, including Venezuela’s inability to pay interest and principal related to its sovereign and/or PDVSA’s debt;
- our operating performance and financial condition;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general purposes;
- shareholder dilution resulting from restructuring or refinancing our outstanding notes and current accounts payable relating to our legal fees;
- the public’s reaction to announcements or filings by us or other companies;

- the price of gold and copper and other metal prices;
- the addition or departure of key personnel; and
- acquisitions, strategic alliances or joint ventures involving the Company and/or other companies.

The effect of these and other factors on the market price of the Class A Common Shares has historically made our share price volatile and suggests that our share price will continue to be volatile in the future.

***We may issue additional Class A Common Shares, debt instruments convertible into Class A Common Shares or other equity-based instruments to fund future operations.***

We issued the 2018 Convertible Notes to restructure our existing convertible notes and to provide us with additional working capital. We cannot predict the size of any future issuances of securities, or the effect, if any, that future issuances and sales of our securities will have on the market price of our Class A Common Shares. Any transaction involving the issuance of previously authorized but unissued shares, or securities convertible into shares, will result in dilution, possibly of a substantial nature, to present and prospective holders of shares and in certain circumstances could result in a change of control.

***We do not intend to pay any cash dividends in the foreseeable future.***

We have not declared or paid any dividends on our Class A Common Shares since 1984. The Company may declare cash dividends or make distributions in the future only if earnings and capital of the Company are sufficient to justify the payment of such dividends or distributions. Subject to applicable regulatory requirements regarding capital and reserves for operating expenses, accounts payable and taxes, the Company expects to distribute, in the most cost efficient manner, a substantial majority of any net proceeds after fulfillment of the Company's obligations.

### **Risks Related to the Business**

***Operating losses are expected to continue.***

We have no commercial production at this time and, as a result, we have not recorded revenue or cash flows from mining operations and have experienced losses from operations for each of the last five years, a trend we expect to continue unless and until we are able to consummate the transactions contemplated by the MOU or the Arbitral Award is otherwise collected, the Mining Data is otherwise sold and/or we acquire or invest in alternative projects and achieves commercial production.

***We may be unable to continue as a going concern.***

We have no revenue producing operations at this time and our working capital position, cash burn rate and debt maturity schedule may require that we seek additional sources of funding to ensure our ability to continue activities in the normal course. Our efforts to address longer-term funding requirements may be adversely impacted by financial market conditions, industry conditions, regulatory approvals or other unknown or unpredictable conditions and, as a result, there can be no assurance that additional funding will be available or, if available, offered on acceptable terms. In view of these uncertainties there is substantial doubt about our ability to continue as a going concern, which may require us to file for protection under the *Companies' Creditors Arrangement Act* (Canada).

***Failure to sell or otherwise receive value for the Mining Data could have an adverse effect on us.***

The Mining Data represents a compilation of all of the technical and engineering information from the developmental work performed by us up to the point of commencing construction at the Brisas Project. As a result of the transactions contemplated by the MOU, we would contribute the Mining Data to the Brisas-Cristinas Project in exchange for consideration in an amount yet to be agreed to by the parties. If we are not successful in consummating the transactions contemplated by the MOU, including contribution of the Mining Data in exchange for such consideration, we may not be able to sell or otherwise receive value for the Mining Data which could materially adversely affect the Company, including our ability to service debt and our ability to maintain sufficient liquidity to operate as a going concern.

***Failure to attract new and/or retain existing key personnel could adversely affect us.***

We are dependent upon the abilities and continued participation of key personnel to manage negotiations with Venezuela and other activities related to the consummation of the transactions contemplated by the MOU, other efforts related to the enforcement and collection of the Arbitral Award and sale of the Mining Data and to identify, acquire and develop new opportunities. Substantially all key management personnel have been employed by us for over 20 years. The loss of key employees (in particular those long time key management personnel possessing important historical knowledge related to the Brisas Project which is relevant to the Brisas arbitration) or an inability to obtain new personnel necessary to execute the transactions contemplated by the MOU or future efforts to acquire and develop a new project could have a material adverse effect on our future operations.

***Risks inherent in the mining industry could adversely impact future operations.***

Exploration for gold and other metals is speculative in nature, involves many risks and frequently is unsuccessful. As is customary in the industry, not all prospects will be positive or progress to later stages (e.g. the feasibility, permitting, development and operating stages), therefore, we can provide no assurances as to the future success of our efforts to acquire, explore, develop or operate another mining property. Exploration programs entail risks relating to location, metallurgical processes, governmental permits and regulatory approvals and the construction of mining and processing facilities. Development can take a number of years, requiring substantial expenditures and there is no assurance that we will have, or be able to raise, the required funds to engage in these activities or to meet our obligations with respect to the exploration properties in which we may acquire an interest. Any one or more of these factors or occurrence of other risks could cause us not to realize the anticipated benefits of an acquisition of properties or companies.

