

GOLD RESERVE INC
Form SC TO-I
May 17, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE TO
(Rule 13e-4)**

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934**

GOLD RESERVE INC.
(Name of Subject Company (Issuer))

GOLD RESERVE INC.
(Name of Filing Persons (Offeror))

5.50% Senior Subordinated Convertible Notes due 2022
(Title of Class of Securities)

38068N AB4
(CUSIP Number of Class of Securities)

**Rockne J. Timm
Chief Executive Officer
Gold Reserve Inc.
926 West Sprague Ave., Suite 200
Spokane, Washington 99201
(509) 623-1500**

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(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Persons)

Copy to:

**Albert G. McGrath, Jr.
Baker & McKenzie LLP
2300 Trammell Crow Center
2001 Ross Avenue
Dallas, TX 75201**

**Tel. (214) 978-3000
Fax. (214) 978-3099**

CALCULATION OF FILING FEE

Transaction Valuation*
\$102,347,000.00

Amount of Filing Fee**
\$11,728.97

* Calculated solely for purposes of determining the filing fee. The repurchase price of the 5.50% Senior Subordinated Convertible Notes due 2022, is \$1,000 per \$1,000 principal amount outstanding.

** The amount of the filing fee was calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, and equals \$114.60 for each \$1,000,000 of the value of the transaction.

o Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.
Form or Registration No.: Not applicable.

Filing Party: Not applicable.
Date Filed: Not applicable.

o Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which this statement relates:

third-party tender offer subject to Rule 14d-1
 issuer tender offer subject to Rule 13e-4

going-private transaction subject to Rule 13e-3
 amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer.

INTRODUCTORY STATEMENT

As required by the Indenture (the “Indenture”), dated May 18, 2007, by and among Gold Reserve Inc., a company incorporated under the laws of the Yukon Territory, Canada (“GR”), and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee (“Trustee”) and the Co-Trustee named therein, this Tender Offer Statement on Schedule TO-I (“Schedule TO”) is filed by GR and relates to the right of each holder (“Holder”) of 5.50% Senior Subordinated Convertible Notes due 2022 issued by GR on May 18, 2007 (the “Notes”), to sell, and the obligation of GR to purchase, upon the terms and subject to the conditions set forth in the Indenture, the Notes, the Company Repurchase Notice to Holders of its Notes, dated May 16, 2012 (the “Company Repurchase Notice”) and filed as Exhibit (a)(1)(A), and the related offer materials filed as Exhibits (a)(1)(B) to (d)(1) to this Schedule TO (the Company Repurchase Notice and the related offer materials, as amended or supplemented from time to time, collectively constitute the “Put Option”).

The Put Option will expire at 5:00 p.m., New York City time, on June 15, 2012. This Schedule TO is intended to satisfy the disclosure requirements of Rule 13e-4(c)(2) under the Securities Exchange Act of 1934, as amended.

Items 1 through 9.

GR is the issuer of the Notes and is obligated to repurchase for cash all of the Notes validly surrendered pursuant to the terms of Article XIV of the Indenture.

In addition, as described in more detail in the Company Repurchase Notice and other offer materials attached hereto, as they may be amended, GR has entered into an agreement in principle with certain Holders to a restructuring of the Notes held by the Holders (the “Large Noteholders”). GR anticipates amending this Schedule TO within ten days of the date of this Schedule TO to reflect that each Holder other than the Large Noteholders (the “Other Holders”) may, in addition to putting their Notes to the Company for cash, elect to put their Notes on the same terms as agreed in principle with the Large Noteholders (the “Alternative Election”). There can be no assurance with respect to the final terms or the timing of the Alternative Election.

The Notes are convertible into common stock, without par value, of GR (the “Common Stock”). GR’s executive offices are located at 926 West Sprague Ave., Suite 200, Spokane, Washington 99201. GR’s telephone number is (509) 623-1500. As permitted by General Instruction F to Schedule TO, all of the information set forth in the Put Option is incorporated by reference into this Schedule TO.

Item 10. Financial Statements.