***As a foreign private issuer in the United States, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer.***

We are a foreign private issuer under the Exchange Act and, as a result, are exempt from certain rules under the Exchange Act. The rules we are exempt from include the proxy rules that impose certain disclosure and procedural requirements for proxy solicitations. In addition, we are not required to file periodic reports and financial statements with the SEC as frequently, promptly or in as much detail as U.S. companies with securities registered under the Exchange Act. We are not required to comply with Regulation FD, which imposes certain restrictions on the selective disclosure of material information. Moreover, our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our Class A Common Shares.

***U.S. Internal Revenue Service designation as a “passive foreign investment company” may result in adverse U.S. tax consequences to U.S. Holders.***

U.S. taxpayers should be aware that we have determined that we were a “passive foreign investment company” (a “PFIC”) under Section 1297(a) of the U.S. Internal Revenue Code (the “Code”) for the taxable year ended December 31, 2015, and that we may be a PFIC for all taxable years prior to the time the Company has income from production activities. We do not believe that any of the Company’s subsidiaries were PFICs as to any shareholder of the Company for the taxable year ended December 31, 2015, however, due to the complexities of the PFIC determination detailed below, we cannot guarantee this belief and, as a result, we cannot determine that the Internal Revenue Service (the “IRS”) would not take the position that certain subsidiaries are not PFICs. The determination of whether the Company and any of its subsidiaries will be a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Company and any of its subsidiaries will be a PFIC for any taxable year generally depends on the Company’s and its subsidiaries’ assets and income over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of

this prospectus. Accordingly, there can be no assurance that the Company and any of its subsidiaries will not be a PFIC for any taxable year.

For taxable years in which the Company is a PFIC, any gain recognized on the sale of the Company's Class A Common Shares and any "excess distributions" (as specifically defined) paid on the Company's Class A Common Shares must be ratably allocated to each day in a U.S. taxpayer's holding period for the Class A Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Class A Common Shares generally will be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a timely and effective “QEF election” generally will be subject to U.S. federal income tax on such U.S. taxpayer’s pro rata share of the Company’s “net capital gain” and “ordinary earnings” (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. For a U.S. taxpayer to make a QEF election, the Company must agree to supply annually to the U.S. taxpayer the “PFIC Annual Information Statement” and permit the U.S. taxpayer access to certain information in the event of an audit by the U.S. tax authorities. We will prepare and make the statement available to U.S. taxpayers, and will permit access to the information. As a possible second alternative, a U.S. taxpayer may make a “mark-to-market election” with respect to a taxable year in which the Company is a PFIC and the Class A Common Shares are “marketable stock” (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Class A Common Shares as of the close of such taxable year over (b) such U.S. taxpayer’s adjusted tax basis in such Class A Common Shares.

***There are material tax risks associated with holding and selling or otherwise disposing the Notes and Class A Common Shares.***

There are material tax risks associated with holding and selling or otherwise disposing the Notes and Class A Common Shares, which are described in more detail under “*Taxation.*” Each prospective investor is urged to consult its own tax advisor regarding the tax consequences to him or her with respect to the ownership and disposition of the Notes and Class A Common Shares.

***It may be difficult to bring certain actions or enforce judgments against the Company and/or its directors and executive officers.***

Investors in the U.S. or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against us, our directors or executive officers based on civil liability provisions of federal securities laws or other laws of the U.S. or any state thereof or the equivalent laws of other jurisdictions of residence. We are organized under the laws of Alberta, Canada. Some of our directors and officers, and some of the experts named from time to time in our filings, are residents of Canada or otherwise reside outside of the U.S. and all or a substantial portion of their and our assets, may be located outside of the U.S. As a result, it may be difficult for investors in the U.S. or outside of Canada to bring an action in the U.S. against our directors, officers or experts who are not resident in the U.S. It may also be difficult for an investor to enforce a judgment obtained in a U.S. court or a court of another jurisdiction of residence predicated upon the civil liability provisions of Canadian securities laws or U.S. federal securities laws or other laws of the U.S. or any state thereof against us or those persons.







## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness as of September 30, 2015 on (i) an actual basis and (ii) as adjusted to give effect to the consummation of the Restructuring and New Notes Sale on November 30, 2015. The amounts shown below are unaudited. The information in this table should be read in conjunction with and is qualified by reference to other financial information in this prospectus.

	<b>As at September 30, 2015</b>	
	<b>(Unaudited)</b>	
	<b>Actual</b>	<b>As adjusted</b>
Cash, cash equivalents and marketable securities.....	\$2,425,353	\$13,396,798
<b>Borrowings:</b>		
Short-term borrowing.....	41,397,513	
Long-term borrowing.....	1,042,000	
Secured long-term borrowing.....		-