(a) GR believes that its financial condition is not material to a decision by holders of the Notes (the “Holders”) whether to put the Notes to GR pursuant to the terms of Article XIV of the Indenture because the consideration being paid to Holders surrendering the Notes pursuant to the Put Option consists solely of cash in an estimated aggregate maximum amount of \$25.2 million. Assuming that all Notes other than those held by the Large Noteholders are surrendered for repurchase pursuant to the Company Repurchase Notice, then together with the Notes that are to be surrendered by the Large Noteholders in connection with the Alternative Election, the Company anticipates that it will utilize a maximum of \$40.6 million of cash. Depending on the election of the Holders to participate in the Alternative Election, when offered, the Company may issue from 11.4 million to 13.2 million common shares. Further, the Put Option is not subject to any financing conditions, and GR is a public reporting company that files reports with U.S. and Canadian securities regulatory agencies, which can be viewed on-line at www.sec.gov, www.sedar.com or the Company’s website at www.goldreserveinc.com. However, GR anticipates offering pursuant to an amendment to this Schedule TO to be filed within ten days of the date of this Schedule TO its proposal for the Alternative Election, as more particularly described in the Company Repurchase Notice. When an amendment to this Schedule TO is filed by GR, additional information may be furnished pursuant to this Item 10(a).

(b) Not applicable.

Item 11. Additional Information.

(a) Not applicable. However, see Items 1-9 above for the Alternative Election that is anticipated to be made available to all Holders. When the contemplated amendment to this Schedule TO is filed by GR, additional information may be furnished pursuant to this Item 11(a). There can be no assurance with respect to the final terms or the timing of the Alternative Election

(b) Not applicable.

Item 12. Exhibits.

- (a)(1)(A) Company Repurchase Notice to Holders of its 5.50% Senior Subordinated Convertible Notes due 2022, dated May 16, 2012.
- (a)(1)(B) Form of Repurchase Notice.
- (a)(1)(C) Form of Notice of Withdrawal.

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- (a)(1)(D) Substitute Form W-9.
- (a)(1)(E) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a)(5)(A) Press Release issued by GR on May 16, 2012.
- (b) Not applicable.
- (d)(1) Indenture, dated May 18, 2007, by and among GR and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, incorporated by reference to Exhibit 7.1 to GR's Registration Statement on Form F-10 (File 333-142944) filed with the U.S. SEC on May 14, 2007.
- (g) Not applicable.
- (h) Not applicable.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GOLD RESERVE INC.

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

Dated: May 16, 2012

EXHIBIT INDEX

Exhibit No.	Description
(a)(1)(A)	Company Repurchase Notice to Holders of its 5.50% Senior Subordinated Convertible Notes due 2022, dated May 16, 2012.
(a)(1)(B)	Form of Repurchase Notice.
(a)(1)(C)	Form of Notice of Withdrawal.
(a)(1)(D)	Substitute Form W-9.
(a)(1)(E)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(5)(A)	Press Release issued by GR on May 16, 2012.
(b)	Not applicable.
(d)(1)	Indenture, dated May 18, 2007, by and among GR, and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, incorporated by reference to Exhibit 7.1 to GR's Registration Statement on Form F-10 (File 333-142944) filed with the U.S. SEC on May 14, 2007.
(g)	Not applicable.
(h)	Not applicable.

COMPANY REPURCHASE NOTICE

To the Holders of

GOLD RESERVE INC.

5.50% Senior Subordinated Convertible Notes

Due June 15, 2022

CUSIP 38068N AB4

NOTICE IS HEREBY GIVEN pursuant to the Section 14.01 of the Indenture, dated as of May 18, 2007 (the “Indenture”), by and between Gold Reserve Inc., as Issuer (“GR”), and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, organized and existing under the laws of the United States of America (the “Trustee” and “Paying Agent”), relating to the 5.50% Senior Subordinated Convertible Notes due 2022 of GR (the “Notes”), that at the option of each holder thereof (the “Holder”), each Note surrendered by the Holder in accordance with this Notice will be repurchased by GR for \$1,000 per \$1,000 principal amount of the Notes so surrendered, plus accrued and unpaid interest to, but excluding, the Repurchase Date (as defined below) (such price, the “Repurchase Price”), subject to the terms and conditions of the Indenture, the Notes, and this Company Repurchase Notice, including the accompanying Repurchase Notice (the “Put Option”). The Repurchase Price will be payable through the facilities of The Depository Trust Company, New York, New York (“DTC”).

GR is offering a maximum cash amount of \$25.2 million plus accrued and unpaid Interest to, but excluding, the Repurchase Date to the Holders because it anticipates that the maximum principal amount of Notes that will be repurchased pursuant to this Notice will be \$25.2 million. As described below, GR has entered into an agreement in principle with certain Holders to a restructuring of the Notes held by such Holders (the “Large Noteholders”). GR anticipates amending this Company Repurchase Notice within ten days of the date hereof to reflect that each Holder other than the Large Noteholders (the “Other Holders”) may, in addition to putting their Notes to the Company for cash, elect to put their Notes on the same terms as agreed in principle with the Large Noteholders (the “Alternative Election”). There can be no assurance with respect to the final terms or the timing of the Alternative Election.

Giving effect to the agreement in principle with the Large Noteholders, if all outstanding Notes held by the Other Holders are surrendered for repurchase for cash, and the Alternative Election is consummated, GR will pay Holders an aggregate approximate amount of \$40.6 million in cash.

Holders may surrender their Notes from May 16, 2012 through 5:00 p.m., New York City time, on June 15, 2012. All capitalized terms used but not specifically defined herein have the meanings given to such terms in the Indenture.

To exercise your option to have GR repurchase the Notes and receive payment of the Repurchase Price in respect of such Notes, you must validly deliver the enclosed Repurchase Notice to the Paying Agent (and not have withdrawn such Repurchase Notice), no later than 5:00 p.m., New York City time, on Friday, June 15, 2012, (the “Repurchase Date”).

The Notes are currently eligible for conversion. Prior to the maturity date and when the Notes are convertible, Holders may surrender Notes to The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein (the “Conversion Agent”) for shares of GR’s common stock at a rate of 132.626 shares per \$1,000 face amount of the Notes (subject to adjustment in accordance with the terms of the Indenture).

Notes as to which a Repurchase Notice has been given by the Holder may be converted only if the election to repurchase has been withdrawn by the holder in accordance with the terms of the Indenture; provided that the Notes are otherwise convertible in accordance with Section 16.01 of the Indenture. The Holder shall have the right to withdraw any Notes surrendered prior to 5:00 p.m., New York City time, on June 15, 2012. The right of Holders to submit a Repurchase Notice in order to surrender the Notes in the Put Option expires at 5:00 p.m., New York City time, on June 15, 2012. Holders must also surrender their Notes to the Paying Agent before receiving any Repurchase Price for any Note with respect to which a Repurchase Notice has been validly submitted and not withdrawn.

HOLDERS THAT SURRENDER THROUGH DTC NEED NOT SUBMIT A PHYSICAL REPURCHASE NOTICE TO THE PAYING AGENT IF SUCH HOLDERS COMPLY WITH THE TRANSMITTAL PROCEDURES OF DTC.

The address for the Paying Agent and the Conversion Agent is as follows:

In Person or Overnight Mail
The Bank of New York Mellon
101 Barclay Street, 7 East

New York, N.Y. 10286

By Registered or Certified Mail:
The Bank of New York Mellon
101 Barclay Street 7 East

New York, N.Y. 10286

Attn: Reorg Department

Attn: Reorg Department

Tel: (212) 815-5920

Tel: (212) 815-5920

Additional copies of this Repurchase Notice may be obtained from the Paying Agent at its address set forth above.

Dated: May 16, 2012

Gold Reserve Inc.

*By The Bank of New York Mellon,
as Trustee*

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2001 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

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No person has been authorized to give any information or to make any representations other than those contained in this Repurchase Notice and accompanying Repurchase Notice and, if given or made, such information or representations must not be relied upon as having been authorized. This Repurchase Notice and accompanying Repurchase Notice do not constitute an offer to buy or the solicitation of an offer to sell securities in any circumstances or jurisdiction in which such offer or solicitation is unlawful. The delivery of this Repurchase Notice shall not under any circumstances, create any implication that the information contained herein is current as of any

time subsequent to the date of such information. None of GR or its board of directors or employees are making any representation or recommendation to any Holder as to whether or not to surrender such Holder's Notes. You should consult your own legal, financial and tax advisors and must make your own decision as to whether to surrender your Notes for repurchase and, if so, the amount of Notes to surrender.

SUMMARY TERM SHEET

The following are answers to some of the questions that you may have about the Put Option. To understand the Put Option fully and for a more complete description of the terms of the Put Option, we urge you to read carefully the remainder of this Company Repurchase Notice and the accompanying Repurchase Notice, as they may be amended, because those documents contain additional important information. We have included page references to direct you to a more complete description of the topics in this summary.

- **Who is offering to repurchase my Notes?**

Gold Reserve Inc., a company incorporated under the laws of the Yukon Territory, Canada (“GR” or the “Company”), is offering to repurchase your validly surrendered 5.50% Senior Subordinated Convertible Notes due 2022 (the “Notes”). (Page 4)

- **What securities are you seeking to repurchase?**

GR is offering to repurchase all of the Notes surrendered, at the option of the Holder thereof (the “Holder”). Holders of approximately 87.8% of the outstanding Notes (the “Large Noteholders”) have agreed in principle to exercise the Put Option for \$12.7 million in principal amount of their Notes for cash, with the balance of the Notes held by them being subject to the restructuring of Notes described herein (the “Alternative Election”), the terms of which will also be made available to holders other than the Large Noteholders (the “Other Holders”).

As of May 16, 2012, there was \$102,347,000.00 aggregate principal amount of Notes outstanding. The Notes were issued pursuant to an Indenture (the “Indenture”), dated May 18, 2007, by and between GR and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein. The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, also acts as Paying Agent (“Paying Agent”). (Page 4)

- **How much are you offering to pay and what is the form of payment?**

Pursuant to the Indenture, GR will pay, in cash, a repurchase price (the “Repurchase Price”) of \$1,000 per \$1,000 principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the Repurchase Date, with respect to

any and all Notes validly surrendered for repurchase and not withdrawn. (Page 4) GR anticipates that the aggregate maximum Repurchase Price for all Notes that will be tendered for cash pursuant to the Put Option would be \$25.2 million plus accrued and unpaid Interest to, but excluding, the Repurchase Date.

- **How can I determine the market value of the Notes?**

There is no established reporting system or market for trading in the Notes. To the extent that the Notes are traded, prices of the Notes may fluctuate widely depending on trading volume, the balance between buy and sell orders, prevailing interest rates, GR's operating results and the market for similar securities. To the extent available, Holders are urged to obtain current market quotations for the Notes before making any decision with respect to the Put Option. (Page 5)

- **Why are you making the offer?**

GR is required to make the offer pursuant to the terms of the Notes and the Indenture. (Page 4)

- **What does the board of directors of GR think of the Put Option?**

Although the board of directors of GR has approved the terms of the Put Option included in the Indenture, the board of directors of GR has not made any recommendation as to whether you should surrender your Notes for repurchase, as provided herein or pursuant to the Alternative Election. GR is required to make the offer pursuant to the terms of the Notes and the Indenture. You must make your own decision whether to surrender your Notes for repurchase and, if so, the amount of Notes to surrender. (Page 5)

- **When does the Put Option expire?**

The Put Option expires at 5:00 p.m., New York City time, on June 15, 2012. (Page 4) However, as noted, GR anticipates making available to all Holders an Alternative Election pursuant to an amendment to this Notice within ten days, as more particularly described below. In connection therewith, the expiration time may be extended.

- **What are the conditions to the repurchase by GR of the Notes?**

Provided that the repurchase by GR of the validly surrendered Notes is not unlawful, such repurchase will not be subject to any other conditions. (Page 4)

- **How do I deliver a Repurchase Notice and surrender my Notes?**

To surrender your Notes for repurchase pursuant to the Put Option, you must deliver the Repurchase Notice and related documents to the Paying Agent no later than 5:00 p.m., New York City time, on June 15, 2012, unless such time is extended. HOLDERS THAT SURRENDER THROUGH THE DEPOSITORY TRUST COMPANY (“DTC”) NEED NOT SUBMIT A PHYSICAL REPURCHASE NOTICE TO THE PAYING AGENT IF SUCH HOLDERS COMPLY WITH THE TRANSMITTAL PROCEDURES OF DTC.

- A Holder whose Notes are held in certificated form must properly complete and execute the Repurchase Notice, and deliver such notice to the Paying Agent, with any other required documents, no later than 5:00 p.m., New York City time, on June 15, 2012. The Holder is required to deliver to the Paying Agent the certificate representing the Notes surrendered prior to receiving payment of the Repurchase Price.

- A Holder whose Notes are held by a broker, dealer, commercial bank, trust company or other nominee must contact such nominee if such Holder desires to surrender his, her or its Notes and instruct such nominee to surrender the Notes on the Holder’s behalf.

- A Holder electronically transmitting his, her or its acceptance through DTC’s Automatic Tenders over the Participant Terminal System (“PTS”) should do so no later than 5:00 p.m., New York City time, on June 15, 2012, subject to the terms and procedures of that system. In surrendering through PTS, the electronic instructions sent to DTC by the Holder, and transmitted by DTC to the Paying Agent will acknowledge, on behalf of DTC and the Holder, receipt by the Holder of and agreement to be bound by the Repurchase Notice. (Pages 6-7)

- **If I surrender my Notes, when will I receive payment for my Notes?**

GR will accept for payment all Notes subject to a validly delivered Repurchase Notice promptly upon expiration of the Put Option. GR will promptly forward to the Paying Agent, before 10:00 a.m., New York City time, on June 15,

2012, the funds required to pay the Repurchase Price for the surrendered Notes, and the Paying Agent will distribute such funds to the Holders promptly following the later of the Repurchase Date and the time of delivery of the Note to the Paying Agent by the Holder thereof in the manner required by the Indenture. (Page 7)

- **Until what time can I withdraw a previously delivered Repurchase Notice?**

You can withdraw a previously delivered Repurchase Notice at any time until 5:00 p.m., New York City time, on June 15, 2012, unless such time is extended. (Page 7)

- **How do I withdraw a previously delivered Repurchase Notice?**

To withdraw a previously delivered Repurchase Notice, you must deliver an executed written notice of withdrawal substantially in the form attached, or a facsimile of one, to the Paying Agent no later than 5:00 p.m., New York City time, on June 15, 2012.

HOLDERS THAT WITHDRAW THROUGH DTC NEED NOT SUBMIT A NOTICE OF WITHDRAWAL TO THE PAYING AGENT IF SUCH HOLDERS COMPLY WITH THE WITHDRAWAL PROCEDURES OF DTC.

(Page 7)

- **Do I need to do anything if I do not wish to surrender my Notes for repurchase?**

No. If you do not deliver a properly completed and duly executed Repurchase Notice before the expiration of the Put Option, GR will not repurchase your Notes and such Notes will remain outstanding, subject to their existing terms.

(Page 7)

- **If I choose to surrender my Notes for repurchase, do I have to surrender all of my Notes?**

No. You may surrender all of your Notes, a portion of your Notes or none of your Notes for repurchase. If you wish to surrender a portion of your Notes for repurchase, however, you must surrender your Notes in a principal amount of \$1,000 or an integral multiple thereof. (Page 4)

- **If I do not surrender my Notes for repurchase, will I continue to be able to exercise my conversion rights?**

Yes. If you do not surrender your Notes for repurchase, your conversion rights will not be affected. You will continue to have the right to convert each \$1,000 principal amount of a Note into 132.626 shares of Common Stock, subject to the terms, conditions and adjustments specified in the Indenture. (Page 5)

- **If I am a U.S. resident for U.S. federal income tax purposes, will I have to pay taxes if I surrender my Notes for repurchase in the Put Option?**

The receipt of cash in exchange for Notes pursuant to the Put Option will be a taxable transaction for U.S. federal income tax purposes. You should consult with your own tax advisor regarding the actual tax consequences to you. (Pages 10-12)

- **Who is the Paying Agent?**

The Bank of New York, the trustee for the Notes, is serving as Paying Agent in connection with the Put Option. Its address and telephone number are set forth on the front cover page of this Company Repurchase Notice.

- **Who can I talk to if I have questions about the Put Option?**

Questions and requests for assistance in connection with the surrender of the Notes for repurchase in this Put Option may be directed to Ms. Carolle Montreuil at The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, at (212) 815-5920; however, questions involving the Alternative Election will not be addressed until this Company Repurchase Notice and the Schedule TO are amended to reflect the final terms of the Alternative Election.

IMPORTANT INFORMATION CONCERNING THE PUT OPTION

1. Information Concerning Gold Reserve. Gold Reserve Inc., a company incorporated under the laws of the Yukon Territory, Canada (“GR” or the “Company”), is offering to repurchase for cash its 5.50% Senior Subordinated Convertible Notes due 2022 (the “Notes”).

The Company is engaged in the business of acquiring, exploring and developing mining projects. The Company is an exploration stage company incorporated in 1998 under the laws of the Yukon Territory, Canada and is the successor issuer to Gold Reserve Corporation which was incorporated in 1956. From 1992 to 2008 the Company focused substantially all of its management and financial resources on the development of the Brisas gold and copper project located in the Kilometer 88 mining district of the State of Bolivar in south-eastern Venezuela (the “Brisas Project” or “Brisas”). The Brisas Project was expropriated by the Venezuelan government in 2008.

As previously disclosed in its Annual Report on Form 10-K/A filed with the Commission, the Company determined as of June 30, 2011 (the last business day of its most recently completed second fiscal quarter), that less than 50 percent of its outstanding voting securities were directly or indirectly held of record by residents of the United States. Because the share ownership percentage of United States residents of the Company is less than 50% and the Company is organized under the laws of the Yukon Territory, the Company is a “foreign private issuer” pursuant to Rule 3b-4 under the Securities Exchange Act of 1934, as amended. The Company previously reported as a foreign private issuer for many years prior to its annual report on Form 10-K for the fiscal year ended December 31, 2009, as during 2009 its shareholder composition changed such that more than 50 percent of its outstanding voting securities were directly or indirectly held of record by residents of the United States. The Company has returned to foreign private issuer reporting for administrative ease and as a cost-savings measure.

The Company’s administrative office is located at 926 West Sprague Avenue, Suite 200, Spokane, WA 99201, U.S.A. and its telephone and fax numbers are 509.623.1500 and 509.623.1634, respectively.

2. Information Concerning the Notes. The Notes were issued under an Indenture, dated May 18, 2007 (the “Indenture”), by and among the Company and The Bank of New York Mellon, as successor in interest to The Bank of New York, as Trustee and the Co-Trustee named therein, (the “Trustee”). The Notes mature on June 15, 2022.

2.1 GR’s Obligation to Repurchase the Notes. Pursuant to the terms of the Indenture and the Notes, unless earlier redeemed, GR is obligated to repurchase all Notes validly surrendered for repurchase and not withdrawn, at the Holder’s option on June 15, 2012 at a repurchase price of 100% of the principal amount of Notes, plus any accrued and

unpaid interest to, but excluding, the Repurchase Date (as defined below). Holders of approximately 87.8% of the outstanding Notes (the “Large Noteholders”) have agreed in principle to exercise the Put Option for \$12.7 million in principal amount of their Notes for cash, with the balance of the Notes held by them being subject to the restructuring of Notes described herein (the “Alternative Election”), the terms of which will also be made available to holders other than the Large Noteholders (the “Other Holders”).

As of May 16, 2012, there was \$102,347,000 aggregate principal amount of Notes outstanding. Accordingly, the aggregate maximum Repurchase Price for all Notes GR anticipates will be tendered pursuant to this Company Repurchase Notice would be \$25.2 million plus accrued and unpaid Interest to, but excluding, the Repurchase Date.